

REVIEW OF ALTERNATIVES

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Initial Issues, Principles, and Council Discussion (Excerpt from [Agenda Item H.2, Attachment 1, April 2018](#))

Some initial areas of comment and discussion during the catch share review included the diminishment of sablefish quota available to trawl vessels and between fleet conflicts south of 36° N. lat. due to gear switched vessels targeting southern sablefish. A limited availability of sablefish quota could constrain harvest of species that co-occur in trawl catch, such as dover sole. There have been various attributions for the sablefish quota limitation including the purchase of such quota by vessels that gear switch (catching sablefish with fixed gear), purchase of sablefish quota by processors, and limited value of sablefish quota to trawl vessels due to market limits on co-occurring species such as doversole (trawlers wanting to sell their quota). At the same time, southern sablefish allocated to the trawl fishery are being under harvested. Working on the hypothesis that the problem of attaining trawl allocations in the north is a result of a limited supply of sablefish quota, last year proposals were developed that would allow the under-harvested southern quota to be used in the north. More recent discussions at the March 2018 Council meeting also identified a possible need for policies that would encourage increased attainment of southern sablefish allocations (without making the southern sablefish available to northern fisheries).

At its March 2018 meeting, the Council identified a desire to look at these issues in the context of the overall goals of resource access and utilization. The goal of the trawl rationalization program is based on an understanding that trawl gear is the only gear that can viably harvest a number of the groundfish species. The intent of the trawl rationalization program was to make improvements to the performance of the trawl fishery to this end. The Council’s desire is to carefully consider the cause of the allocation attainment problems and how solutions proposed to date or new solutions might address those problems.

Additionally, given the primacy of sablefish to the mixed stock fishery, even if gear switching is not a cause of the immediate attainment problem, consideration of a limitation might be appropriate in order to prevent future problems. Some sablefish is required to access other trawl caught species such that, over the long-term, unlimited gear switching is a potential problem. If unlimited gear switching were to become a problem, reversing conditions on which business plans

are developed is disruptive and difficult. Therefore, a long-term view of conditions in the fishery, performance of the program, and proposed solutions needs to be taken in addressing current issues.

As these issues are addressed, Council members identified a number of additional factors that will need to be considered, including: the importance of sablefish to the overall economics of a trawl trip and the interest of buyers in that trip; the importance of trawl deliveries to maintaining markets (including markets utilized by tribal and other fisheries); conservation impacts; potential fleet conflicts that might occur with the geographic redistribution of coastwide sablefish harvest; and implementation costs and challenges for any potential solutions. With respect to the last of these, NMFS participation in discussions will be critical.

Council members noted that the [November 2017 CAB report](#) provided some general principles for guiding development and consideration of alternatives:

- We want to get more sablefish to the trawl fleet.
- We want to consider existing operations/investments.
- We believe that unlimited catch of sablefish through gear switching is not desirable.

Council discussion also indicated a possible interest in maintaining each trawler's opportunity for some harvest with fixed gear, even if they have not previously taken advantage of gear switching provisions.

Many alternatives were developed last fall to address the trawl allocation attainment issue (gear switching issue) (see November 2017, Agenda Item F.2, [Attachment 7](#) and [Attachment 8](#)). The Council expressed interest in having a committee refine and narrow existing alternatives, as well as put creative thought into identifying new solutions that may not involve a limitation on gear switching. Further, the committee would consider ways to encourage utilization of the southern sablefish quota that would not include making it available to northern areas. Such consideration would not preclude options that would make southern quota available in the north.

Alternatives - General Approaches (Excerpt from [Agenda Item F.2, Attachment 7, Nov 2017](#))

The alternatives for modifying trawl sablefish management areas, by themselves, appear relatively straightforward. The proposals for dealing with the 36° N. lat. line can generally be described as status quo and elimination of the line (to create a single coastwide trawl sablefish quota shares, QS) [variations on the area management alternatives increased after the October 2017 CAB meeting]. . . . The following are some of the central elements of gear switching limitations that have been proposed thus far (they have been proposed in various combinations and with other elaborations; and none of the following represents a complete alternative).

1. Permit Endorsement/Vessel Designation Approaches
 - a. Require a gear switching endorsement (necessary for vessels to continue gear switching at a higher level than allowed for vessels without endorsements)
 - b. Designate “active trawlers” on an annual basis (active trawlers would have an opportunity to gear switch not provided to other vessels, and exemption would be provided for vessels with gear-switching history)
2. Quota Designation Approaches
 - a. Each year allocate sablefish quota pounds (QP) to QS accounts as either “any gear” or “trawl only”
 - b. Designate some QS as “any gear” and other as “trawl only”
3. Cap on Gear Use Approach

Limit the amount of gear switching that can be done by any one vessel/permit in a year (e.g. an annual vessel QP cap for gear switching that would be less than the annual vessel QP cap for sablefish).

Alternatives – Specific Elements (Excerpt from [Agenda Item F.2, Attachment 8, Nov, 2017](#))

A summary of the central elements of CAB, Council, and GAP identified gear switching options is provided in Table 1. See the appendix to the [Agenda Item F.2.a Supplemental CAB Report 1](#) [November 2017] for a complete description of the CAB proposal and the September 2017 [Agenda Item E.7.a GAP Report 1](#) for a complete description of GAP options.

Table 1. Central elements of the options for limiting gear switching.

| | Limit Number of Gear Switchers | | Cap Amount of Gear Switching by an Entity (Cap Not Associated with a Quota Designation) | Quota Designation (Cap Fleet Gear Switching by Designating Quota as Trawl Only or Any Gear) | Control Date ^a and Other Elements |
|---|---|--|--|--|---|
| | Grandfather Existing Gear Switchers (Permit, Vessel, or Ownership Based). | Active Trawler Designation (Applies to Vessels) | | | |
| CAB Alternatives (October 2017) | | | | | |
| CAB - Proposal A | Qualify trawl limited entry permit (LEP) for a gear switching endorsement (GSE) | No | Annual vessel QP limit for vessels with a GSE LEP ^b No gear switching for non-qualified entities | No | Control Date |
| CAB - Proposal B | Qualify LEP for GSE | No | Limit each GSE LEP to its maximum historic catch, transferable with the permit (poundage or QS percent) ^c No gear switching for non-qualified entities. | No | Control Date |
| CAB - Proposal C | Qualify LEP for GSE | No | 70 % of the annual vessel QP limit for vessels with a GSE LEP. No gear switching for non-qualified entities. | Allow southern sablefish quota to be fished north of 36° N. Lat. but only with trawl gear. | Control Date |
| CAB - Proposal D | Vessels meeting a qualifying requirement would receive an "Active Trawler Exemption" that continues until 50% of the vessel's ownership changes. | Each year, designate active trawlers based on previous year. | Annual vessel QP limit for active trawlers and exempted vessels (grandfathered existing gear switchers). No gear switching for other entities | Each year, every QS holder would receive 80% of their QP as trawl only and 20% as trawl or fixed gear. ^d | Control Date |
| CAB - Proposal D (modification) | Same as Prop D (Note that under this modification the vessel receives the "Active Trawl Exemption" but the QS owners with a link to a vessel would qualify for receiving 50% of their QS as eligible for any gear, as specified two columns to the left) | Same as Prop D | Same as Prop D | Each year, every QS holder would receive 85% of their QP as trawl only and 15% as trawl or fixed gear, except QS owners with vessels that caught at least half their QS with fixed gear (2011-2016) would receive 50% of their QP as trawl or fixed gear. ^e | Control Date |
| CAB - Proposal E | Exemption for gear switching vessels. | No | For exempted vessels: Annual vessel QP limit. For entities owning at least 0.15% sablefish QS prior to the control date and with common ownership between the QS account and the vessel: a gear switching cap of twice the amount of sablefish QS owned. For all others: a 0.3% cap for sablefish north. | Allow southern sablefish quota to be fished north of 36° N. Lat. but only with trawl gear. | Control Date |
| CAB - Proposal F | Vessels in the trawl sector (including gear switching vessels) receive a gear switching designation. Vessels newly entering the fishery would not be able to gear switch. | No | Not specified (implies at least the annual vessel QP limit) | Reserve quota for trawl permits. | Control Date Eliminate the 36° N. lat. line for trawl. |
| Council Options (Sept 2017) | | | | | |
| Council – Interpretation 1 ^f | | | | QP Designation ("any gear" and "trawl-only"; no QS designation). Each year allocate QP with these designations to QS holders (similar to CAB Proposal D) | |
| Council – Interpretation 2 | | | | QS Designation ("any gear" and "trawl-only"). Method of allocating QS to be determined. | |
| GAP Options September 2017 | | | | | |

| | Limit Number of Gear Switchers | | Cap Amount of Gear Switching by an Entity (Cap Not Associated with a Quota Designation) | Quota Designation (Cap Fleet Gear Switching by Designating Quota as Trawl Only or Any Gear) | Control Date ^a and Other Elements |
|---|--|--|---|--|--|
| | Grandfather Existing Gear Switchers (Permit, Vessel, or Ownership Based). | Active Trawler Designation (Applies to Vessels) | | | |
| GAP 1 (no action) | | | | | |
| GAP 2: Control Date Only | | | | | Control date only |
| GAP 3: Gear Switching Endorsements. | See CAB proposals A and B. | | | | Control Date |
| GAP 4: Nonrawl gear use QP limit = 50% of vessel QP use limit. | See CAB proposal C (except GAP recommended 50%). | | | | Control Date |
| GAP 5: Gear designated QP allocated each year to all sablefish QS holders | See CAB Proposal D | | | | Control Date |
| GAP 6; Soft Cap ^g | Establish a qualifying requirement for participants eligible to gear switch. | | Establish a target for the desired amount of gear switching then set a gear-switching annual vessel QP limit for qualified vessels, such that modelling shows the target would be achieved. | | Control Date |
| GAP 7(a) ^h Phase-out all gear switching | | | | (Method for limiting gear switching not yet specified) | |
| GAP 7(b): Phase-out gear switching, except for designated active trawlers | | Required to gear switch | | (Method for limiting gear switching not yet specified) | |

^a Use of a control date is specified in the alternative or highly likely.

^b For sablefish north of 36° N. latitude the current annual vessel QP limit is 4.5%. A determination needs to be made as to the status of other species under the gear switching limit, e.g. lingcod.

^c The written version of the proposal references caps based on QP but the proponent has indicated that this might be interpreted as a percentage based cap.

^d The percentage allocated as fixed gear QP could also be tapered off, for example, starting at 28% and reduce by 2% a year until 16% is reached.

^e The opportunity for a QS owner to receive 50% as trawl or fixed gear QP would apply only to those QS that were owned as of the control date.

^f The motion was “Gear switching: no action; cap on amount of sablefish quota used with fixed gear (percentage based); reserve a portion of sablefish quota for use only with trawl gear (percentage based). . . .” While the term “percentage based” was used, it was not clear whether the intent was to reference a percentage of the QP issued each year or the amount of QS that would be designated as eligible for use with fixed gear or trawl only. Therefore, two interpretations are offered here.

^g The active trawler exemption and taper requirements could be used with this option (see GAP 5).

^h Possibly explore in conjunction with increasing the stacking limits in the fixed gear stacking program.

Elements of Limited Access Alternatives (Excerpt from [Agenda Item F.2, Attachment 8, Nov, 2017](#))

Questions to Consider in Further Development of Options

Full development of these options will require considering and addressing to at least some degree for the eight design factors listed in Agenda Item F.7, Attachment 7 and discussed here in greater detail in relation to six questions. These questions do not need to be resolved at the November 2017 Council meeting.

What is the Method of Limiting Access?

Several means of further limiting access have been identified:

- A gear switching endorsement attached to a qualified permit
- An annual determination of a vessel's ability to gear switch based on previous year trawl activities and a vessel-based exemption from limits on gear switching
- Restricting the amount of gear switching by particular entities
- Designation of some quota (quota share [QS] or quota pounds [QP]) as trawl only (with the remainder being designated as eligible for catch with any gear)

What would be the Scope and Geographic Extent of Gear Switching Restrictions/Privileges?

For each method for limiting access, to what degree would gear switching be limited/allowed (what amount of gear switching would be allowed)?

What species are covered by the gear switching restrictions and privileges? Sablefish has been the main focus of discussion. For each option considered, is the intent to limit/allow gear switching for all species (including, for example, lingcod) or just sablefish? Similarly, what is the geographic scope of any proposed limitation or allowance? Sablefish is the only individual fishing quota species that is split north and south of 36° N. latitude. Would this line also be used to delimit an area in which gear switching is allowed from an area from which it is not? Even though sablefish is the main focus, gear switching could be limited north of some other line and allowed south of the line, or *vice versa* (for example 40° 10' N. latitude). Such a change could be implemented without changing any of the designations on QS or QP or the 36° N. latitude line.

For proposals that would change the designation of sablefish north quota, to allow some quota to be reserved for use only with trawl gear and other to be used with any gear (gear switched), would there be any reason to also limit gear switching for other types of quota?

What Entity Qualifies for the Designation?

Closely related to the method of limiting access, which includes identification of the entity whose access would be limited, is identification of the entity that would be evaluated to determine qualification. For example, limited entry permit history might be evaluated to determine whether the limited entry permit qualifies for a sablefish endorsement. However, it would also be possible

to evaluate the history of a vessel or the vessel owner and provide an endorsement for a limited entry permit currently associated with that vessel or vessel owner.

The choice of the entity that meets qualification criteria (together with the criteria) has implications for such things as the consideration of recent and historic participation, fairness and equity, and administrative burden. For example, if criteria are based on the activity of owners, then after a control date there may be only limited opportunity for new entry into the activity, until the new limitation policy is completed and implemented. This is because it would be difficult for a newly entering owner to meet qualification criteria. Thus, their new investments might be placed at risk. On the other hand, if the activity of a vessel or permit is evaluated to determine qualification, then during policy development new fishermen may enter the fishery as owners by acquiring a vessel or permit (this also would allow for exit by, for example, those wanting to retire).

Limitations of the data system may limit the ability to allocate based on certain entities. For example, a reallocation of QS among QS owners based on the use of related QP would be difficult, since QP are transferred to and between vessel accounts and there is not a direct link between the QP and the QS account that originated the QP. However, it might be possible to establish a qualification criteria based on a link between ownership of a QS account and the ownership of a vessel or vessel account, where such links exist.

What are the Qualifying Criteria?

Once the entity that must qualify is identified, then the criteria that they must meet in order to qualify need to be determined. A September 15, 2017 control date is in place to support development of the qualifying criteria.

One issue to be addressed is the link between the qualifying criteria and the scope of the restriction. For example, some of the preliminary ideas and data have focused on qualifying criteria based on sablefish north of 36° N. latitude. If that focus is maintained but the scope of the restriction is gear switching for all species or sablefish in all areas, a rationale would need to be provided justifying the link between the northern sablefish focused criteria and the more extensive restrictions.

What are the Transferability and Aggregation Rules?

What are the transferability rules? Can a harvest privilege be transferred to a new owner or vessel, or to a different permit? Can a privilege be accumulated to allow an entity to engage in increasing amounts of gear switching?

What is the Duration of the Restriction/Privilege?

A few possibilities include no expiration (indefinite), a sunset date, a phase down or out, and expiration with transfer of ownership.

Other Issue Areas Impacting Attainment

- Sablefish and lingcod discard survival credits ('19-'20 mgmt measures)
- Allow post-season trading of QP (follow-on action)
 - Address: last year's QP used to cover last years deficits
- Eliminate Sept 1 expiration of QP (follow-on action)
 - Address: QP expire unused in QS accounts
- Suggestions that raising accumulation limits might increase attainment
 - Aggregate QS Control Limit Bookend Alternatives (Consider in Omnibus):
 - Alt 1 - 2.7% status quo
 - Alt 2 - 5.84% (no aggregate limit – sum of spp limits)
 - Aggregate Vessel QP Limit – not slated for action
 - Aggregate Vessel QP Limits – not slated for action
 - Individual Vessel QP Limits (Blackgill only consider as part of follow-on)

Sablefish and Lingcod Discard Survival Credits Approaches (excerpt from [Agenda Item E.4, Supplemental Revised Attachment 2, June 2018](#))

2.2.2.4 Lingcod and Sablefish Discard Mortality Rates in the Shorebased IFQ Program (Appendix C, section C.3.3)

This management measure would, reduce the current 100% IFQ discard mortality rates (DMRs) used in quota pound (QP) catch accounting for lingcod and sablefish in the shoreside IFQ sector to lower DMRs based on the best available estimates of bycatch mortality for trawl and fixed gear types used in this sector. These “survival credits” result in a shift from total catch accounting to total estimated catch mortality accounting for these species as far as debiting vessel QP accounts.

Post Season Trading and Expiration (Excerpt from [Agenda Item H.6, Attachment 1, Mar 2018](#), as modified by Council Action)

Shorebased Needs Alternative 1: No action.

Shorebased Needs Alternative 2: Allow Post Season Trading for Accounts in Deficit (include an annual date for end of trading). After the end of the year, all vessels with deficits in their account would be allowed to buy previous year QP to cover their deficit, up through a certain date.

Suboption-A: In covering their previous year deficits, vessels would not be limited by the annual vessel QP use limits for all species or certain non-target species (*species covered to be determined*)

Suboption-B:

Shorebased Needs Alt 3: Eliminate September 1st QP expiration. Eliminate the September 1st QP expiration for QP not transferred to vessel accounts.