GROUNDFISH ADVISORY SUBPANEL REPORT ON PACIFIC WHITING UTILIZATION IN THE MOTHERSHIP SECTOR

The Groundfish Advisory Subpanel (GAP) received an overview of this agenda item from Mr. Brett Wiedoff and Ms. Jessi Doerpinghaus, Pacific Fishery Management Council (Council) staff, and an overview of the Supplemental National Marine Fisheries Service (NMFS) Report (Agenda Item G.3.a, Supplemental NMFS Report 1, March 2021) from Ms. Stephanie Warpinski and Mr. Brian Hooper, NMFS staff.

The GAP wishes to acknowledge and thank the authors of the scoping document (Agenda Item G.3, Attachment 1, March 2021) for their hard work in providing so much information for this meeting.

I. GAP RECOMMENDATIONS - OUTLINE

Please find the GAP's outlined recommendations for this action below, with discussion of each element provided in later sections.

Purpose and Need Statement

Although Council staff have presented a new purpose and need statement for Council consideration, the GAP recommends adoption of the purpose and need statement the Council selected for public review in September 2020, as revised, below.

Range of Alternatives

The GAP recommends that the Council adopt the following range of alternatives for analysis:

1. Whiting Season Start Date (for all whiting sectors)
    - Status Quo: May 15
    - Alternative 1: April 1
    - Alternative 2: April 15
    - Alternative 3: May 1
2. Mothership Processor Obligation
    - Status Quo: Mothership processor obligation made by November 30 through mothership catcher vessel endorsed limited entry permit renewal
    - Alternative 1: Remove mothership processor obligation from regulation
3. Mothership Processor Cap
    - Status Quo: 45%
    - Alternative 1: 65%
    - Alternative 2: 85%
    - Alternative 3: Remove mothership processor cap from regulation
4. Mothership Processor & Catcher/Processor Permit Transfer
    - Status Quo: A vessel cannot be registered to a mothership permit and a catcher/processor permit in the same calendar year
    - Alternative 1: A vessel can be registered to a mothership permit and a catcher/processor permit in the same calendar year

- Sub-option A: A vessel can switch between the mothership sector and catcher/processor sector up to two times during the calendar year through permit transfer
- Sub-option B: A vessel can switch between the mothership sector and catcher/processor sector up to four times during the calendar year through permit transfer
- Sub-option C: Unlimited transfers

II. PURPOSE AND NEED STATEMENT

The GAP recommends that the Council adopt the purpose and need statement developed by the Council in September 2020 Council, with the following revisions (revisions shown in redline).

The mothership (MS) sector of the Pacific whiting fishery has experienced lower average attainment than the other non-tribal whiting sectors since the start of the trawl catch share program, particularly since 2017, leading to social and economic losses for participants. The Council's five-year review of the Trawl Rationalization Program confirmed that ~~mothership~~ MS sector participants were not realizing the same economic gains as their counterparts in the shoreside and catcher processor whiting sectors. During ~~the last five seasons~~ 2016-2020, more than 350 million pounds of whiting worth more than $28 million in ex-vessel revenue has been left unharvested in the mothership sector. Some catcher vessels have been unable to harvest and deliver their full MS sector allocations and, in certain cases, catcher vessels have been stranded without a mothership processor to deliver to for a season or year(s). Many MS whiting sector participants, including all six MS processor vessels and several MS catcher vessels, participate in the Alaska pollock fishery. The pollock fishery's record high catch limits in recent years has limited the availability of processor vessels and some catcher vessels to participate in the Pacific whiting fishery during the primary whiting season, between May 15 and December 31. This reduced availability has coincided with record high catch limits and insufficient bycatch in the Pacific whiting fishery.

These factors, combined with regulatory barriers that have hindered flexibility, have contributed to decreased utilization rates in the ~~mothership~~ MS sector. The purpose of this action is to improve MS sector utilization and flexibility, to better meet the National Standards of the Magnuson-Stevens Act and elements of the Council's Trawl Rationalization Program goals that have not been fully realized, to "create and implement a capacity rationalization plan that increases net economic benefits, creates individual economic stability, [and] provides for full utilization of the trawl sector allocation."

While th~~e~~ purpose of the action is to address the underutilization in the MS sector, some of the actions identified include other whiting sectors in order to ensure we maintain a common start date for all whiting sectors and where an action involving another whiting sector may improve MS sector utilization. ~~However, alternatives such as an earlier season start date may apply to all whiting sectors through participants in common.~~

The GAP appreciates the alternate purpose and need statement that was proposed by Council staff [on pages 23-24 of the scoping document (Agenda Item G.3, Attachment 1, March 2021), and page 2 of the revision document (Agenda Item G.3, Supplemental Attachment 2, March 2021)], but finds the purpose and need statement developed by the Council, as modified above, to more clearly and specifically identify the problem and the urgent need for action. In addition, the original purpose and need statement had already made its way through industry and the GAP and had been adopted for public review by the Council. We advise revising the last paragraph of the Council's purpose and need statement in order to clearly and directly describe why other whiting sectors are involved in this action, as recommended by NMFS (Agenda Item G.3.a, Supplemental NMFS Report 1, March 2021). Lastly, the GAP included the following minor changes for Council review (in redline above):

- Abbreviating "mothership" to "MS" throughout.
- Providing specific years for the unharvested amount of whiting (to be clear about which five years are referenced).
- Adding an "(s)" to "year" since some catcher vessels did not deliver to a mothership for multiple years.

III. RANGE OF ALTERNATIVES

a. Whiting Season Start Date

The GAP recommends that the Council adopt the following range of alternatives for the whiting season start date that would apply to all whiting sectors:

- Status Quo: May 15
- Alternative 1: April 1
- Alternative 2: April 15
- Alternative 3: May 1

As discussed in the scoping document, moving the start of the whiting season to an earlier date could provide significant improvements in mothership sector utilization because it would allow additional days for whiting operations between pollock seasons. It would also have benefits for the catcher/processor and shoreside sectors, and the GAP recommends retaining a common start date for all whiting sectors, which is consistent with the rationale and record of decision supporting the implementation of a common May 15 start date in 2015 (80 FR 8280, 80 FR 19034).

Most at-sea processors (motherships and catcher/processors) and some catcher vessels head north to Alaska in January for pollock A-season; return to the West Coast in March or April for shipyard and spring hake; head north again in June or July for pollock B-season; and return to the West Coast in September or October for fall hake and/or winter shipyard. At present, the primary whiting season starts on May 15 each year, while the B-season pollock fishery starts on June 10. With a minimum 7-day transit north to Alaska, there is a very small window where the spring hake fishery does not overlap with B-season pollock (from May 15-June 3, or about 20 days, not including time for offloads and crew changes). When motherships and catcher/processors choose to have longer participation in the spring hake fishery and arrive late for the B-season pollock fishery, it also delays their return for fall hake. For example, if a mothership or catcher/processor participates in the hake fishery until June 30, heads to Seattle to offload, and then crew-up and backload for departure to Alaska a few days later, they would likely reach Dutch Harbor, Alaska around July 10, a month into B-season. This is also true for the few catcher vessels who participate in B-season pollock. The later start for B-season means a later return to the West Coast for fall hake.

Limited days in the current spring fishery often results in large amounts of the at-sea sectors' respective allocations remaining to be harvested in the fall, where vessels face trade-offs between finishing the pollock B-season and returning to fall hake where fishing conditions deteriorate later in the season, shipyard schedules are imminent, and crews are fatigued from the lengthy season. An earlier start date for whiting could have beneficial impacts across the whole year for motherships and the catcher vessels that deliver to them, as well as for catcher/processors, by providing more operational days that do not overlap with pollock, allowing for more hake to come out of the water and potentially for an earlier return in fall. In simplest terms, a longer season would provide more time for each sector to prosecute their fisheries optimally and rationally.

Shoreside processors would likewise benefit from an extended whiting season, with additional days to optimize operations during the year. Because many of the catcher vessels participate in both the shoreside and mothership fishery, and because the motherships are only available for a limited period, many catcher vessels complete their mothership activities first when the whiting season opens and then move shoreside for the summer once their mothership processor has gone north to Alaska. This means that shoreside processors may sometimes run short when mothership processors are operating in the hake fishery. A season date change may help to spread some of the catcher vessel effort out between sectors. For example, most mothership fleets start right on May 15 to get as many offshore days in as possible before the processor heads north. Depending on the start date the Council might select, there could be differential start times for mothership fleets that more naturally align with the processor's return from Alaska, reducing the pressure to all start on the same day, and spreading effort between the shoreside and mothership sectors.

As noted above, the GAP highlights that the whiting season start date was most recently changed in 2015 to align the whiting sectors north of 40°30′ N. lat. (see Table 1).

Table 1. Whiting season start dates

Whiting Sector	Location	1997-2014	2015-present
At-sea (mothership and catcher/processor)		May 15	May 15
Shorebased	North of 42° N. lat. (off WA and OR)	June 15	
Shorebased	Between 42° and 40°30′ N. lat. (off northern CA)	April 1	
Shorebased	South of 40°30′ N. lat. (off central and southern CA)	April 15	April 15

(Source: 80 FR 8280, 80 FR 19034)

Biological Opinion

Over the past three years, the GAP and at times the Council has expressed concerns with the way the 2017 Salmon Biological Opinion (BiOp) for Groundfish Fisheries (Agenda Item H.5, Attachment 1, March 2018) was finalized. While all groundfish sectors recognize and acknowledge the need to minimize incidental take of salmon, some members of the GAP found the BiOp to be overly prescriptive such that it would significantly reduce management flexibility and efficiency. We are seeing the consequences of that today.

For example, just six years ago when NMFS published the proposed rule to better align the season start date for the whiting sectors (80 FR 8280), the Expected Impacts section of the preamble included statements like this:

> *NMFS will be monitoring the take of salmon inseason and expects industry to take measures to reduce salmon bycatch, if needed. All midwater trawl fisheries have 100 percent monitoring and are required to track the catch of prohibited and protected species, such as salmon.*
>
> *…*
>
> *However, catch of salmon in groundfish trawl fisheries is highly variable from year to year, including in years when the season was as early as April 15 and as late as June 15. For salmon listed under the ESA, NMFS expects the bycatch of Chinook to remain within the amounts considered in the 1999 biological opinion for all groundfish trawl fisheries combined (20,000 Chinook) even if harvest limits for target groundfish species increases.*

These 2015 statements not only acknowledge industry actions to reduce salmon bycatch, but indicate that at that time, even with a change in season start date and the potential for increased harvest of whiting, NMFS expected Chinook bycatch to stay within the guidelines and that industry would take measures to reduce salmon bycatch as necessary.

Today, despite operating under a rationalized program with cooperative bycatch management, 200% observer coverage, hard caps for Chinook, and forthcoming salmon mitigation plans from the whiting cooperatives, NMFS concluded that "changing the season start date may require reinitiation" of the 2017 BiOp due to Term and Condition 2.d in the Incidental Take Statement (quote from Agenda Item G.3.a, Supplemental NMFS Report 1, March 2021, page 3).

The GAP requests further information from NMFS on how to proceed most efficiently with an earlier whiting season start date. For example if an amendment to the BiOp would be possible, rather than a full reinitiation, especially in light of the information provided in the scoping document. For example, the scoping document found the following:

> *Even with the potential for increased bycatch with extending the season by a couple weeks to a month, the overall risk of exceeding the Chinook salmon threshold is likely low, as the whiting sectors as a whole have taken less than 6,000 Chinook salmon in each of the last three years.* (page 27)
>
> *…*
>
> *While bycatch rates in the southern latitudes are typically higher than northern latitudes, supporting the BiOp's conclusion that there is an increased risk of bycatch with a more southern distribution, the interannual variation present within even these six years is important to consider (Table 13). In 2020, both sectors saw the greatest number of hauls south of 42° 50' N. lat., but the bycatch ratios were close to 400 times lower for the MS sector and 5x lower for the CP than the 2018-2019 average. Therefore, while the bycatch impacts may be similar to the start of the season, the location of that effort will be another determining factor. However, given the management of the co-ops and the record of salmon avoidance, the risk level could further be mitigated.* (page 28)

If NMFS determines that the BiOp does need to be reopened in full, the GAP recommends that the At-Sea Processing South of 42° element that was previously removed from the main package be included for consideration in the reinitiation.

Exempted Fishing Permit (EFP)

The NMFS report states that there could be a "potential path forward for the proposal to change the season date using an EFP with the purpose to collect data on the effects of an earlier season start date north of 42 N. latitude on ESA-listed salmonids and other bycatch species" (Agenda Item G.3.a, Supplemental NMFS Report 1, March 2021, page 4). This is a great solution in theory, but the GAP discussed some potential downsides. The GAP noted that moving the season start date proposal to an EFP would split away yet another crucial element from the main package (note that processing south of 42° was previously removed from the main package by the Council). In addition, an EFP could be difficult to implement in terms of determining eligibility for participation. The vessels and/or processors who were selected would have a competitive advantage over other whiting fishery participants because they would be operating at a time when others could not. In addition, for the mothership and shoreside whiting sectors, participation may need to be consolidated around processors in order to work, but could create further strife. For example, if three shoreside vessels were selected that all delivered to separate shoreside processors, it may be very difficult for each plant to hire enough crew to handle whiting offloads that were only coming in every couple of days from a single vessel. It would make more economic sense for one processor to receive deliveries from multiple vessels, but may not be fair to other processors. Likewise, the costs to operate a mothership platform with a single catcher vessel delivering would not be economical, but allowing only one group of vessels with their mothership to participate in the EFP may not be fair. The same trade-offs would be forced upon the catcher-processors where 10 CP-endorsed permits are held by three companies and sector participants would be forced to determine who gets the potential advantages of an earlier start date. There would also be implications for all of the whiting cooperatives to consider in terms of how to temporarily structure

cooperative agreements to fairly account for differential start dates between members. Length of the EFP is also a concern. For example, if the EFP went on for years like we've seen with other EFPs, it could exacerbate the fairness concerns unless participants switched each year.

Overall, the GAP supports the common season start date change as one of the most impactful elements of the package, and seeks further guidance on the most expedient way for this element to proceed.

b. Mothership Processor Obligation

The GAP recommends that the Council adopt the following range of alternatives for the mothership processor obligation made by catcher vessels:

- Status Quo: Mothership processor obligation made by November 30 through mothership catcher vessel endorsed limited entry permit renewal
- Alternative 1: Remove mothership processor obligation from regulation

While the GAP had previously recommended an alternative that would change the processor obligation deadline, at this meeting we moved that alternative to our "Considered but Rejected" pile, discussed below. Instead, we recommend that the Council include an alternative to remove the processor obligation from regulation. The processor obligation is a unique feature of this fishery that does not occur in other fisheries, and the GAP agreed that this could instead be handled through private arrangements between catcher vessels and processors or within the Whiting Mothership Cooperative, outside of the government purview. The NMFS report supports this conclusion. The GAP notes that Alternative 1 could reduce cost recovery for the MS sector since the processor obligations would no longer need to be collected through limited entry permit renewals, and participants would no longer need to submit mutual agreement exception paperwork to change the processor obligations within the calendar year.

c. Mothership Processor Cap

The GAP recommends that the Council adopt the following range of alternatives for the maximum amount of the annual mothership sector's Pacific whiting allocation that a person owning an MS permit may cumulatively process:

- Status Quo: 45%
- Alternative 1: 65%
- Alternative 2: 85%
- Alternative 3: Remove mothership processor cap from regulation

The processor cap is a unique feature to the mothership sector, and does not apply to other sectors. While the original intent was to ensure that at least three entities participate, in reality the cap does nothing to ensure participation. However, it could serve to limit participation if a catcher vessel were prevented from delivering to a mothership processor who had capped out. Ownership among mothership processors has also changed significantly since the start of the trawl rationalization program.

The GAP recommends analysis of a range of alternatives that includes status quo up to removal of the cap altogether, since it is unique to this sector, and by analyzing this range the Council could choose any value between status quo and no cap. The GAP selected 65% and 85% based on industry recommendations. Public commenters stated that 65% had originally been chosen as a reasonable value between status quo and no cap, and that 85% had been added because some

catcher vessel participants wanted to look at higher values where a vertically integrated processor could take on additional catcher vessels beyond their company-affiliated catcher vessels.

d. Mothership Processor & Catcher/Processor Permit Transfer

The GAP recommends that the Council adopt the following range of alternatives

- Status Quo: A vessel cannot be registered to a mothership permit and a catcher/processor permit in the same calendar year
- Alternative 1: A vessel can be registered to a mothership permit and a catcher/processor permit in the same calendar year
    - Sub-option A: A vessel can switch between the mothership sector and catcher/processor sector up to two times during the calendar year through permit transfer
    - Sub-option B: A vessel can switch between the mothership sector and catcher/processor sector up to four times during the calendar year through permit transfer
    - Sub-option C: Unlimited transfers

Currently, a vessel cannot be registered as a mothership and a catcher/processor in the same calendar year. Through the trawl rationalization program development, this prohibition was intended to keep the sectors separated and not create potentially unfair advantages. However, because the pool of available at-sea hake processors is essentially limited to the current mothership and catcher/processor participants, the most likely entrant to the mothership sector in the case that a traditional mothership vessel is not be able to participate would be a vessel that participates as a catcher/processor (through registration to a mothership permit).

The scoping paper points out that the action alternative as written would both allow a vessel that had been a catcher/processor to enter the mothership sector by becoming registered to a mothership permit in the same calendar year, and allow a vessel that had been a mothership permit to enter the catcher/processor sector by becoming registered to a catcher/processor permit in the same calendar year. The GAP discussed whether the provision might have the unintended consequence of traditional mothership processor vessels exiting the mothership sector to participate in the catcher/processor sector. Ultimately the GAP determined that the transfer provision would need to work both ways for the following reasons:

- Depending on operational plans, a vessel may want to start the year as a mothership and move to the catcher/processor sector for the fall fishery; if they could not move to the C/P sector in the fall they may not use the provision at all.
- Creating a one-way avenue where a vessel that had been used in the C/P fishery could come into the mothership fishery, but not the other way around, would create fairness and equity concerns and an advantage for a sector that is already the most efficient.

Also, the GAP found it unlikely that many mothership processors would choose to participate in the C/P sector if they didn't already own a C/P permit because there are so few latent C/P permits annually, the cost of entry would be so high, and some mothership processors are not set up to fish (which could create another set of inequities and is discussed in the scoping document).

With respect to the number of transfers, the GAP recommends the three sub-options above for the number of times a vessel could move between sectors. For an example of what we mean by a "transfer", in a two-transfer scenario (Sub-Option A),

- A vessel starts the year registered to a C/P permit
- The vessel transfers to be registered to an MS permit = transfer 1
- The vessel transfers to be registered to a C/P permit = transfer 2

And so on under the other sub-options. Some members of the GAP and public advocated for unlimited transfers in order to prevent unnecessary barriers, while others did not support unlimited transfers but were fine with including it in the analysis to ensure an adequate range is analyzed to provide the Council with the necessary information to select a preferred alternative.

IV. CONSIDERED BUT REJECTED

The following ideas were considered but rejected by the GAP, and we do not recommend further consideration of these items by the Council.

Earlier Whiting Season Start Date for Mothership Sector Only

As described in the scoping document (pages 35-36), the GAP does not wish to consider an option that could have a market advantage for one whiting sector and not the others.

Changing the Mothership Processor Obligation Deadline

While the affected industry and GAP had previously included this in our recommended range of alternatives, the GAP does not think this measure warrants further consideration since it could be difficult to analyze in concert with the whiting season start date and would not significantly improve conditions for sector utilization or flexibility. Instead, the GAP recommends analyzing the removal of the processor obligation, as discussed above.

Reciprocal Obligation Between Catcher Vessels and Mothership Processors

This option was discussed at the October 2018 industry meeting and by the Council, however industry members and the GAP agree that it would be much more efficient for the Council to consider the status quo processor obligation or removing the processor obligation altogether. Some catcher vessels had concerns about how a reciprocal arrangement might be applied if they had a vessel breakdown or other issue. As discussed above, many sector participants discussed the fact that the processor obligation is a unique feature of this fishery that does not occur in other fisheries and should instead be handled through private arrangements between catcher vessels and processors or within the Whiting Mothership Cooperative, outside of the government purview.

TAC-Dependent Mothership Processor Cap

While this idea might be good in theory, it would be difficult to determine at which US whiting TAC level or mothership sector allocation level a processor cap would kick in, and could create more confusion than a straight percentage cap.

Divisible Catch History Assignments

The catch history assignments (CHAs) made to mothership catcher vessel endorsed limited entry permits came as indivisible values, but they can be transferred between limited entry permits. The scoping document suggested that one option would be to make the CHAs divisible. While the GAP did not find this option to support the purpose of processing cap alternative under which it was described, if the Council chooses to retain the processor obligation (status quo), CHAs that are minimally divisible may be worth further consideration. However, making CHAs divisible would

cause the mothership sector to function more like an individual fishing quota program, and potentially increase cost recovery fees. In addition, Whiting Mothership Coop members declare quota into pools and can reassign some or all of their pool declaration(s) to other vessels. For these reasons the GAP did not support moving this forward in the Range of Alternatives.

Increase the Number of Mothership Processor Permits

The scoping paper suggested that the Council could analyze adding new mothership permits beyond the six current permits. While some public commenters supported this idea, the GAP does not support adding mothership processor permits without broader consideration of the sector and the catch share program as a whole. Mothership processor permits were established based on historical participation and investment in the fishery. Adding a permit for a new entrant would change the value of the current permits and may not support an increased mothership sector utilization since there is a limited pool of at-sea processors available to process hake.

PFMC
03/05/21