

Agenda Item G.1  
Supplemental Staff Presentation 1  
November 2020

# Agenda Item G.1 -- Gear Switching and Sablefish Area Management - ROA

Today's Presentation  
Agenda Item Overview  
Alternatives  
Analysis Related to Design of Alternatives

November 2020



# Agenda Item Overview



# Process

- Control date - September 15, 2017
- SaMTAAC - 2018-2020
- Council - Sept 2020
  - Adopted purpose and need (see Attachment 3)
  - Decision to move forward with a range of alternatives (ROA)
  - Interest in industry compromise proposal



# Today's Council Action

*Adopt a Range of Alternatives and Provide  
Guidance, as Necessary*



# Document Orientation

- Attachment 1: SaMTAAC Alternatives
- Attachment 2: Current Decision Points
- Attachment 3: Preliminary Analysis of Alternatives (Design).
- Supplemental
  - GMT Report
  - GAP Report
  - Public Comments



# Alternatives



# Overview of Alternatives

- No Action
- Three Action Alternatives
  - restrict northern sablefish gear switching



# No Action Alternative





# Overview of No Action Alternative

## Key Provisions Related to Gear Switching

Trawl Permit Required to Participate	Vessels with Trawl Permits Can Use Any Gear	LE Trawl and LE Fixed Gear Permits: Dual Registration Allowed	Any Person Can Open a QS Account  QS Account cannot be transferred	QP Issued to QS Accounts—  Transfer QP to Vessel Account
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Annual vessel QP limit: 4.5% for sablefish north

# Action Alternatives



# Alternatives and Options

- Highlighting the options specified by the SaMTAAC
- Within the alternatives Council might
  - Eliminate options
  - Modify options
  - Add new options
  - Modifying any provision (Including where there are no options)



# Overview of Action Alternatives

	Alt 1	Alt 2	Alt 3
Short Title	Gear Specific QP Alternative	Gear Switching Endorsement Alternative	Active Trawler Alternative
Grandfather Privilege	Opt-Out (option)	Endorsement	Active Trawler Requirement Exemption
Allocate Based on	Permit	Permit	Vessel

# Amounts of Gear Switching

- Would be affected mainly by
  - Qualifying Requirements
  - Unrestricted QP/Gear Switching Limits
  - Grandfather Expiration Provisions
    - Whether and when



# Alternative 1

Gear Specific Quota Pound



# Alternative 1 - Choices

- Gear Specific QP Options (amounts to issue as unrestricted QP)
- Conversion to Unrestricted QP Options (later in the year)
- Opt-Out Provision Option (allow some QS accounts to opt-out)
- Opt-Out Qualification (gear switching required to opt-out)

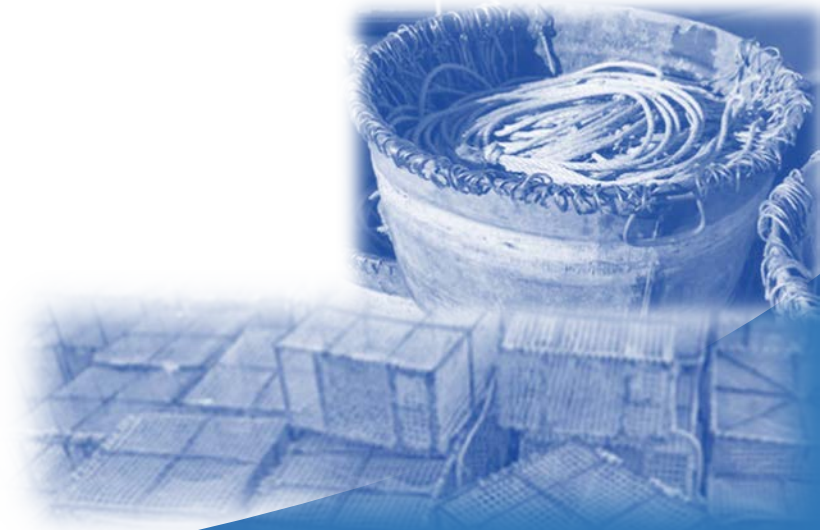
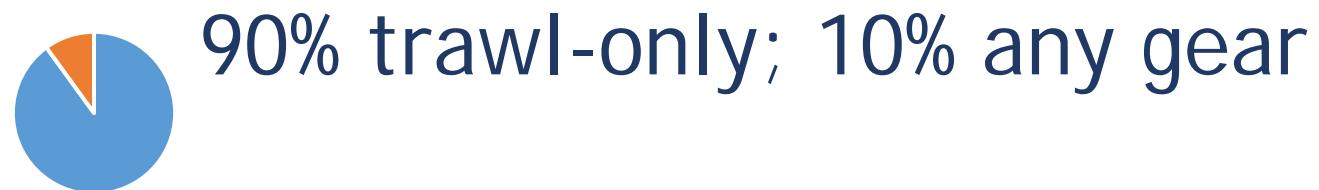


# Alternative 1 - Gear Specific QP Options

Gear Specific QP Option 1:



Gear Specific QP Option 2:





# Alternative 1 - Conversion Date Option

Option: All QP would becomes unrestricted ...

Option 1: on August 1

Option 2: on September 1

Option 3: after end of the year  
(starting with post season trading or carryover)



# Alternative 1 - Opt-Out Option

Option to Include an Opt-out Opportunity

Qualify to opt-out a QS account (see Qualification Options)

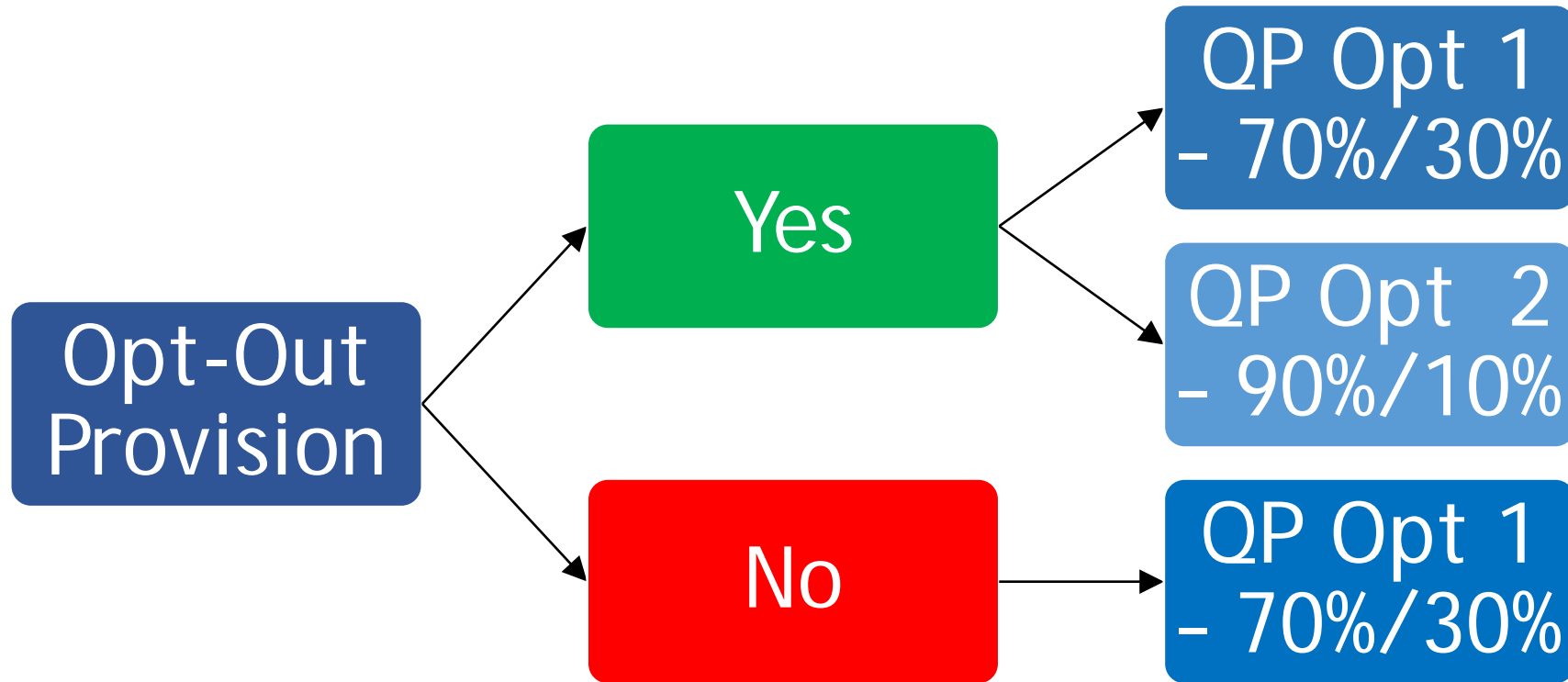
- Opt-out any account
- QS can be added to the opt-out account

Duration/Transferability: limited



# Alternative 1 - Option Interaction

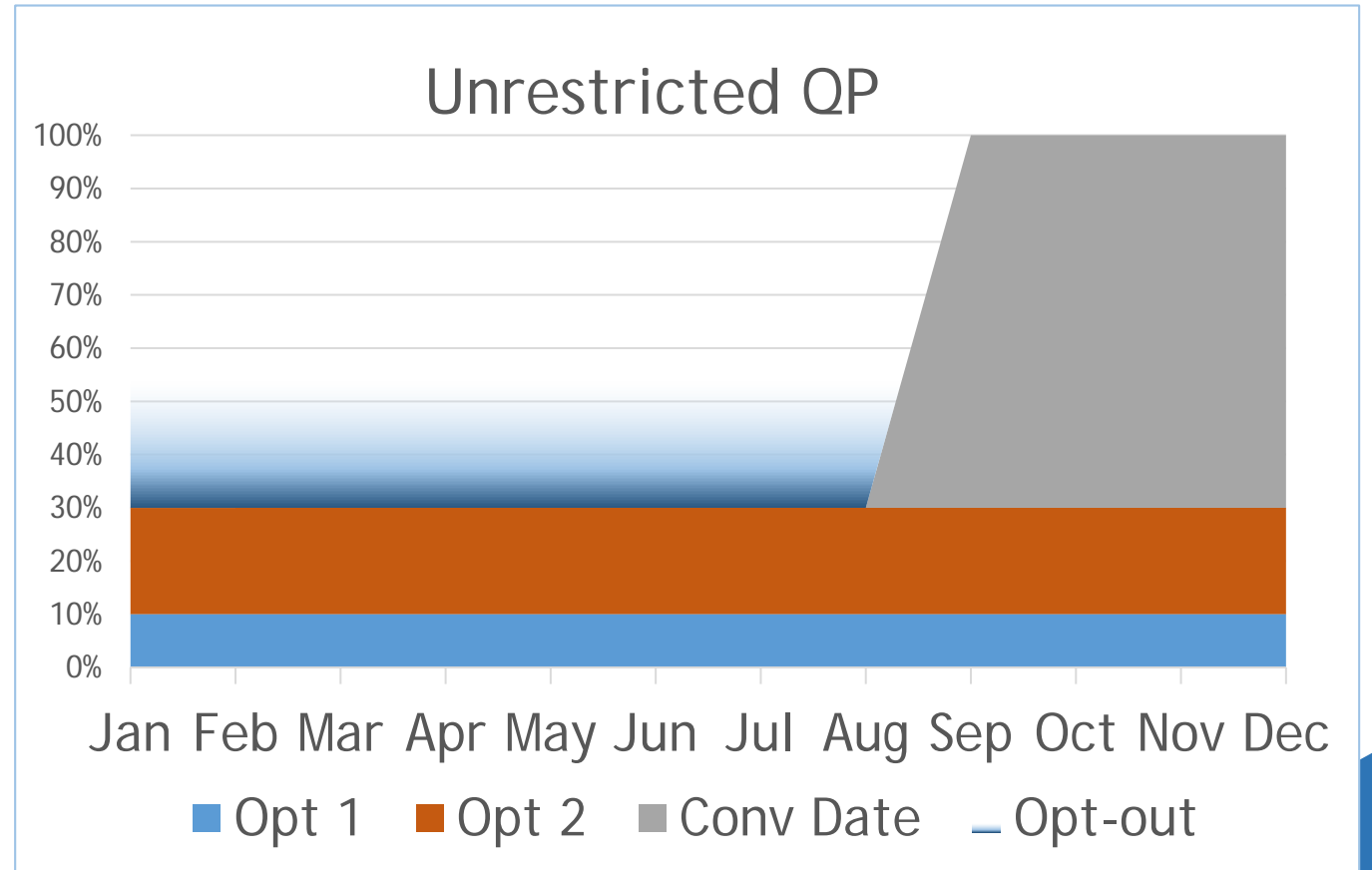
Opt-Out Choice => Gear Specific QP Options



# Alternative 1 - Gear Specific QP Amount Options

## Visualizing the Options

Conversion Date Suboption (Aug 1 or Sept 1)	Gray area + bottom 1 or 2 bands
Opt-Out Option	Fuzzy area + bottom 1 or 2 bands
30% Option	Bottom two bands
10% Option	Bottom band



# Alternative 1 - Opt-Out Qualification Suboptions

Qualify for a gear switching endorsement  
based on *permit history*



# Alt 1 Opt-Out Qualification Suboptions

Suboptions	Qualifying Period				Qualifying Amount
	Start Date		End Date		
	Jan 1, 2011	Jan 1, 2014	Sep 15, 2017	Dec 31, 2018	
SubOption A					1 landing
SubOption B					10,000 lbs
SubOption C					10,000 lbs
SubOption D					30,000 lbs
	OR				
					30,000 lbs



# Alternative 1 - Provisions (Completing the Picture)



- Gear specific QP amts set in the FMP
- Vessels with both types of QP choose (Att 1, p.3)



# Questions?





# Alternative 2

Gear Switching Endorsement



# Alternative 2 - Choices

- Endorsement
  - Qualification Options
  - Limit Options
  - Expiration Options
- Gear Switching Limit Overage Options



# Alternative 2 - Provisions

- All vessels: minimum gear switching limit:  
0.5% northern sablefish  
(~ 29,000 lbs in 2020)
- Higher limits for vessels with  
gear switching endorsements



## Alternative 2 - Endorsement Qualification Options

Qualify for a gear switching endorsement  
based on *permit history*



## Alt 2 - Endorsement Qualification Options

	Qualifying Period				Qualifying Amount	Suboption: Recent Participation Requirement (2016-2018)
	Start Date		End Date			
	Jan 1, 2011	Jan 1, 2014	Sep 15, 2017	Dec 31, 2018		
<b>Option 1</b>	In at least 3 years				10,000 lbs/yr	Suboption
<b>Option 2</b>	In at least 3 years				30,000 lbs/yr	Suboption
<b>Option 3</b>	In at least 3 years				30,000 lbs/yr	Required
	OR					
		At least 1 landing in each of 3 years			90,000 lbs in 3 yrs	Not Applicable

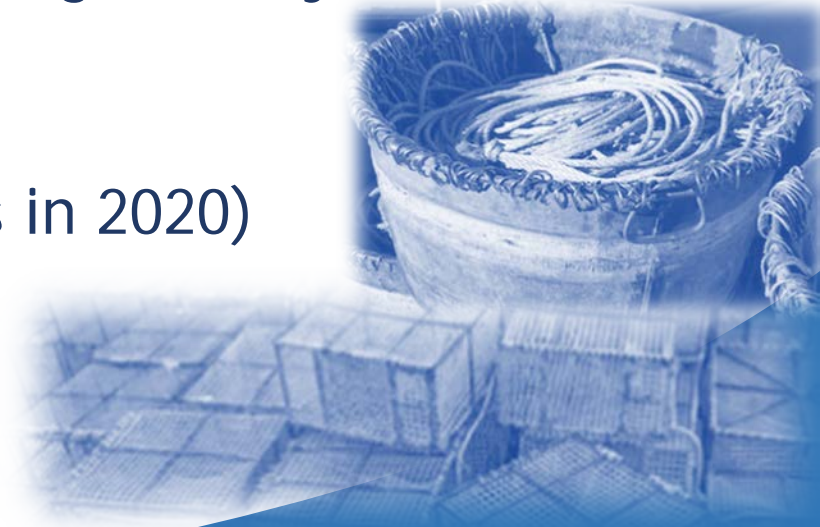


# Alternative 2 - Endorsement Limit Options

## Annual Limit for Gear Switching Endorsed Permit

- Limit Option 1: Historic average gear switching % for years fished
- Limit Option 2: Vessel QP Limit (4.5%)

(~ 261,100 lbs in 2020)



# Alternative 2 - Endorsement Expiration Options

Expiration Option 1: On transfer to or addition of a new owner.

Expiration Option 2: No expiration.



## Alternative 2 - Gear Switching Overage Suboption

Any gear switching overage reduces  
a permit's following year gear switching limit.

SubOption: Overages will not reduce  
a permit's following year gear switching limit.





# Alternative 2 - Provisions (Completing the Picture)



- Permit transfers
- Sequential registration
  - Open question on seq reg of endorsed permits.
- Combination of trawl permits

See Att 1 p. 6 for all these provisions



# Questions?



# Alternative 3

Active Trawler



# Alternative 3 - Choices

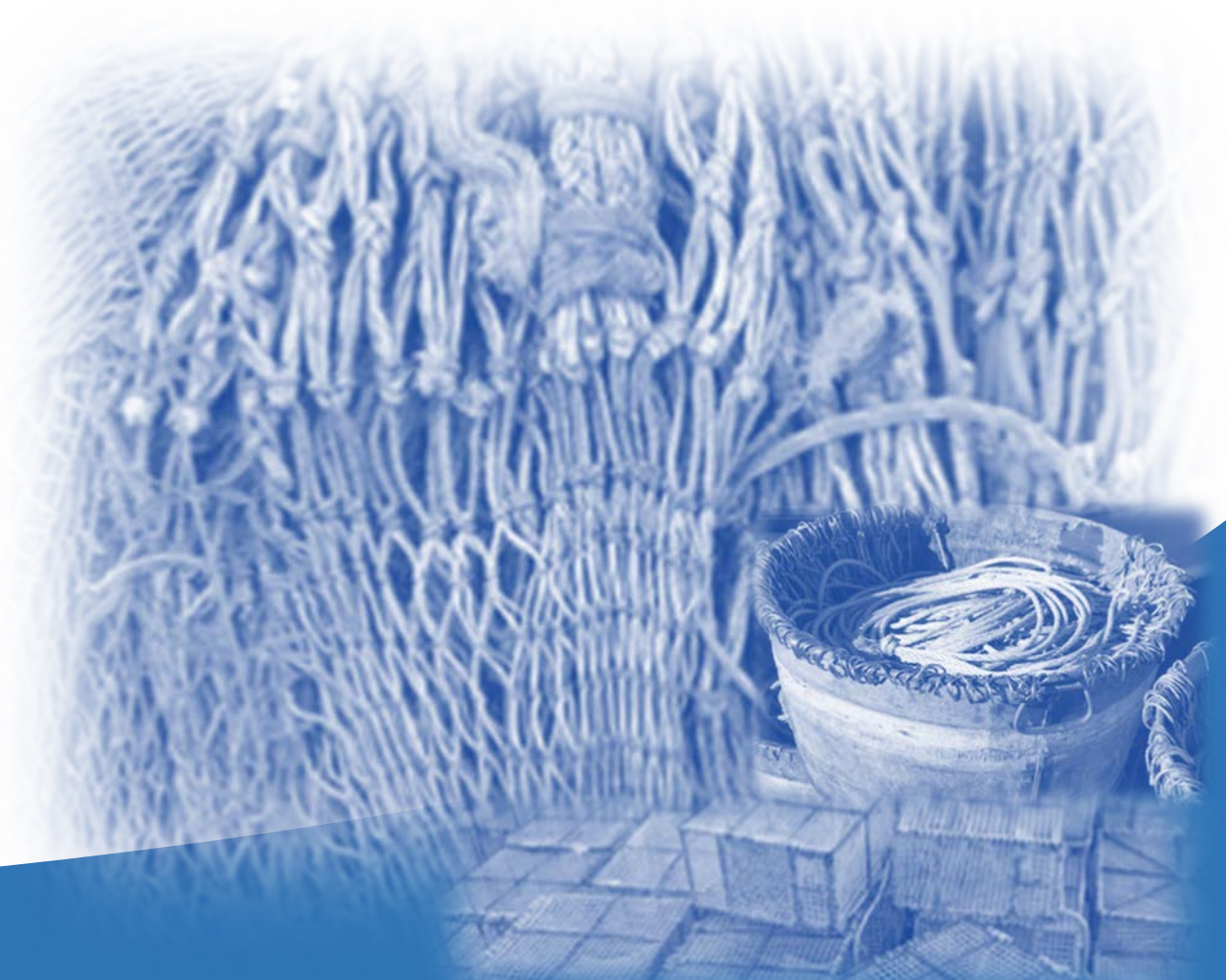
- Exempted Vessel Qualification Options
- Exemption Expiration Options
- Gear Switching Limit Overages



# Alternative 3- Active Trawler Provision

## Active Trawler Vessels

- Vessel qualifies (annually)
- Limit applies to the vessel
- 1% limit (adjustable)
  - = ~58,000 lbs, in 2020



# Alternative 3- Exempted Vessel Provisions

## Exempted Vessels (Grandfathered)

Owner of qualified vessel designates an exempted permit

### Gear Switching Limits

- 0.6% limit (adjustable) or
- QS Owned
  - 0.6% = ~ 35,000 lbs in 2020





## Alternative 3- Other Vessels

Neither Active Trawlers nor Exempted:

discard all northern sablefish  
caught while gear switching



# Alt 3 - Exemption Expiration Option

## Exemptions expire

with transfer to, or addition of, a new permit owner . . .

Exemption Expiration Option: . . . or 12 years after regulations implemented.





# Alternative 3 - Exemption Qualification Options

Qualify for an exemption  
based on *vessel history*



# Alt 3 - Exempted Vessel Qualification Options

	Qualifying Period				Qualifying Amount
	Start Date		End Date		
	Jan 1, 2011	Jan 1, 2014	Sep 15, 2017	Dec 31, 2018	
<b>Option 1</b>	In at least 3 years				30,000 lbs/yr
<b>Option 2</b>	In at least 3 years				30,000 lbs/yr
	OR				
		At least 1 landing in each of 3 years			90,000 lbs in 3 yrs



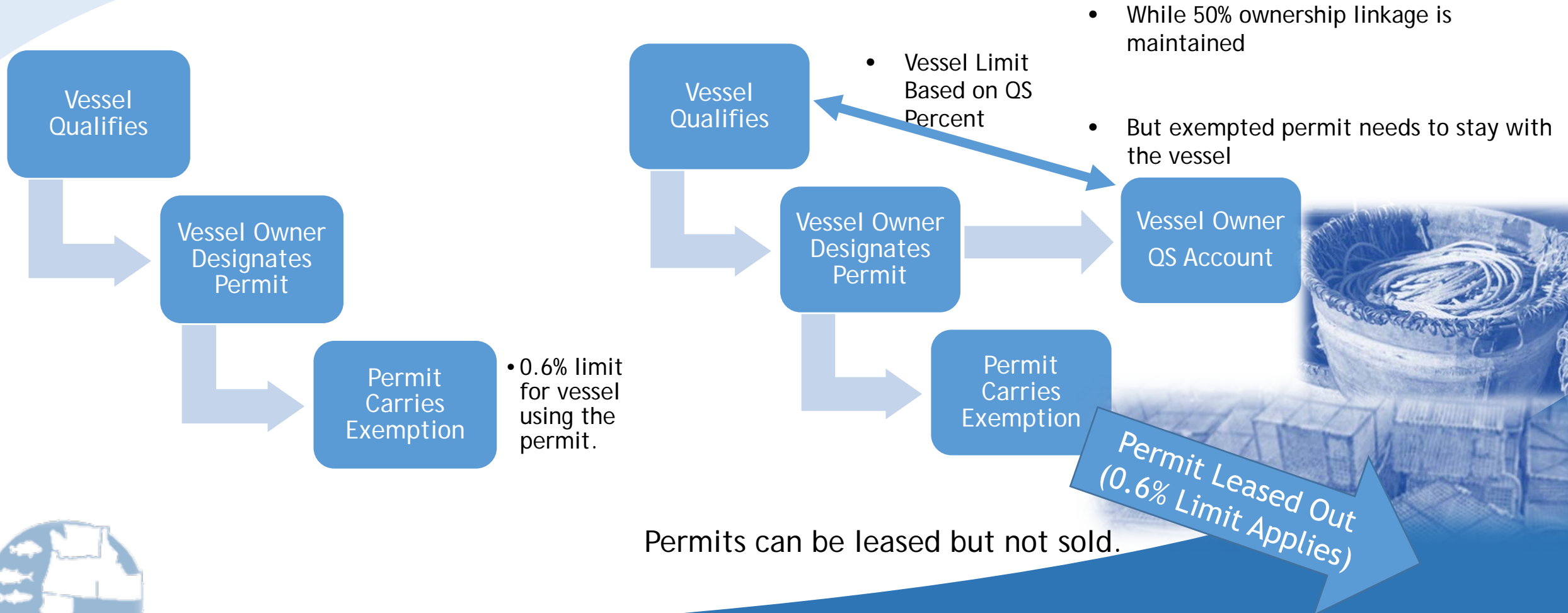
# Alternative 3 - Gear Switching Overage Suboption

Any gear switching overage reduces  
a vessel or permit's following year gear switching limit.

Suboption: Overages will not reduce  
a vessel or permit's following year gear switching limit.



# Alternative 3- Exempted Vessel Gear-Switching Limits



# Alternative 3 - Provisions (Completing the Picture)

- Divestment of QS (for owners with an exemption) (Att 1, p. 9)
- QS account replacement prior to implementation (Att 1, p. 9)
- Vessel replacement after implementation (Att 1, p. 9)
- Exempted permit transfers (Att 1, p. 10)
- Sequential registration (Att 1, p. 10)
- Exmptd ves/active trawler (Att 1, p. 10)
- Backstop Percentages (Att 1, p. 11)



# Questions?

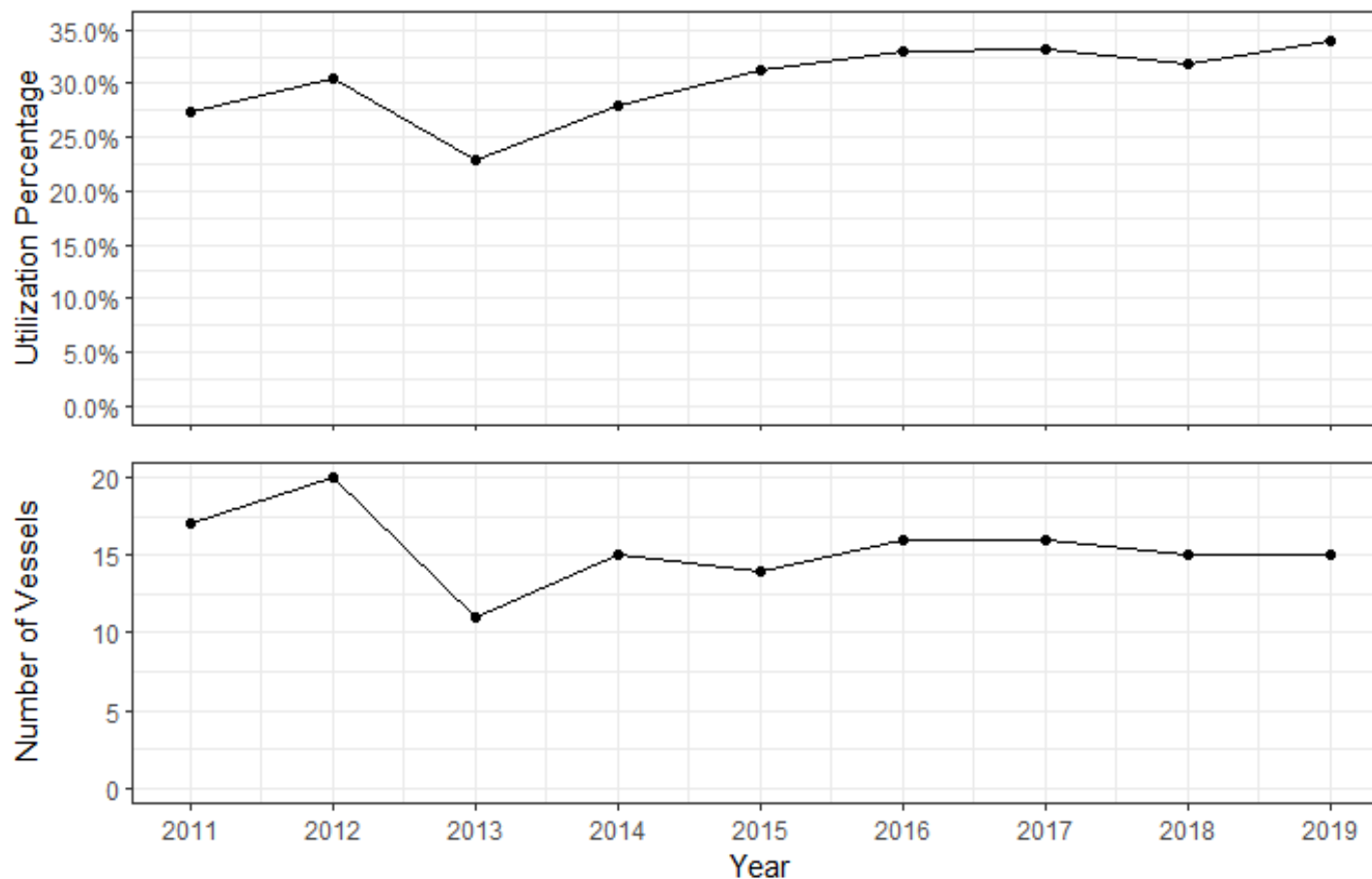


# Assessment of Action Alternatives



# Sablefish North Harvest Under No Action

- ACL = 94%
- IFQ = 93%
- Gear Switching = 30%





# ACTION ALTERNATIVE GENERAL CONSIDERATION:

Allocating to Permits or Vessels



# Shorebased IFQ Vessel and Permit Interactions

- Gear-switching vessels lease ~50% of their permits
- Trawl vessels tend to own their permits.
- Gear switching Permit-Vessel Combinations
  - 8 vessels used more than 1 permit
  - 10 permits have been used on more than 2 vessels
  - No vessel-permit combination used all 9 years



# Alternative 1 Analysis



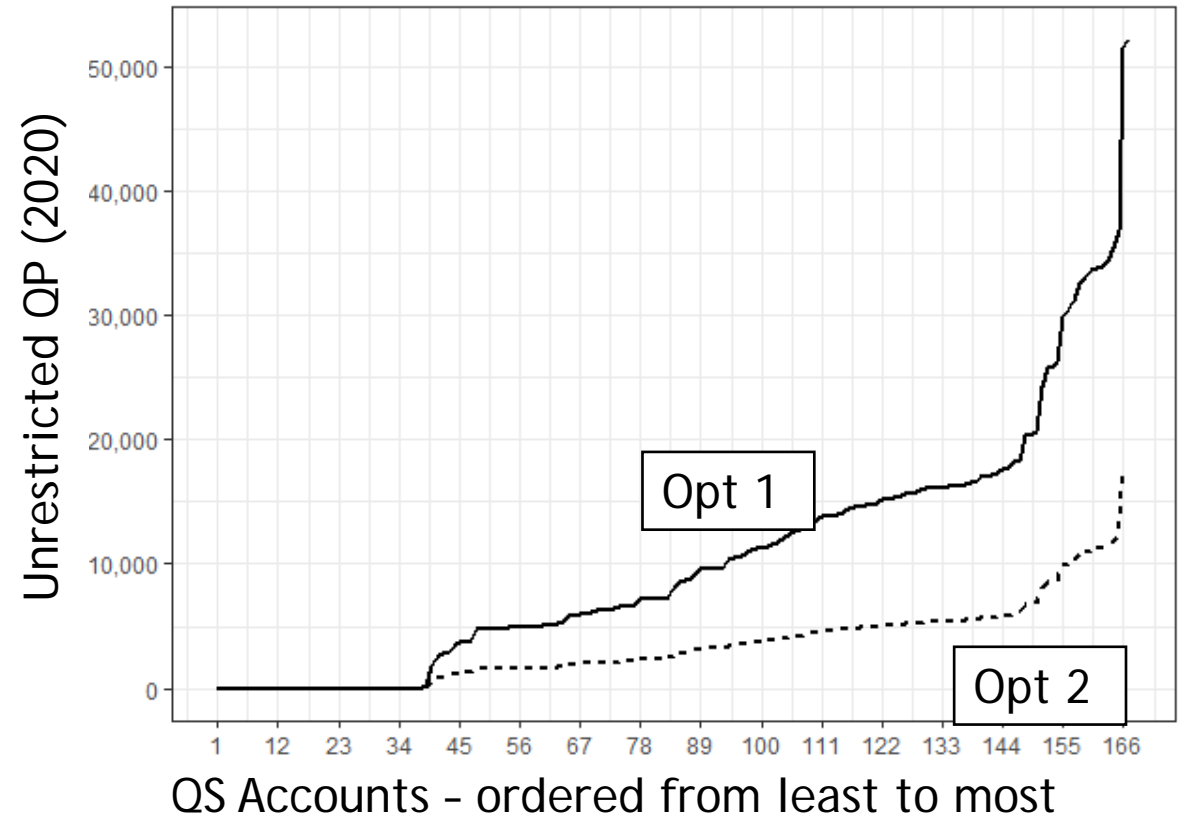
# Alternative 1 - Choices

- Gear Specific QP Options (amounts to issue as unrestricted QP)
- Conversion to Unrestricted QP Options (later in the year)
- Opt-Out Provision Option (allow some QS accounts to opt-out)
- Opt-Out Qualification (gear switching required to opt-out)



# Comparison of Gear Specific QPs Options

- 38 QS accounts w/o sabl N
- Max QP amounts would be:
  - ~52,000 lbs under Opt 1
  - ~17,000 lbs under Opt 2
- Average GS vessel in 2018-2019 landed ~114,000 lbs
- Absent an opt-out (or mid-year conversion) vessels with QS accounts would have to acquire more QPs



# Acquisition of QPs

- Vessels would work with QSA owners to access QPs
- Costs associated with transactions
- Option 2 likely require more trades/acquisitions to gather QPs
  - Reason for opt-out recommendation with 90/10 option

Percentage of Allocation	Minimum number of QS accounts required under	
	Option 1 (30%)	Option 2 (10%)
2.5%	4	12
5%	8	35
7.5%	12	65
10%	18	129
20%	54	
30%	129	



# Conversion Date

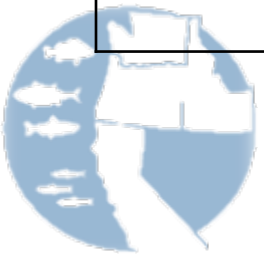
Conversion Date	Avg. GS Catch Prior to Conversion Date as % of	
	Total GS Catch	Total Available QPs
Opt 1: August 1	25%	8%
Opt 2: September 1	36%	11%

- Total gear switching unlikely to be substantially constrained-- sufficient QPs likely available for fleet in the latter part of the year
- Option 3 - convert any trawl only QPs to unrestricted at end of year
  - Conversion prior to post season trading or
  - Conversion at time of surplus carryover



# QS Account Opt-Out Qualifiers (Permit)

Sub-Option	Qualification	Number of Qualifying Permits	Number Qualifying Under All Options	% of Permits with Gear Switching History 2011-2018	Qualifiers' % of 2020 Allocation based on Avg. GS Catch 2011-2018
A	Between 2011-2018, 1 FG sablefish landing	38	22	100%	27%
B	Between 2011-CD, 10,000 lbs+ of FG sablefish landings	33		87%	27%
C	Between 2014-2018, 10,000 lbs+ of FG sablefish landings	26		68%	24%
D	Between 2011-CD or 2014-2018, 30,000 lbs+ of FG sablefish landings	34		90%	27%





# Amount of Unrestricted QPs Under Opt-Out

- Qualifiers could select  
own QS account or  
account under other ownership or  
open new account.
- Difficult to determine which accounts a permit might choose
- 2020 QS ownership
  - Top 38 accounts own 53.6% of QPs
  - Middle 38 accounts own around 24.5% of QPs



# Questions?



# Alternative 2 Analysis



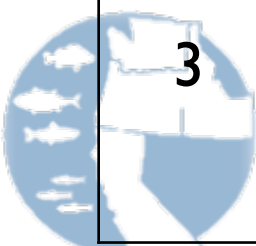
# Alternative 2 - Choices

- Endorsement
  - Qualification Options
  - Limit Options
  - Expiration Options
- Gear Switching Limit Overage Options



# Gear Switching Endorsement Qualifiers

Option	Qualification	Number of Qualifying Permits	Number Qualifying Under All Options	% of Permits with Gear Switching History 2011-2018	% 2020 All. based on Avg. Catch 2011-2018
1	10,000 lbs/yr in 3 or more yrs b/t 2011-CD	15	10	39%	19%
	... and participated in 1 or more yr b/t 2016-2018	14		36%	18%
2	30,000 lbs/yr in 3 or more yrs b/t 2011-CD	11		28%	18%
	... and participated in 1 or more yr b/t 2016-2018	10		26%	17%
3	30,000 lbs/yr in 3+ yrs b/t 2011-CD <b>and</b> participated in 1+ yr b/t 2016-2018 <b>OR</b> caught 90,000 lbs cumulatively across 3 yrs from 2014-2018, with at least 1 GS landing in each of those 3 yrs.	13		33%	19%



# Permit Endorsement Limits

## Option 1: Avg. % in GS Years

- 3-6 permits would receive limit of 0-1.5%
- All qual. options would have 3 permits with limit of 3%+
- May impact GS levels of qualified permits

## Option 2: 4.5%

- 7 permits caught more than 4% b/t 2011-2018
- Likely that each permit would catch less than 4.5%
  - However, if permits transferable, may increase odds



# Non-Endorsed Permits (0.5% Limit)

- 0.5% limit in 2020= 29,066 lbs
- Under all options, of those permits with GS history that would not qualify,

Between 4-7 permits active average catch would be under limit

Between 19-21 permits active average catch would be over limit

- Non-qualifiers may try to lease endorsed permits



# Questions?





# Alternative 3 Analysis



# Alternative 3 - Choices

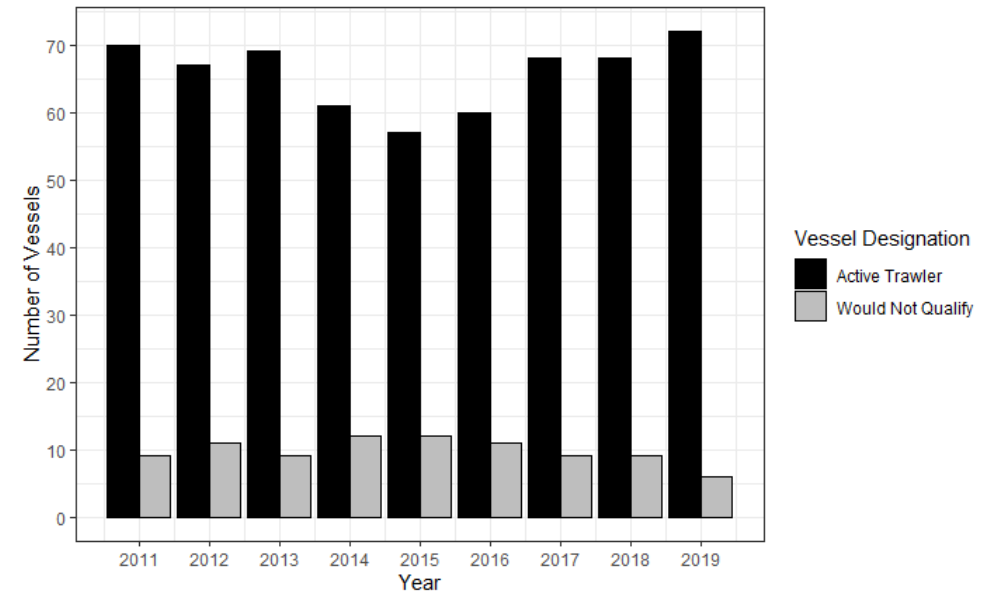
- Exempted Vessel Qualification Options
- Exemption Expiration Options
- Gear Switching Limit Overages



# Alt 3 Active Trawler Designation (Vessel)

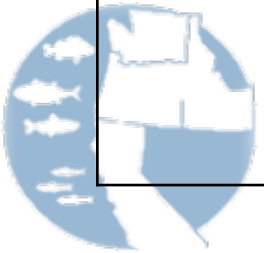
- Required to make 6 IFQ landings of certain size north of 36 N. lat.
- Designation good for that year and the following year
- Allowed to gear switch up to 1% of sablefish N allocation
  - ~58,000 lbs in 2020

- Avg of 86% of IFQ vessels would have qualified each year



# Active Trawler Exemption Qualifiers

Option	Qualification	Number of Vessels that qualify under Option	Number Qualifying Under All Options	Qualifying Vessels as a % of Vessels with Gear Switching History 2011-2018	% of 2020 Allocation based on Avg. Catch 2011-2018
1	30,000 lbs of northern sablefish trawl QPs per year <b>in at least</b> three years between January 1, 2011 & September 15, 2017.	11	11	29%	20%
2	30,000 lbs of northern sablefish trawl QPs per year <b>in at least</b> 3 years between January 1, 2011 & September 15, 2017  OR  90,000 lbs cumulatively <b>across</b> 3 years from 2014 to 2018, with at least one gear-switched landing in each of the three years.	12		32%	21%



# Vessels Owning QS

- Based on 2019 vessel account information, under both options, 5 vessel owners own QS
- Some of the 4 own QS equal to 0.6% proposed limit for vessels that don't own QS
- Total amount of QS owned by these vessels is 5.44%



# Non-Qualifiers History as Active Trawlers

- Two pathways for gear switching:
  - lease exempted permit or
  - qualify as active trawler
- Only 10 vessels between 2011-2019 have used both trawl and FG in same year
  - 8 of the 10 would have qualified as an active trawler in at least one year
  - 5 of the 8 that would have qualified as active trawler qualified in previous year to GS
    - 3 landed more than 1% allowance for fixed gear



# Questions?



# Proposed Methodologies for Assessing Gear Switching





# Questions?



# Things to Consider

- Under all alternatives,
  - the amounts of gear switching allowed are capped by some maximum built into the structure of the alternative, but
  - the actual amounts expected are likely to be lower than that theoretical maximum.
- Factors to consider:
  - Years to include
  - Changing conditions, including price dynamics and available pounds
  - Development of markets for other trawl species
  - Opportunities in other fisheries
- May be appropriate to use several different methods



# Alternative 1

- Maximum Amount of GS capped by Gear Specific QP Option
- Actual GS amounts will partially depend on the degree to which the unrestricted QPs will be consolidated.
- Opt-Out Accounts Methods
  - Permits \* QS limit (3%)
  - Largest accounts get opt-out
  - Examine linkages between QSA and permits
- Assessments of the amount of unrestricted QP would need to be looked at in combinations of options



# Alternative 2

- Need estimates for endorsed and non-endorsed permits
- Max estimate: Consider permits \* limits
- Actual Amount of GS- Use projection model based on historical data
  - Pounds caught or percentage of the trawl allocation taken
  - Inclusion of zero years
  - Bootstrap or simple average



# Alternative 3

- Max Amount = 20 %
  - Based on preliminary analysis, exempted vessels could take 8.96-9.56%
- Actual GS projections likely less than max
  - Likely few to participate as active trawler
- Long term- exemptions expire resulting in max of 10%

