

National Marine Fisheries Service (NMFS) Supplemental Report on Catch Shares 5-Year Review - Preliminary ROA for Follow-On Actions

NMFS is working closely with stakeholders and Council partners to support the continued environmental and financial sustainability of the groundfish trawl catch share program through the five-year review process. In September 2017, the Council identified an initial range of alternatives for follow on actions. NMFS offers the following comments and questions for further consideration by the Council and Community Advisory Body (CAB) in the development of this range of alternatives.

Previously Identified Actions and Alternatives

At-sea whiting fishery bycatch needs

Between sector quota pound (QP) trading

NMFS recommendation: This alternative could be the most complex and expensive to implement of the proposed actions with regards to database programming. The cost could be higher than the current annual budget for maintenance and improvements to the account systems, which would necessitate additional investment. The cost largely depends on the business rules for the trading, which are yet to be specified.

For Alternative 2 (Individual Transfers by Participants), the following questions would need to be clarified before implementation:

- Will trades be all species or just bycatch species?
- Will trades be limited to one way, from the shorebased sector to the at-sea sectors, or could the at-sea sectors trade freely to the shorebased sector?
- Will there be limits on trading? For example, would an individual in the shorebased sector be limited to trading only their own QP (i.e., capped at their initial QP allocation for the year) or could they trade as much as they can acquire?
- Would trading be allowed all year, or within a limited timeframe? How would this intersect with potential post-season trading?

The answers to these questions and further discussion by the Council and advisory bodies will guide NMFS's estimates on programming costs, timelines, and feasibility. At the very least, to add functionality for between-sector trading to the Vessel Account System, NMFS would need to add tracking catch and balances for the at-sea sectors, which would be a significant undertaking. Any guidance the CAB and Council can provide on these questions will allow NMFS to provide more detailed feedback.

NMFS notes that, from a database administration standpoint, all of the other potential "follow-on" actions, when considered individually, are likely achievable within the current annual budget for IT maintenance and would not increase this portion of cost recovery fees. In general, implementing them consecutively, rather than simultaneously, would be more workable for IT staff. If all of these actions are pursued simultaneously (e.g. if implementation was targeted for all actions by January

1, 2020) additional funding and staffing may be necessary.

Meeting shoreside IFQ sector harvest complex needs

NMFS notes that similar alternatives are considered for different priority areas that the CAB identified, for example, changes to QP limits and allowing for post-season trading. The Council may wish to consider prioritizing alternatives that simultaneously address multiple needs. Focusing future consideration on the alternatives rather than the topic may highlight opportunities to condense proposed actions and thereby reduce Council Staff and NMFS's workload.

Post Season Trading

NMFS recommendation: The Council may wish to consider a sub-option under this alternative for post-season trading in all accounts, although NMFS notes this would create the opportunity for individuals to maximize carryover. Implementation (allowing for post-season trading from all accounts) would be easier as compared to the deficit-only trading. NMFS would plan to allow trading of prior-year pounds continuously from January 1 through the trading end date, to simplify programming. However NMFS anticipates that programming business rules to allow only trading from accounts in deficit would be feasible. As in our September 2011 statement, NMFS notes this alternative would push back calculation of individual account carryover until after trading is done. Also, vessel account owners should note that post-season trading would require modifying the current rule that automatically covers previous year deficits with next year's QP until trading is complete.

Trawl sablefish management

NMFS recommendation: NMFS suggests the Council consider, under Alternative 3 (gear switching measures), moving forward the September 2017 Groundfish Advisory Panel alternative establishing a limited entry fixed gear endorsement on the trawl limited entry permit (potentially based on certain level of fixed gear landings during a qualification period) along with the "eliminate and mitigate" Alternative 3 quota caps proposal. An endorsement would be far easier and more affordable to implement than creating new categories of quota shares or pounds, a factor that merits consideration during the analysis. For Alternative 2 (removing the 36 degree management line), NMFS notes that from an implementation standpoint, removing or changing the boundary would be relatively straightforward, likely similar to the process to that used for changing boundaries for lingcod.

NMFS Administrative Change Proposals

While finalizing the list of follow-on actions for analysis, the Council may wish to consider the following, developed by NMFS permits staff based on permit holder and vessel account user feedback.

Revisit consequences for not submitting QS renewal forms by the annual deadline.

Currently, if a QS permit holder does not submit required forms for QS renewal before the annual deadline, regulations¹ require NMFS to reallocate their associated QP. In such an event, after the QS permit holder submits a complete renewal package, the QS permit holder would be able to acquire and trade QP, but NMFS could not return their initial QP allocation. This has yet to occur, but could result in a sizeable economic impact to the QS permit holder, and a large administrative burden to NMFS. In addition, this requirement is administratively burdensome currently because NMFS must work with QS permit holders to ensure the deadline is not missed. NMFS instead recommends withholding the QS permit holder's initial QP allocation until the renewal application is completed. Once a complete application is received, NMFS would release the QS permit holder's initial QP allocation. This would result in a suspension of their ability to access their quota pounds while the renewal package was outstanding, rather than for an entire year. NMFS believes a temporary withholding of QP is sufficient incentive to encourage meeting application deadlines.

Allowing for non-vessel accounts.

In current regulations, a quota pound account has to be associated with a vessel and LE trawl permit. Thus, risk pools, quota funds, and brokers must register a vessel in order to open an account. They often procure and register a small vessel or a skiff, with no intention of using the vessel to fish. This may be an unnecessary and unintentional burden for these participants. Although this issue did not rise to the top of the CAB priority list, NMFS suggests the Council revisit the final action taken in September 2011 which identified risk pools and allowed for "risk pool accounts" independent of vessels, and consider implementation for this action in conjunction with development and implementation other proposed follow-on actions. This would be consistent with the Council's discussion in September 2013, where NMFS proposed to revisit implementation of risk pool regulations during the five year review process.

¹ 50 CFR 660.140(d)(3)(i)(C): "If a complete QS permit renewal package is not received by November 30, NMFS will not renew the QS permit, the associated QS account will not be activated in the following calendar year, and QS may not be transferred. NMFS will not issue QP or IBQ pounds associated with the non-renewed QS permit for that year. Any QP or IBQ pounds derived from the QS or IBQ in the inactive QS account will be distributed to the active QS accounts in proportion to the QS or IBQ for each IFQ species given on the renewed QS permit. If a QS permit is not renewed during the October 1 through November 30 renewal period, the QS permit owner may renew after January 1 in the following year by submission of a paper renewal application, or may renew the QS permit during the next October 1 through November 30 renewal period. For renewals submitted after January 1, QPs allocated as specified at paragraph (d)(1) of this section will not be allocated to the QS account in that year. The QS permit owner will be able to transfer QS percentages from the time the QS account is activated until November 30 of that calendar year."