FOLLOW-ON ACTIONS—BACKGROUND, DISCUSSION, AND ANALYSIS

This document contains the draft purpose and need statements provided to the Community Advisory Board (CAB) (with some of the CAB recommended modifications incorporated, as noted), references to background documents, and some discussion and analysis for many of the follow-on actions.



## Approach to Purpose and Need Statements

For these purpose and need statements, the "need" is identified as the condition which is requiring a response. The purpose then relates to the objective for the action which is intended to address the need.

The purpose and need statements are framed in the affirmative "action is needed," while the purpose leaves open the possibility that the action will not be taken ("the purpose of this action *would* be…."). The analysis will evaluate and verify the statement of need and impacts of the proposed action. Additionally, part of the assessment of impacts of a proposed action is an evaluation of whether or not an action is likely to achieve its purpose. Thus, through the decision process, and taking into account the analysis, a determination is made as to whether or not the purpose of the action would be met in a manner that addresses the need and results in an overall improvement in the management system.

The underlying need for most of the actions considered here is for sectors to more fully harvest their allocation at a lower cost to the benefit of industry (including both harvesters and processors), communities, and consumers.

## Background, Discussion, and Analysis

### *1. Meeting the At-Sea Whiting Fishery Bycatch Needs*

**Proposed Purpose and Need (Council Staff Prepared):** Action is needed to allow the at-sea sector to more fully and efficiently harvest its allocation to the benefit of industry (harvesters and processors), communities, and consumers. The at-sea sectors' allocation of bycatch species occasionally prevent the fleets from taking their entire allocation, while simultaneously reducing their flexibility, increasing their costs, and hampering their ability to avoid protected or prohibited species, such as salmon. The purpose of this action would be to ~~relieve~~ reduce the bycatch constraints. **[Incorporates CAB recommendation to change "relieve" to "reduce."]**

#### *a. Between Sector Quota Trading*

See September 2016 agenda item on intersector quota trading:

Agenda Item F.4: Scoping Trawl Sector Quota Pound Trading
- Agenda Item F.4, Supplemental Staff Agenda Item Overview PowerPoint
- Agenda Item F.4, Attachment 1: Scoping Trawl Sector Quota Pounds Trading
- Agenda Item F.4.a, Supplemental GMT Report
- Agenda Item F.4.a, Supplemental GAP Report

#### *b. Changing Within Trawl Allocations*

For sector utilization of trawl allocations, see intersector allocation document (Agenda Item F.2.a, Attachment 2, June 2017).

#### *c. Permanent Change from Hard Caps to Set Asides*

At its September 2016 meeting, the Council recommended set-aside management for the darkblotched rockfish and Pacific ocean perch that are allocated to the at-sea whiting sectors as total catch limits (Alternative 1, as provided in Agenda Item F.7.a, WDFW Report). Plan amendment language on this action will be presented to the Council at the September Council meeting. That language does not include a sunset date or trigger and without a specific sunset the accompanying National Environmental Protection Act analysis is expected to evaluate the action as being in effect indefinitely. Given these circumstances, making the set-asides for these two species permanent may only require a policy statement from the Council, and conversion from a set-aside back to a hard cap would require a plan amendment. The Council's September 2016 action leaves widow rockfish and canary as the two nonwhiting species for which the at-sea sector is allocated a total catch limit. Further action would be required to make these set-aside species.

See September 2016 agenda item on at-sea sector set-asides final action.

Agenda Item F.7: Amendment 21 At-Sea Sector Set-Asides Final Action

- Agenda Item F.7.a, WDFW Report: Assessment of Managing Darkblotched Rockfish and Pacific Ocean Perch as Set Asides in the At-Sea Sectors
- Agenda Item F.7.a, Supplemental WDFW PowerPoint
- Agenda Item F.7.a, Supplemental GMT Report
- Agenda Item F.7.a, Supplemental GAP Report
- Agenda Item F.7.b, Supplemental Public Comment

d. ***Increasing Amounts Available for Harvest***

There are three places where uncertainty is taken into account in setting groundfish sector harvest guidelines (see following figure).

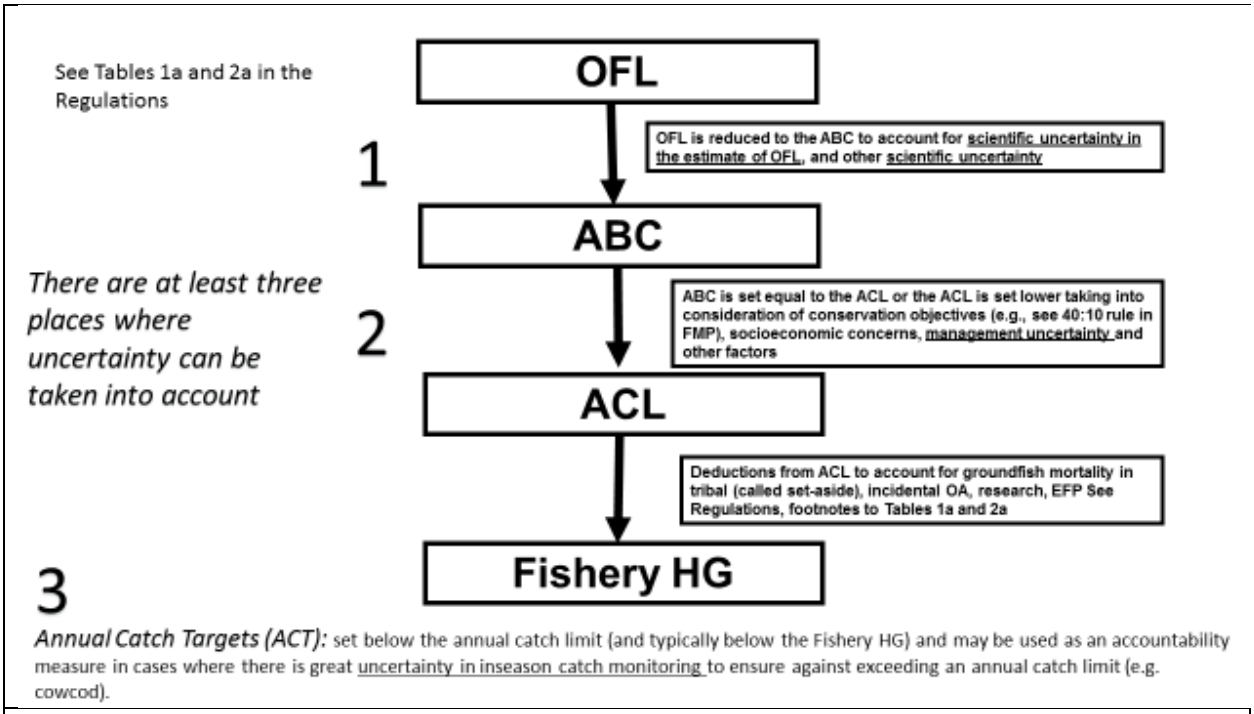


Figure 1. Taking uncertainty into account in setting groundfish sector harvest guidelines.

The primary opportunities for increasing the acceptable biological catch (ABC) would be to increase the P* values (the probability of overfishing based on uncertainty in the overfishing limit). The Council harvest policy, defined in the Fishery Management Plan (FMP), is not to set a P* above 0.45. The P* values for all of the allocated at-sea sector bycatch species are set at the maximum (see following table).

Table 1. Harvest control rules and set-asides for at-sea bycatch species (2017/2018 specifications).

| At-Sea Bycatch Spp | Harvest Control Rule (17/18) | Tribal | EFP | Research | OA | Buffer | Set-aside Total | Fishery HG | Set Aside as % of Fishery HG |
|---|---|---|---|---|---|---|---|---|---|
| Canary | ACL = ABC (P* = 0.45) | 50.0 | 1.0 | 7.2 | 1.2 | 188.0 | 247.4 | 1466.6 | 17% |
| Darkblotched | ACL = ABC (P* = 0.45) | 0.2 | 0.1 | 2.5 | 24.5 | 50.0 | 77.3 | 563.8 | 14% |
| POP | ABC (P* = 0.45); 281 mt ACL in 2017 and 2018; ACL (SPR = 86.4%) thereafter | 9.2 | | 5.2 | 10.0 | 25.0 | 49.4 | 231.6 | 21% |
| Widow | ACL = ABC (P* = 0.45) | 200.0 | 9.0 | 8.2 | 0.5 | | 217.7 | 13290.3 | 2% |

Another approach might be to look at ways to increase fishery harvest guidelines. ACLs are reduced by off-the-top deductions and tribal set-asides to determine the fishery harvest guidelines. The GMT generally recommends off-the-top deductions for research and incidental open access that are at the maximum observed in the several previous years. A less conservative approach might be taken. Additional analysis can be done to evaluate the degree to which actual harvests have reached the amounts deducted off the top for research and incidental open access fisheries. The off-the-top deductions also include buffers which are established to help mitigate adverse impacts to any sector that reaches its allocation (including the at-sea sector). Buffers between the ACL and the harvest guideline provide an opportunity to reallocate to the sector in need without putting those amounts through the allocation formulas. Thus, reducing the buffers could increase the probability of the need to constrain the at-sea sector.

### *e. Carryover Provisions for Unused Set-asides*

Based on current legal interpretation, for any species for which the ABC is set equal to the ACL (see previous table), a carryover provision will first require policy adjustments to allow ABC/ACL carryover, in order to open the door for carryover within the catch share program. This issue will be addressed under Flexibility in Annual Catch Limit Management Response Scoping at the September Council meeting (Agenda Item E.5). Recently, the Council Coordination Committee (a committee comprised of representatives from all eight Councils) submitted questions to NMFS on National Standard 1 and its guidelines (http://www.nmfs.noaa.gov/sfa/laws_policies/national_standards/documents/ccc-ns1-questions.pdf). Questions about implementing carryover provisions are addressed starting on page 11 of that document.

The new carryover policies could allow carryover from one year to the next even if the ACL is set equal to the ABC; however, establishing a carryover contingency appears to require some advance specification and impact analysis. For example, the ACL might be specified as variable based on carryover amounts, but that variability would have to be analyzed.

In general, there are questions as to how it might be possible to implement the new carryover policy. First, to be fully effective, the policy would have to be set up to work both between the first and second year of the biennium and from one biennium to the next. The latter has not yet received much discussion or consideration.

Second, there is the question of the time at which the data on a previous year would be available (i.e. whether there is unused allocation) and whether there would be enough time left in the year to make the carryover worthwhile. For species for which the ACL is set equal to the ABC, the carryover policy will require an adjustment to the ABC. On the one hand, the ABC will have to be adjusted based on an assessment of the harvest of all sectors (not just trawl) and so may be dependent on the data availability for the sector that is slowest to report. On the other hand, if other sectors take a relatively minor amount it may be possible to make a carryover decision prior to finalization of the previous year's data (or carryover might be finalized based on historic patterns of harvest for other sectors).

Carryover of set-aside may complicate the management system and may not be in line with the way in which set-asides were originally intended to be used. In a sense, it turns them back into an allocation which is being managed. For example, if there is a policy to carryover set-aside underages, would the rationale for underages lead the Council to a position of having to do something similar for overages?

### *2. Trawl Sablefish Area Management (Old Title: "Elimination of the Trawl Sablefish Management Line at 36$^{o}$ N. Lat.")*

This measure was originally proposed to alleviate local gear conflicts, but has also been identified as a measure that could potentially make sablefish quota pound (QP) that is underharvested in the south available on a coastwide basis, reducing the sablefish constraint in northern mixed stock trawl fisheries.

> **Proposed Purpose and Need (Council Staff Prepared):** Action is needed to reduce between gear conflicts south of 36$^{o}$ N. latitude that may be resulting in lower than optimal economic benefits. The current management boundary is not needed for conservation purposes and is generating an incentive for vessels participating in the trawl sector using pot gear to increase their effort in the southern area in order to take advantage of quota which is restricted to that area. This is generating a conflict between those vessels and vessels from other sectors that use line gear in that area. The purpose of this action would be to reduce the incentive for fishing in a manner that generates these conflicts.
>
> **Proposed Purpose and Need (CAB Recommendation):** Action may be needed to allow the shorebased trawl sector to reduce costs and more fully harvest its allocation to the benefit of industry (harvesters and processors), communities, and consumers. Currently, the trawl southern sablefish allocation is going largely unharvested while the northern sablefish allocation is nearly fully harvested. The management boundary at 36$^{o}$ N. latitude is not needed for conservation purposes. The trawl sablefish in the south is being harvested primarily by vessel using pots (vessels gear switching) that come down from the north and it has been stated in public comment that this is resulting in a conflict between those vessels and vessels from other sectors that use line gear in that area (gear interaction and grounds and market competition). The purpose of this action would be to create a coastwide sablefish allocation for the trawl sector.

Currently, a coastwide ABC is set for sablefish which is then subdivided north and south to achieve allocation results and program elements specified in the FMP. Management was originally divided at 36° N. because the stock assessment extended only that far south. When a coastwide stock assessment was developed, the line at 36° N. was maintained in order to deal with the management system that had developed around it (e.g. the limited entry fixed gear sablefish tier system extends only to 36° N.). Vessels from the north have been travelling to the south to harvest the southern trawl sablefish quota, in particular, vessels that are using non-trawl gear to catch their trawl allocation (gear switching). This has resulted in reports of fishing ground and market place conflicts between gear switchers and local vessels that participate in other sectors.

***What is the nature of the gear conflict problem?***

The draft catch share review document (Agenda Item F.2.a, Catch Share Analysts Report, June 2017) discusses the gear conflicts occurring in the south. Documentation of the performance of the gear switching provision starts on page 3-129 and discussion of the southern allocation and its utilization on page 3-130. Discussion of the conflicts south of 36° N. Lat. starts in the "Conflicts with Other Fisheries" section on page 3-178, and additional discussion of the interactions between fisheries can be found in the communities section starting on page 3-289 (esp., p. 3-291). In the section on environmental performance see starting on page 3-352.

***How active have northern vessels been in the southern sablefish fishery?***

Over the first six years of the catch share program, landings by a cumulative total of 11 vessels that also participated in the north accounted for between about 50 and 60 percent of the trawl southern sablefish landings (690 mt out of a total of 1,291 mt caught and 3,808 mt allocated in the south; landing data summarized from PacFIN fish tickets). In any one year, no more than four vessels with northern landings also landed trawl southern sablefish. A more careful consideration of the likelihood that sablefish currently caught and landed in the south will be caught and landed in the north would include identifying not only whether a vessel is active in the north but whether its main area of activity is in the north (in which case it may be less likely that it would travel south to harvest its quota, if the 36° line is eliminated for the trawl fishery).

***Where is southern sablefish landed?***

While vessels from the north participate in the south, almost all the landings by these vessels are into the port of Morro Bay. On average, over 92 percent of the southern sablefish is landed in Morro Bay and none of the harvest from this area is landed further north than Monterey. Landings in ports other than Morro Bay are sporadic with no port showing landings in more than 3 of 6 years (from 2011 through 2016).

***How much sablefish QP might become available in the north?***

The sablefish QP that might become available for use in the north is a combination of the amount by which the southern sablefish is underharvested and the amount of southern sablefish harvested by vessels that would instead fish in the north (see discussion in previous pargraphs).

Over the last four years of the program (2013-2016), the southern sablefish trawl allocation has generally been underharvested by about three quarters (see following table). If that unharvested amount had been available in the north, it would have increased the northern allocation by about a quarter.

Table 2. Assessment of unused trawl sablefish allocation south of 36° N. Lat (mt).

| | Northern Allocation | Southern Allocation | Southern Harvest | Unused Southern Allocation | Attainment of Southern Allocation | Unused Southern Allocation as a Percent of Northern Allocation |
|---|---|---|---|---|---|---|
| 2011 | 2,546 | 531 | 446 | 85 | 84% | 3% |
| 2012 | 2,467 | 514 | 223 | 291 | 43% | 12% |
| 2013 | 1,828 | 602 | 86 | 516 | 14% | 28% |
| 2014 | 1,988 | 653 | 197 | 456 | 30% | 23% |
| 2015 | 2,199 | 720 | 145 | 574 | 20% | 26% |
| 2016 | 2,411 | 788 | 182 | 605 | 23% | 25% |

***Possible Need to Adjust Sablefish Accumulation Limits***

The regulations provide a process for the combination of quota share (QS) units from different areas and reallocation of the associated QS such that an individual receives the same amount of annual QP after the combination as they would if the combination did not take place (in this case the proposed action would combine southern and northern sablefish QS). However, there is no provision for an automatic adjustment to the QS control limits or vessel QP limits.

Using 2016 allocations, the following table displays the existing accumulation limits and metric ton equivalents and the coastwide limits that would be required to allow control or vessel harvest of the same maximum amount of coastwide metric tons.

Table 3. Existing accumulation limits, equivalent coastwide limits, and comparison to 2016 fleet.

| | 2016 Trawl Allocation (Mt) | Accumulation Limit | Mt equiv | Minimum Number of Entities to Fully Harvest Allocation |
|---|---|---|---|---|
| **QS Control Limit** | | | | |
| Sablefish North | 2,400 | 3.0% | 72 | 34 |
| Sablefish South | 788 | 10.0% | 79 | |
| Total | | | 151 | |
| **Coastwide Equivalent (neutral opportunity)** | 3,188 | **4.7%** | 151 | 22 |
| Q: After combination of north and south quota, would the northern limit (3%) accommodate 2016 levels of QS control?<br>A: Uncertain. Requires further analysis, and, ultimately, a definitive answer is not possible because only limited information on control is available in government data bases. | | | | |
| **Vessel QP Limit** | | | | |
| Sablefish North | 2,400 | 4.5% | 108 | 23 |
| Sablefish South | 788 | 15.0% | 118 | |
| Total | | | 226 | |
| **Coastwide Equivalent (neutral opportunity)** | 3,188 | **7.1%** | 226 | 15 |
| Q: After combination of north and south quota, would the northern limit (4.5%) accommodate 2016 levels of vessel QP usage.<br>A: Yes (for both trawl and gear switched vessels; additionally, the 2016 maximum for a trawl vessel is also less than the 3% control limit). | | | | |

***Impacts***

If the southern sablefish line is eliminated and vessels from the north choose to harvest in the north instead, gear conflicts are likely to be reduced but southern landings of trawl sector sablefish might also decline by between 50 and 60 percent—reducing revenue for first receivers/processors in the area and personal income generated in local communities.

### *3. Revising Shoreside IFQ Accumulation Limits*

> **Purpose and Need (Council Staff Prepared):** Action is needed to allow the shoreside sector to reduce costs and more fully harvest its allocation to benefit the industry (harvesters and processors), communities, and consumers. The MSA requires that participants in catch share programs not be allowed to acquire an excessive share. NMFS guidance on catch share programs (NMFS, 2007) points out that limits on excessive shares imposed to address management objectives other than limiting market power may impose costs that reduce the efficiency of the system (e.g. distributional objectives). During the catch share program review, concern has been expressed about lower than expected gains in net benefits and efficiency and the under-attainment of sector allocations. The purpose of this action would be to adjust limitations on excessive shares (QS control limits, vessel QP limits, and vessel daily QP limits).

There are three types of accumulation limits:

> ***QS control limits*** limit the amount of QS an entity can control. Control limits impact the distribution of revenue from quota share ownership, but do not directly limit vessel

harvest. There are control limits on individual species and an aggregate nonwhiting control limit. The aggregate nonwhiting QS control limits were set at levels that were expected to allow the generation of exvessel revenue equivalent to twice what was projected for efficient harvesters in a fleet rationalized under a trawl catch share program ($1.4 million compared to $700,000).

***Vessel QP limits*** limit the amount of fish an individual vessel can harvest (the amount of QP a vessel can use). Like QS control limits, vessel QP limits apply to individual species and nonwhiting species in aggregate (the nonwhiting aggregate vessel limit). Vessel QP limits are set higher than the QS control limits to accommodate crew or cooperation between QS owners.

***Daily vessel limits*** limit the amount of unused QP that can be registered to a vessel at any particular time. Daily limits originally applied only to overfished species and Pacific halibut but some of those species have been rebuilt and, so far, the daily limit has been removed only for widow rockfish.

Table 4. Control and vessel limits.

| Species Category | Vessel Limit (Applies to all QP in a Vessel Account, Used and Unused) | Vessel Unused QP Limit | QS Control Lim |
|---|---|---|---|
| Nonwhiting Groundfish Species | 3.2% | | 2.7% |
| Lingcod – N. of 40º10 N. lat | 5.3% | | 2.5% |
| Lingcod - S. of 40º10 N. lat | 13.3% | | 2.5% |
| Pacific Cod | 20.0% | | 12.0% |
| Pacific whiting (shoreside) | 15.0% | | 10.0% |
| Sablefish | | | |
| N. of 36° (Monterey north) | 4.5% | | 3.0% |
| S. of 36° (Conception area) | 15.0% | | 10.0% |
| PACIFIC OCEAN PERCH | 6.0% | 4.0% | 4.0% |
| Widow Rockfish * | 8.5% | | 5.1% |
| Canary Rockfish | 10.0% | 4.4% | 4.4% |
| Blackgill Rockfish N. of 40º10'N. Lat | 9.0% | | 6.0% |
| Chilipepper Rockfish S. of 40º10 N. lat | 15.0% | | 10.0% |
| BOCACCIO S. of 40º10 N. lat | 15.4% | 13.2% | 13.2% |
| Splitnose Rockfish | 15.0% | | 10.0% |
| Yellowtail Rockfish | 7.5% | | 5.0% |
| Shortspine Thornyhead | | | |
| N. of 34°27' | 9.0% | | 6.0% |
| S. of 34°27' | 9.0% | | 6.0% |
| Longspine Thornyhead | | | |
| N. of 34°27' | 9.0% | | 6.0% |
| COWCOD S. of 40º10 N. lat | 17.7% | 17.7% | 17.7% |
| DARKBLOTCHED | 6.8% | 4.5% | 4.5% |
| YELLOWEYE | 11.4% | 5.7% | 5.7% |
| Minor Rockfish North | | | |
| Shelf Species | 7.5% | | 5.0% |
| Slope Species | 7.5% | | 5.0% |
| Minor Rockfish South | | | |
| Shelf Species | 13.5% | | 9.0% |
| Slope Species* | 9.0% | | 6.0% |
| Dover sole | 3.9% | | 2.6% |
| English Sole | 7.5% | | 5.0% |
| Petrale Sole | 4.5% | | 3.0% |
| Arrowtooth Flounder | 20.0% | | 10.0% |
| Starry Flounder | 20.0% | | 10.0% |
| Other Flatfish | 15.0% | | 10.0% |
| Pacific Halibut | 14.4% | 5.4% | 5.4% |

For analysis of the accumulation limits provided in the catch share review document (Agenda Item F.2.a, Catch Share Analysts Report, June 2017) see page 3-14 through 3-18, p. 3-152 through 3-163, p. 3-240 through 3-241. The following is some additional discussion and analysis of the current accumulation limits that will be further developed in the coming months.

***Demonstrated Revenue Possibilities under Existing Nonwhiting Accumulation Limits***

The original aggregate nonwhiting control limits were developed with the intent of allowing a single entity to acquire an amount of QS with a nonwhiting exvessel revenue equivalent of $1.4 million (twice the amount of revenue projected for the average vessel in an optimized fleet). Further, the vessel QP limit is 18 percent above the QS control limit, theoretically allowing another $400,000 of exvessel revenue. One question that can be examined here is whether vessels are achieving the maximum levels of exvessel revenue anticipated when the program was designed.

The following table shows that when looking at the coastwide revenues for each fishing vessel, it is possible to achieve exvessel revenues at the anticipated $1.4 million level. It also shows that vessels fishing in the north and south are not achieving the $700,000 level projected for the average vessel in the optimized fleet, although this table does not assess whether some vessels fishing in these areas may be attaining a higher level when their coastwide landings are considered.

Table 5. Average nonwhiting exvessel revenue per vessel caught with trawl gear (millions of dollars) for the top three vessels fishing in a geographic area (only includes revenue from that geography area) and coastwide (includes vessels that also participate in the whiting fishery but only their nonwhiting revenue).

| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|---|---|---|---|---|---|---|
| Northern Washington | 0.197 | 0.409 | 0.239 | 0.167 | 0.240 | 0.178 |
| Westport WA to Newport OR | 0.927 | 0.986 | 1.004 | 1.088 | 1.346 | 1.048 |
| Coos Bay OR to Fort Bragg CA | 0.836 | 0.604 | 0.872 | 0.982 | 1.073 | 1.086 |
| San Francisco to Monterey | 0.268 | 0.224 | 0.300 | 0.405 | 0.149 | 0.093 |
| South of Monterey | 0.281 | 0.397 | 0.583 | 0.509 | 0.515 | 0.539 |
| Coastwide | 1.011 | 1.032 | 1.024 | 1.181 | 1.388 | 1.196 |

While the above table establishes a lower bound for the maximums possible under existing vessel QP limits, many vessels are not achieving that level of evessel revenue, as indicated in the following graphic.

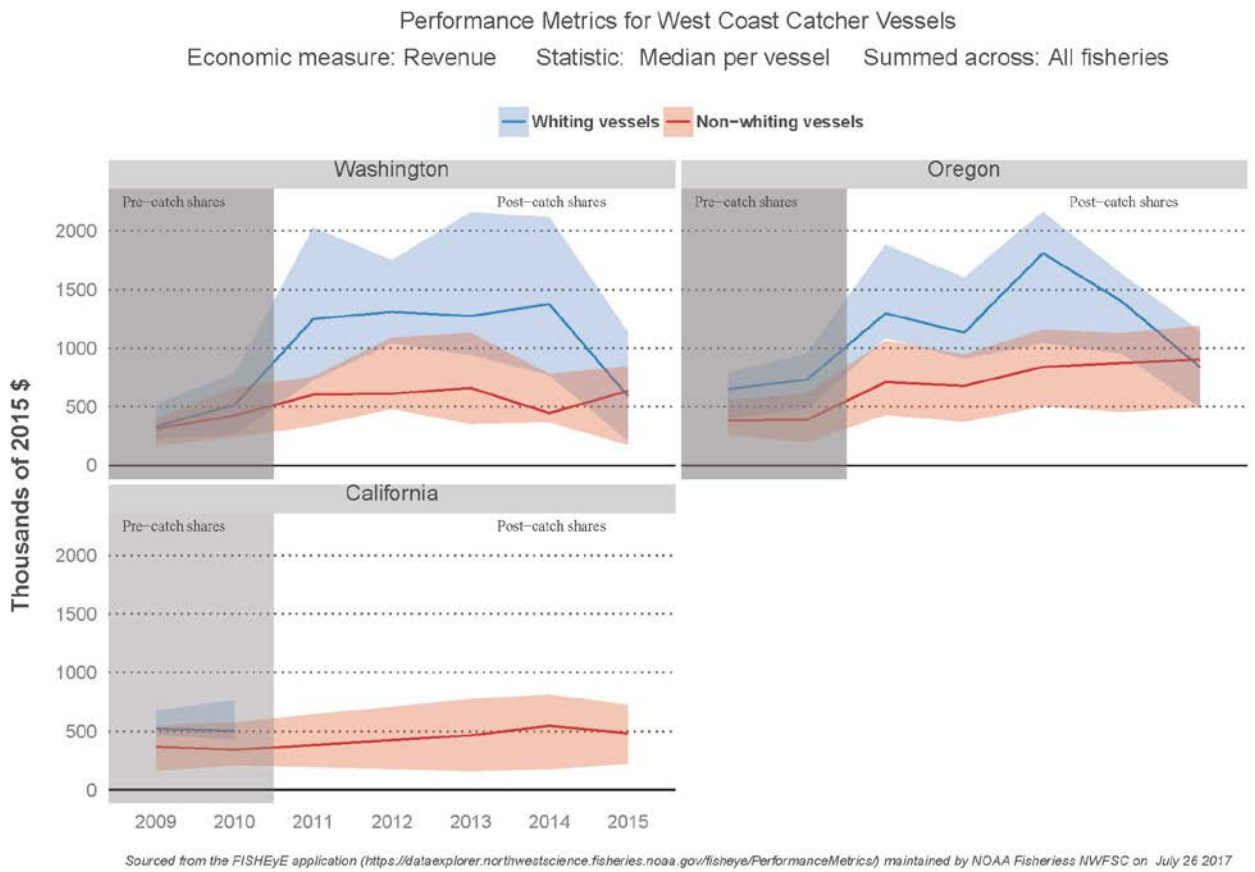


Figure 2. Per vessel average exvessel revenue for whiting and nonwhiting vessels by state.

The above graphic does indicate that many vessels are likely achieving the $700,000 revenue level inferred for the average vessel in the optimum fleet, particularly in Oregon. However, vessels are not necessarily achieving the levels of profit expected to be associated with the gross revenue amounts. The analysis on which the aggregate nonwhiting limits were based indicated that the average vessel in the optimized fleet would have around $500,000 of nonwhiting fishery profits. The following graphic indicates that level is not being achieved by most vessels but that it is possible that some vessels are achieving such profits. The upper bounds of these graphs show the 75$^{th}$ percentile values. Twenty-five percent of the vessels are receiving amounts in excess of those values.

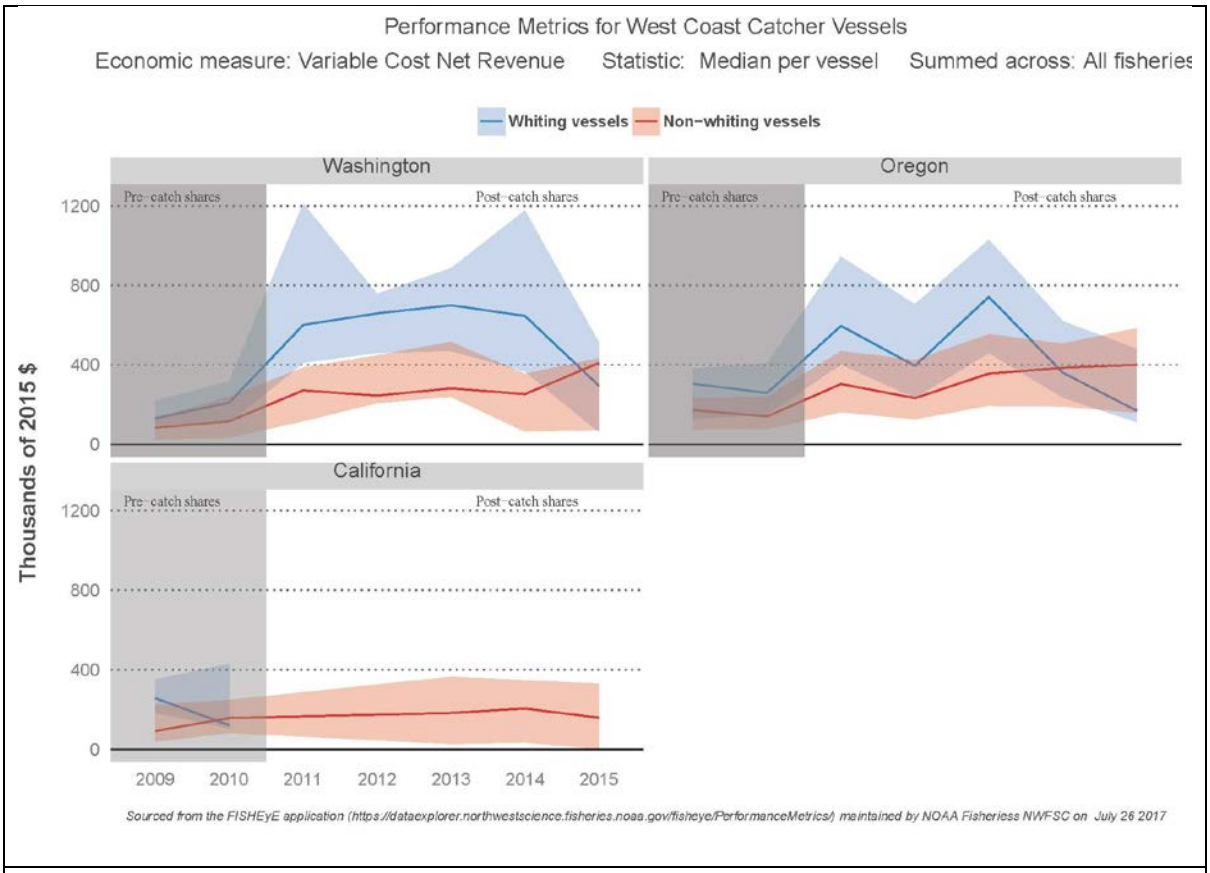


Figure 3. Per vessel average variable cost net revenue for whiting and nonwhiting vessels by state.

Additional analysis can be done to assess the theoretical limits achievable under current conditions in the fishery (reapplying the original GMT analysis from March 2009 to current fishery conditions) and evaluate whether the originally expected profit levels are achievable within the aggregate nonwhiting accumulation limits. Whether vessels are able to achieve the originally anticipated efficiencies is also a function of complete implementation of the program, including regulatory relief.

***Evaluation of Individual Species Limits Relative to Active Fleet***

A question has been raised about whether attainment of some allocations is being limited because the number of vessels active in an area is very small, such that even if every vessel took its maximum amount, the allocation of a particular species could not be attained. The following tables indicate that this problem may exist for some species, primarily in the south (see values in bold).

Table 6. Vessel QP limits, number of vessels required to take the entire allocation, and number of vessels in the area catching each species.

| Trawl Only | Vessel Limit | Min # of vessels required to harvest the IFQ sector's allocation | Minimum Number of Vessels Active in One Year (2011-2016) | Maximum Number of Vessels Active in One Year (2011-2016) |
|---|---|---|---|---|
| Arrowtooth flounder | 20.0% | 5 | 55 | 65 |
| **Bocaccio rockfish South of 40°10' N.** | **15.4%** | **7** | **8** | **13** |
| Canary rockfish | 10.0% | 10 | 29 | 36 |
| **Chilipepper rockfish South of 40°10' N.** | **15.0%** | **7** | **8** | **13** |
| Cowcod South of 40°10' N. | 17.7% | 6 | 3 | 10 |
| Darkblotched rockfish | 6.8% | 15 | 45 | 52 |
| Dover sole | 3.9% | 26 | 38 | 44 |
| English sole | 7.5% | 14 | 54 | 66 |
| Lingcod North of 40°10' N. | 5.3% | 19 | 46 | 49 |
| **Lingcod South of 40°10' N.** | **13.3%** | **8** | **8** | **13** |
| Longspine thornyheads North of 34°27' N. | 9.0% | 12 | 50 | 62 |
| Minor shelf rockfish North of 40°10' N. | 7.5% | 14 | 45 | 53 |
| **Minor shelf rockfish South of 40°10' N.** | **13.5%** | **8** | **8** | **12** |
| Minor slope rockfish North of 40°10' N. | 7.5% | 14 | 49 | 54 |
| **Minor slope rockfish South of 40°10' N.** | **9.0%** | **12** | **8** | **13** |
| Other flatfish | 15.0% | 7 | 59 | 71 |
| Pacific cod | 20.0% | 5 | 16 | 26 |
| Pacific ocean perch North of 40°10' N. | 6.0% | 17 | 45 | 52 |
| Petrale sole | 4.5% | 23 | 56 | 69 |
| Sablefish North of 36° N. | 4.5% | 23 | 58 | 70 |
| **Sablefish South of 36° N.** | **15.0%** | **7** | **1** | **2** |
| Shortspine thornyheads North of 34°27' N. | 9.0% | 12 | 56 | 65 |
| **Shortspine thornyheads South of 34°27' N.** | **9.0%** | **12** | **0** | **0** |
| **Splitnose rockfish South of 40°10' N.** | **15.0%** | **7** | **6** | **13** |
| Starry flounder | 20.0% | 5 | 11 | 16 |
| Widow rockfish | 8.5% | 12 | 38 | 44 |
| **Yelloweye rockfish** | **11.4%** | **9** | **10** | **14** |
| Yellowtail rockfish North of 40°10' N. | 7.5% | 14 | 23 | 31 |

### *Daily QP Limits*

Daily QP limits attempt to limit a person's ability to acquire additional QP from others before those QP are needed. They have no effect on those who only use QP from their own QS account.

Vessel daily limits limit QP trading between entities because QP can only be transferred directly to a vessel account, and those accounts are subject to the daily limits which are equivalent to the QS control limits and substantially lower than the annual vessel QP limits. However, there are a few work arounds. First, sales contracts can be signed but the QP transfers not implemented until a vessel account has room under the daily limit. Second, entities can temporarily acquire trawl permits and use them to establish a second vessel account in which they can store QP (similar to what risk pools do). Assessment of the degree to which the daily QP limits are effective is complicated by weak links between QS accounts and vessel accounts.

Daily QP limits are an administrative burden for both the agency and individual vessels. It is not clear whether they are meeting their original purpose: to encourage availability of QP in the market. Additionally, they were originally intended to apply only to overfished species, and in the next biennium only two species for which trawl IFQ is required will remain overfished:

cowcod and yelloweye rockfish. Daily QP limits also apply for Pacific halibut individual bycatch quota QP.

### *Weighting for Calculation of Aggregate Nonwhiting QS Equivalent*

Currently, 2010 shoreside trawl allocations are used to convert individual species quota into aggregate nonwhiting quota equivalents for the purposes of evaluating a person's or vessel's holding against the aggregate nonwhiting limits. Since the weightings are from 2010, they vary from the actual shoreside allocations of more recent years. The following table compares the original weightings to the weightings that would be in place based on 2017 allocation levels.

Table 7. Current weightings for determining nonwhiting QS holdings (based on 2010 allocations) and weightings based on 2017 allocations.

| | | A | B | C | D | Difference: | |
|---|---|---|---|---|---|---|---|
| **IFQ Species** | **2010 Shorebased Trawl Allocation (lbs)** | **2010 Shorebased Trawl Allocation (mt)** | **Individual Spp weighting in Agg Non-wh QS based on 2010 TWL Alloc** | **2017 Trawl Allocations (mt)** | **Individual Spp weighting in Agg Non-wh QS based on 2017 TWL Alloc** | **(D-B)** | **(D-B)/B** |
| Arrowtooth flounder | 21,156,441 | 9596.4 | 0.160 | 11120.6 | 0.098 | -0.063 | -39% |
| Bocaccio rockfish South of 40°10' N. | 113,287 | 51.4 | 0.001 | 302.4 | 0.003 | 0.002 | 210% |
| Canary rockfish | 34,294 | 15.6 | 0.000 | 1060.1 | 0.009 | 0.009 | 3486% |
| Chilipepper rockfish South of 40°10' N. | 4,046,034 | 1835.3 | 0.031 | 1920.8 | 0.017 | -0.014 | -45% |
| Cowcod South of 40°10' N. | 4,409 | 2.0 | 0.000 | 1.4 | 0.000 | 0.000 | -63% |
| Darkblotched rockfish | 655,071 | 297.1 | 0.005 | 535.6 | 0.005 | 0.000 | -5% |
| Dover sole | 34,546,436 | 15670.0 | 0.262 | 45986.0 | 0.405 | 0.143 | 54% |
| English sole | 20,398,822 | 9252.8 | 0.155 | 9263.6 | 0.082 | -0.073 | -47% |
| Lingcod North of 40°10' N. | 3,494,084 | 1584.9 | 0.026 | 1374.7 | 0.012 | -0.014 | -54% |
| Lingcod South of 40°10' N. | 1,283,443 | 582.2 | 0.010 | 558.9 | 0.005 | -0.005 | -49% |
| Longspine thornyheads North of 34°27' N. | 4,544,278 | 2061.3 | 0.034 | 2704.8 | 0.024 | -0.011 | -31% |
| Minor shelf rockfish North of 40°10' N. | 543,925 | 246.7 | 0.004 | 1183.1 | 0.010 | 0.006 | 152% |
| Minor shelf rockfish South of 40°10' N. | 133,526 | 60.6 | 0.001 | 192.2 | 0.002 | 0.001 | 67% |
| Minor slope rockfish North of 40°10' N. | 1,950,209 | 884.6 | 0.015 | 1368.8 | 0.012 | -0.003 | -19% |
| Minor slope rockfish South of 40°10' N. | 869,459 | 394.4 | 0.007 | 432.7 | 0.004 | -0.003 | -42% |
| Other flatfish | 9,646,547 | 4375.6 | 0.073 | 7475.4 | 0.066 | -0.007 | -10% |
| Pacific cod | 3,340,003 | 1515.0 | 0.025 | 1036.4 | 0.009 | -0.016 | -64% |
| Pacific ocean perch North of 40°10' N. | 377,577 | 171.3 | 0.003 | 220.0 | 0.002 | -0.001 | -32% |
| Petrale sole | 2,502,247 | 1135.0 | 0.019 | 2750.3 | 0.024 | 0.005 | 28% |
| Sablefish North of 36° N. | 6,606,862 | 2996.8 | 0.050 | 2416.0 | 0.021 | -0.029 | -58% |
| Sablefish South of 36° N. | 1,164,834 | 528.4 | 0.009 | 780.8 | 0.007 | -0.002 | -22% |
| Shortspine thornyheads North of 34°27' N. | 3,288,084 | 1491.5 | 0.025 | 1571.3 | 0.014 | -0.011 | -45% |
| Shortspine thornyheads South of 34°27' N. | 110,231 | 50.0 | 0.001 | 50.0 | 0.000 | 0.000 | -47% |
| Splitnose rockfish South of 40°10' N. | 965,514 | 438.0 | 0.007 | 1661.8 | 0.015 | 0.007 | 100% |
| Starry flounder | 1,176,166 | 533.5 | 0.009 | 635.9 | 0.006 | -0.003 | -37% |
| Widow rockfish | 713,178 | 323.5 | 0.005 | 12094.2 | 0.106 | 0.101 | 1867% |
| Yelloweye rockfish | 406 | 0.2 | 0.000 | 1.1 | 0.000 | 0.000 | 214% |
| Yellowtail rockfish North of 40°10' N. | 8,189,203 | 3714.6 | 0.062 | 4546.1 | 0.040 | -0.022 | -36% |

### *4. Meeting Shoreside IFQ Sector Harvest Complex Needs by Addressing Constraining Species (Old Title "Alternative management tools/approaches for choke species")*

> **Purpose and Need (Council Staff Prepared):** Action is needed to allow the shoreside sector to more fully and efficiently harvest its allocation to the benefit of industry (harvesters and processors), communities, and consumers. For some species, the amount of QP available is so limited that it inhibits the harvest of multispecies complexes, either because of actual catch rates for co-occurring species or because of excessive precaution on the part of vessels' trying to avoid species for which the amount of QP is limited. Sometimes individual vessels are limited by unexpected high catches of bycatch species, so large that they exceed annual vessel limits. These constraints on harvesting also adversely impact processors and markets. The purpose of this action would be to relieve the limiting species constraints including constraints for individual vessels encountering unexpectedly high bycatch in excess of annual vessel limits. **[Includes additions addressing CAB recommendations to include the lightning strike issue and downstream impacts that occur as a result of harvest limits (e.g. impacts to processors and markets).]**

No analysis at this time.

### *5. Shoreside IFQ Gear Switching Limitation*

> **Purpose and Need (Council Staff Prepared):** Action is needed to allow the shoreside sector to more fully and efficiently harvest its allocation to the benefit of industry (harvesters and processors), communities, and consumers. The amount of sablefish QP available is so limited that it inhibits the harvest of multispecies complexes of which sablefish is a part. The allocation of other species in those complexes are under-attained. Some of the sablefish is caught by vessels that participate in the trawl sector with non-trawl gear (gear switch) but catch sablefish with minimal amounts of co-occurring species. The purpose of this action would be to limit the amount of sablefish caught with non-trawl gear.

The CAB reviewed the purpose and need statement provided by Council staff, but was unable to come to a consensus on an alternative statement. The CAB will revisit this issue in more detail at its October meeting and adopt a purpose and need statement at that time.

With the development of the trawl rationalization program, vessels with trawl permits were able to use fishpot and longline gear (fixed gear) to catch sablefish. In some cases, vessels which had been using trawl gear tried switching and catching some of their harvest with other gears ("switchers"), and in other cases vessels that traditionally participate in the fixed gear fishery acquired trawl permits and entered the trawl sector using fixed gear to take trawl allocations ("enterers"). For information on numbers of vessels switching and entering and amounts of their catch, see Table 3-69 in the first draft of the five-year program review (Agenda Item F.2.a, Catch Share Analysts Report, June 2017). Documentation of the performance of the gear switching provision starts on page 3-129.

Analyses requested and assessment of its production.

- Amounts of capital investment by sector – results will be misleading because they cannot be disaggregated, and investments that occurred before a vessel entered the fishery may not be reflected.
- Assessment of the Steiner Holland Paper – this paper is still in the peer review process.
- Evaluation of the expansion of gear switching, impacts on lease prices and economic stability of harvesters and process – some of this can be done next winter.
- Evaluation of impacts on stock productivity – this analysis has been requested.

The Council also requested the assessment of an approach that would establish an amount of sablefish QS/QP that could only be used with trawl gear.

***6. Catcher-Processor Sector Accumulation Limits on Permit Ownership and Harvesting/Processing.***

> **Purpose and Need (Council Staff Prepared):** Action is needed to ensure that limited access privilege holders in the catcher-processor sector do not acquire an excessive share of the total limited access privileges in the program, as required by Section 303(c)A(5)(D) of the Magnuson-Stevens Act. Accumulation of excessive shares and the associated market power can inhibit efficient market function and impacts other management objectives including those related to the distribution of benefits from the program. Amendment 20 established accumulation limits for other trawl sectors, but not for the catcher-processor sector. The purpose of this action would be to address for the catcher-processor sector the MSA mandate to ensure that program participants do not acquire excessive shares.
>
> **Purpose and Need (CAB Recommendation):** *The CAB argues that Section 303(c)A(5)(D) does not apply because section 303(h) excludes pre-existing programs, and the catcher-processor sector co-op pre-existed the catch share program.*

Action alternatives for initial analysis:

> 1) no individual or entity may own or control more than four CP permits; and
> 2) no individual or entity owning a CP permit(s) may process more than 45 percent of the total CP sector whiting allocation.

The analysis will be challenged by confidentiality issues (not being able to display results for fewer than three entities).

**List of Follow-on Actions Currently Under Consideration**

The following is a list of follow-on actions being considered based on Council direction from its June 2017 meeting and the CAB report provided at this meeting. Also included is identification of some of the possible processes in which these actions might be considered (for many actions there may be multiple options, but only a single example is provided here).
Table 8. List of follow-on actions under consideration.

| ***Topic*** | ***Some Possible Processes*** |
|---|---|
| ***1. Meeting the At-Sea Whiting Fishery Bycatch Needs*** | |
| a. Set-aside management—making it permanent for all species. | Council policy statement or action for darkblotched and POP, FMP amendment for widow and canary. |
| b. Increasing amounts available for harvest | Biennial specifications (Spex)[1] |
| c. Between sector quota pound trading | Follow-on Action Package[2] |
| d. Changing within trawl and trawl/nontrawl FMP allocations | Follow-on Action Package |
| e. Carryover of at-sea set-asides | General policy: Sept Council Agenda Item E.5 Flexibility in Annual Catch Limit Management Response – Scoping. Specific implementation: Spex or follow-on package. |
| ***2. Trawl Sablefish Area Management*** | |
| Eliminate 36° line for trawl | Spex or Follow-on-Action Package (depending on complexity of alternatives) |
| ***3. Revising Shoreside IFQ Accumulation Limits (Control and Vessel Limits)*** | Biennial specifications |
| a. Aggregate nonwhiting control limits | Follow-on Action Package |
| b. Individual species limits | Follow-on Action Package or Spex (for some species) |
| c. Daily QP limit | Follow-on Action Package or Spex |
| d. Weightings used to calculate aggregate limit | Follow-on Action Package |
| ***4. Meeting Shoreside IFQ Sector Harvest Complex Needs by Addressing Constraining Species*** | ***Process*** |
| a. Enhance fleet's ability to use quota within the trawl allocation | |
| (1) Post season trading | Follow-on Action Package |
| (2) Increase carryover | Follow-on Action Package or Spex (depending on alternatives) |
| (3) Increase quota issued | Follow-on Action Package |
| (4) Raise annual vessel QP limits | Follow-on Action Package |
| (5) Set-aside management for some species | Follow-on Action Package |
| b. Vessels with deficits in excess of vessel QP limits (including lightning strike situations) | |
| (1) Relief from QP limits for lightning strikes | Follow-on Action Package or Spex |
| (2) Area restrictions for lightning strikes | Follow-on Action Package |
| ***5. Gear Switching*** | Biennial specifications |
| a. Establish a control date | Announce in Federal Register |
| b. Establish a subcommittee | Council Process |
| c. Limit gear switching (possibly ensure that some amount of sablefish will be available only for trawl gear) | Follow-on Action Package |
| ***6. Catcher-Processor Sector Accumulation Limits on Permit Ownership and Harvesting/Processing*** | |
| a. Establish a control date | June 13, 2017 recommended by Council |
| b. Cap number of permits that can be owned | Follow-on Action Package |
| c. Cap amount that an entity may process | Follow-on Action Package |
| ***7. AMP*** | |
| a. Decide on continuation of pass-through | Follow-on Action Package |

[1] One of the approaches mentioned for increasing available harvest would be to change the P* policy. This would require an FMP amendment.

[2] A regulatory or FMP amendment.