

Agenda Item C.5
Supplemental Staff Presentation 1
September 2021

GEAR SWITCHING RANGE OF ALTERNATIVES

Agenda Item C.5.
September 2021

Council Action

Adopt a range of alternatives and provide other guidance, as appropriate.

Some considerations:

- *Do the SaMTAAC alternatives cover the range of mechanisms for controlling gear switching?*
- *Guidance on adjustments to meet 29 percent criteria.*
- *Elimination of options within alternatives?*

Year-at-a-Glance (YAG) Schedule

- Gear Switching PPA/FPA -- TBD

Related future agenda item:

- Trawl Catch Share Review (Scoping) – March 2022

Document Orientation

- Attachment 1: Alternatives
- Attachment 2: Decision Points
- Attachment 3: Analysis of Alternatives (from November 2020)
- Attachment 4: Analysis of 29 percent
- Supplemental Attachment 5: Graphic Summary of Alternatives
- Supplemental AB Reports
- Public Comment

Presentation Overview

- SaMTAAC Alternatives
 - *Including key questions*
- Analysis of 29% Maximum Gear Switching Criteria

Questions?

OVERVIEW OF ALTERNATIVES

No Action

- Continuation of unlimited gear switching.

Three Action Alternatives

- Each restricts northern sablefish gear switching.



No Action: Overview

Main Gear Switching Related Provisions

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%

QS control limit: 3%

Action Alternatives

Sorting Through the SaMTAAC Action Alternatives



Mechanisms



Certainty



Groups



Duration

Overview of SaMTAAC Alternatives (Mechanisms)

Alt 1.

Gear Specific QP

Percentage Unrestricted
QP (10/30)

Opt-Out QS Account
Option (Exp)

Based on LEP

Alt 2.

Gear Switching
Endorsement

0.5% Gear Switching
Limit

Gear Switching
Endorsement (Exp?)

Based on LEP

Alt 3.

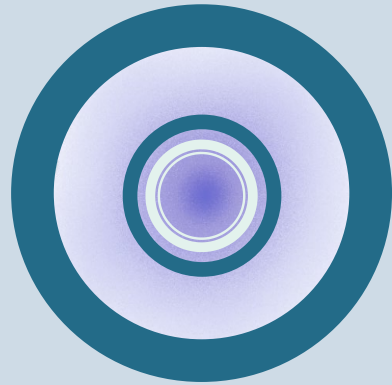
Active Trawler
Alternative

1.0% Limit for Active
Trawlers

Active Trawler Req
Exemption (Exp)

Based on Vessel

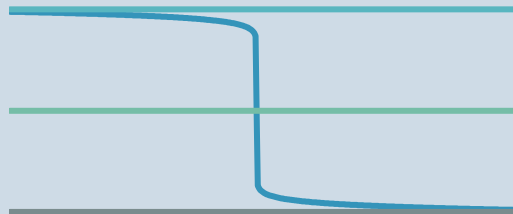
29% Maximum Criteria: Key questions



- *Certainty or projection?*



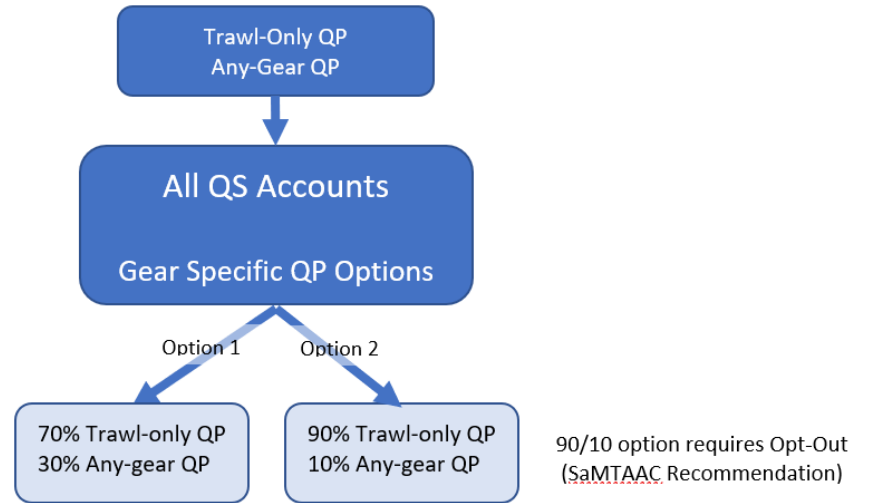
- *Only those receiving legacy opportunities or all?*



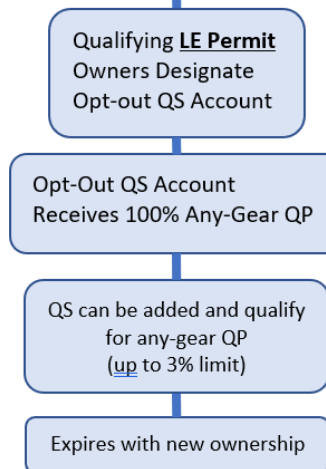
- Short- or long-term?

Supplemental Attachment 5 Page 1

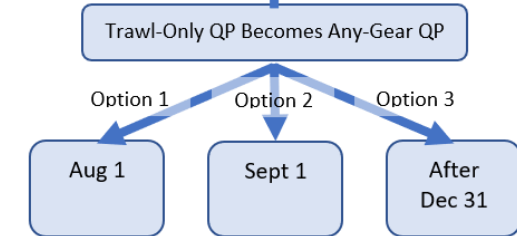
Alternative 1: Gear Specific QP



Legacy Opportunity: Opt-out Option



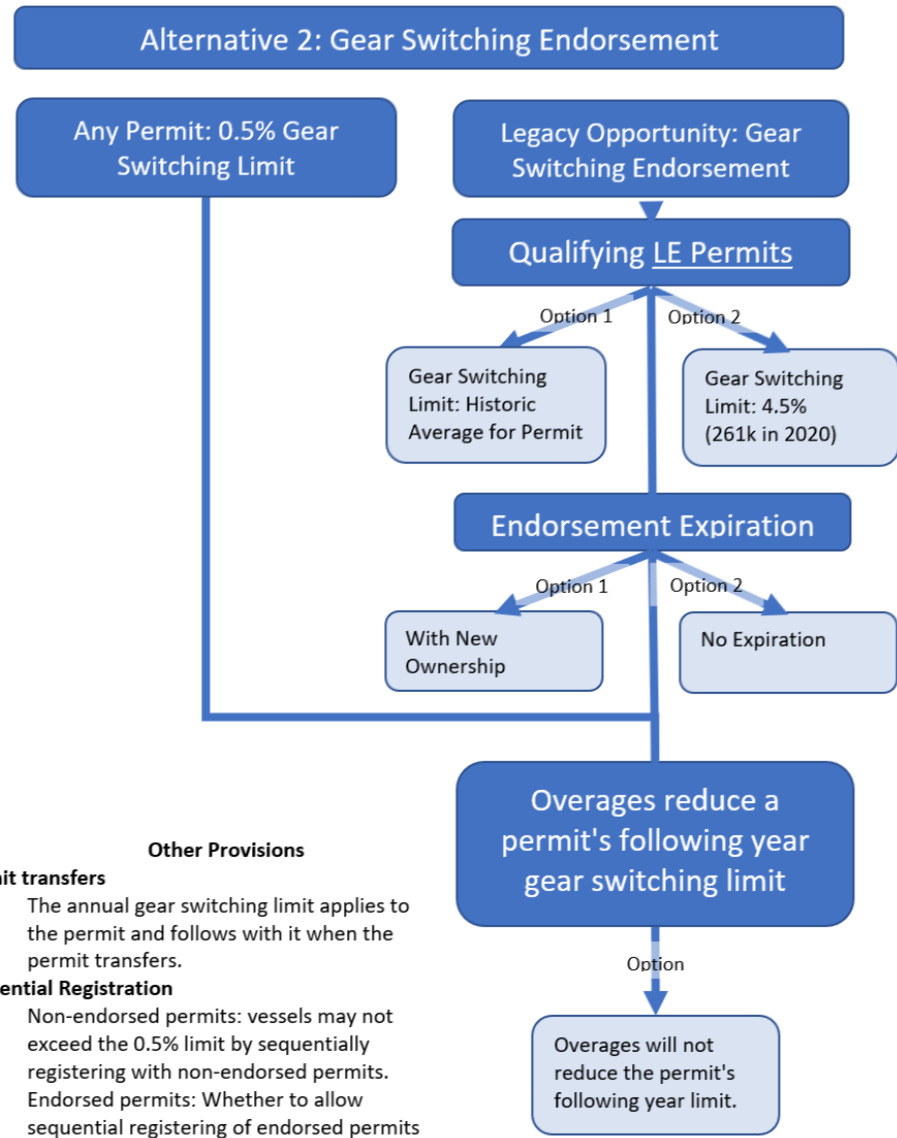
Conversion Date Option



Other Provisions

- Gear specific QP percentages would be set in the FMP
- Vessels with both types of QP choose which to use

Supplemental Attachment 5 Page 2



Other Provisions

Permit transfers

- The annual gear switching limit applies to the permit and follows with it when the permit transfers.

Sequential Registration

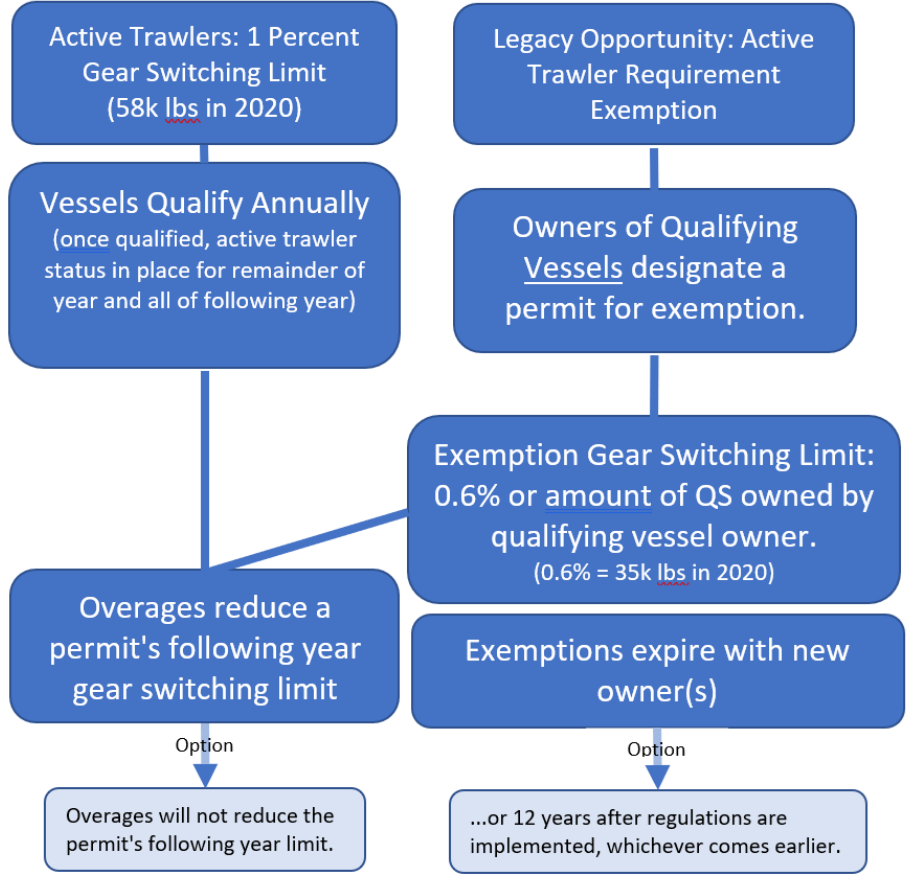
- Non-endorsed permits: vessels may not exceed the 0.5% limit by sequentially registering with non-endorsed permits.
- Endorsed permits: Whether to allow sequential registering of endorsed permits is an open question.

Permits combination to achieve a larger size endorsement:

- If one permit has a gear switching endorsement the resulting permit will have a gear switching endorsement.
- If both permits have a gear switching endorsement, only the larger of the two endorsements survives.

Supplemental Attachment 5 Page 3

Alternative 3: Active Trawlers



Neither Active Trawler Nor Exempt: Discard Sablefish Caught While Gear Switching

Other Provisions

- Backstop: Limits will be adjusted such that active trawlers do not take more than 10 percent in total. Similarly, exempted permits as a group will not be allowed to take more than 10 percent.
- For the exempt vessel gear switching limit based on QS, QS must have been owned continuously since control date (Sept 15, 2017). Exception for QS account replacement.
- QS owners can replace vessel after implementation and still qualify for QS based limit.
- Exempted vessel that are active trawlers get the higher limit.

Exempted permit transfers

- The annual gear switching limit applies to the permit and follows with it when the permit transfers.
- Non-active trawlers may not exceed the 0.6% limit by sequentially registering exempted permits.

Control Date & Qualification Requirements

Control Date Considerations

Future implications of inclusion of post-control date activity

Post Control Date Use In Qualification Requirement

- Incentive for new entry
- Incentive for existing entrants to increase fish history to ensure meeting qualifying requirements

Post Control Date Use In Recent Participation

- No incentive for new entry
- Incentive for existing entrants to increase fish history to ensure meeting recent participation

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

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		
Option 1	In at least 3 years				10,000 lbs/yr	Suboption
Option 2	In at least 3 years				30,000 lbs/yr	Suboption
Option 3	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

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	
Option 1	In at least 3 years				30,000 lbs/yr
Option 2	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

Cross Alternative Comparison – Those Receiving *Legacy Opportunities*

Alt 1: Gear Specific QP

- *Able to expand activity, up to the 4.5 percent limit.*

Alt 2: Gear Switching Endorsement

- *Option 1: limited to permit's historic average.*
- *Option 2: able to expand to 4.5 percent limit.*

Alt 3: Active Trawler

- *Generally constrained to below past levels*

Cross Alternative Comparison –

New Entrants

Alt 1: Gear Specific QP

- New entrants can gear switch to same level as legacy participants
 - *Can acquire QS and receive 10% or 30% unrestricted*
 - *Can acquire QP from others up to 4.5% limit*

Alt 2: Gear Switching Endorsement

- New entrants can gear switch up to 0.5%
- If gear switching endorsements are transferable with LE permit (option), new entrants can acquire

Alt 3: Active Trawler

- New entrants must become an active trawler to gear switch (up to 1%)
- However, until active trawler exemptions expire, new entrants can lease an exempted permit and gear switch 0.6%

Range of Alternatives

- Include in the alternatives
or document as considered but rejected?

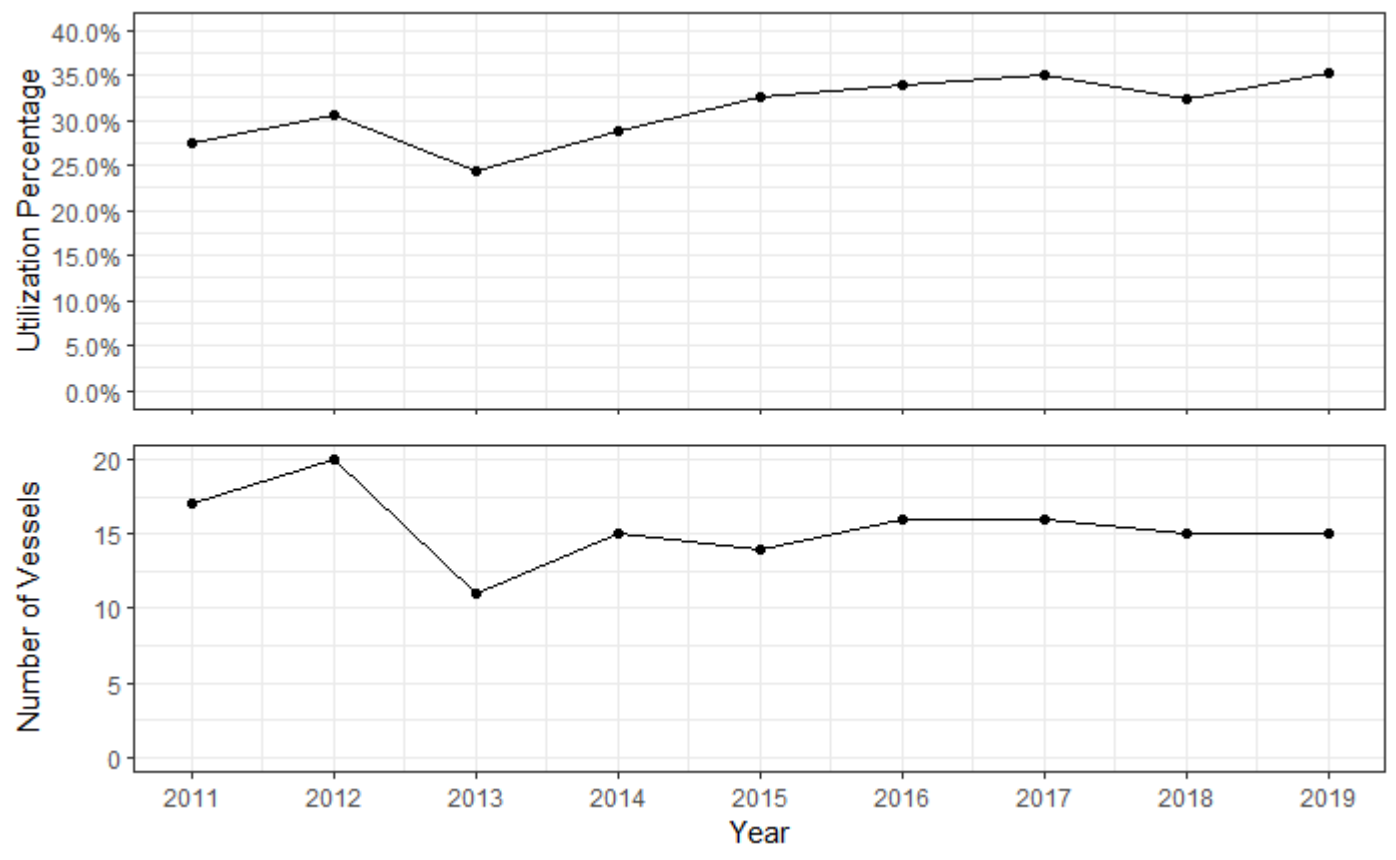
See final SaMTAAC Report for documentation of approaches and options considered but rejected by SaMTAAC. ([Agenda Item D.1.a, SaMTAAC Report, September 2020](#))

Questions?

ANALYSIS OF ALTERNATIVES

Sablefish North Harvest Trends

- ACL = 94%
- IFQ = 97%
- Gear Switching = 31%



ANALYTICAL FRAMEWORK

29% Maximum Criteria: Key questions

- *Certainty or projection?*
- *Only those receiving legacy opportunities or all?*
- *Short- or long-term?*

Description of Approaches

Certainty

- Maximum amount of gear switching opportunity allocated would not exceed 29%

Projection Based

- Quantitative: Based on recent data, it is likely that the amount of gear switching would be at or below 29%
- Potential to change limits to meet goal if fishery conditions change
- Qualitative considerations, modifying quantitative result

Legacy vs. All Participants

- Is it the Council's intent for the 29% to apply to only legacy participants or all entities?
 - *Will impact feasible qualifying requirements and the amount of GS allowed*
- For all alternatives, legacy opportunities may or will expire over long term.

Short- and Long-term Gear Switching Level

- Is the 29 percent maximum for the short-term or both short- and long-term?
- If it is only for the short-term, is there a long-term objective?

SaMTAAC Alternatives Compared to 29% Maximum—Applied to All Participants

Approach to Achieving the 29 % cap	Alt 1 (Gear Specific QP)		Alt 2 (Gear Switching Endorsement)	Alt 3 (Active Trawler)
	Opt Out	No Opt Out		
With Certainty	No	Yes	No	No
Based on Projection	Uncertain	Yes	Yes	Yes

Attachment 4, Table 1

Questions?

ALTERNATIVE 1

Gear Specific QP

Alternative 1- Certainty

Legacy Only

Gear Specific
QP Option

Opt 1:
71/29

Opt Out

8 QSA

No Opt Out

Opt 2:
90/10

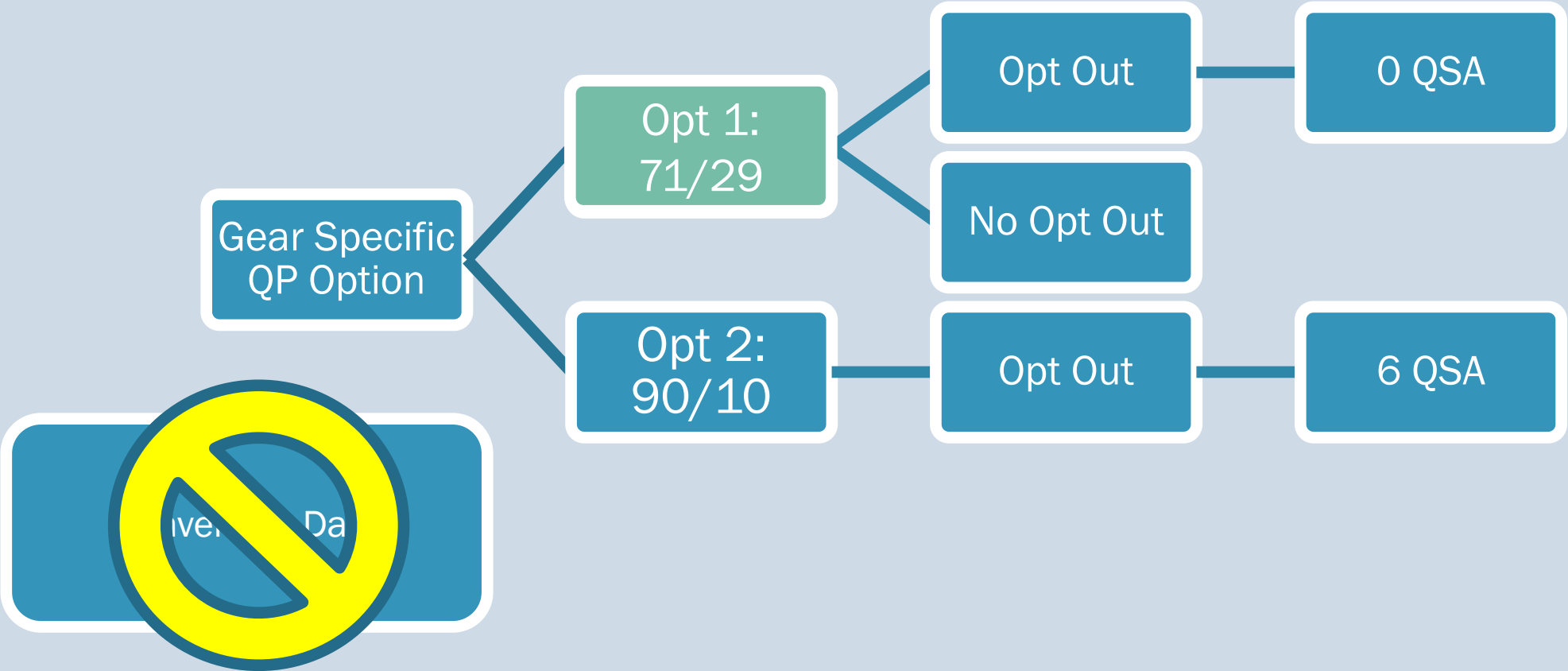
Opt Out

8 QSA



Alternative 1- Certainty

All Participants



Alternative 1 Projections- Methodology

- Projected any-gear QPs available, not gear switching amount.
- Two main uncertainties if opt out provided
 - *Which QSA would be selected?*
 - *How much QS in that account now or in future?*
- Attempted to link QSA to permits by assessing common ownership or strong linkages between QSA and vessel accounts
- Discussion of projection uncertainty: page 7 of Attachment 4.

Alternative 1 Projection- Gear Specific QP Option 1 (70/30) with Opt Out

Qualification Sub-Option	Number of Permits	% of QPs issued as Any Gear from Opt Out QSA	Total Percent of QPs issued as Any Gear
A	38	33.3-43.6	53.3-60.5
B	33	29.9-39.0	50.9-57.3
C	26	19.3-27.3	43.5-49.1
D	34	31.8-39.8	52.2-57.9

Avg. for identified QSA (1.03%)

Factors that will influence GS level:

- Amount of QS added
- Ability to "sweep up" QPs
- Number of GS participants
- Market conditions
- Other opportunities

Attachment 4, Table 2

Alternative 1 Projection- Gear Specific QP Option 2 (90/10) with Opt Out

Qualification Sub-Option	Number of Permits	Percent of QPs issued as Any Gear from Opt Out QSA	Total Percent of QPs issued as Any Gear
A	38	33.3-43.6	39.9-49.2
B	33	29.9-39.0	36.9-45.1
C	26	19.3-27.3	27.3-34.5
D	34	31.8-39.8	38.6-45.8

Attachment 4, Table 3

Summary of Gear Switching Levels (Table 4)

Opt Out Provision	Gear Specific QP Opt 1 (70/30)		Gear Specific QP Opt 2 (90/10)	
	Certainty	Projection	Certainty	Projection
No Opt Out	Change to 71/29	Likely <29%	Not recommended by SaMTAAC	
Opt Out	<u>All</u> : No opt out, change to 71/29 <u>Legacy only</u> : 8 QSA	Uncertain	<u>All</u> : 6 QSA <u>Legacy only</u> : 8 QSA	Uncertain

Attachment 4, Table 4

- Utilization of any-gear QP dependent on factors outlined in 3.2.1.2
- Projections are a snapshot of current estimated QPs, but participants can acquire QPs or QS

Questions?

ALTERNATIVE 2

Gear Switching Endorsement

Alternatives

No current

Qualification Option	Permits	Percent Limit
1	15	29.6%
1 w/ recent	14	28.0%
2	11	26.0%
2 w/ recent	10	24.5%
3	13	28.3%

Legacy Only

Endorsed Permits

Non-Endorsed Permits

End. Limit Option 1

10-14 permits

End. Limit Option 2

0.5%

Alternatives

No current

Qualification Option	Permits	Percent Limit
1	15	29.6%
1 w/ recent	14	28.0%
2	11	26.0%
2 w/ recent	10	24.5%
3	13	28.3%

All Participants

Endorsed Permits

Non-Endorsed Permits

End. Limit Option 1

10-14 permits

End. Limit Option 2

0.03%
1,750 lbs

Alternative 2- Certainty

No current iterations allow for certainty of 29%

Legacy Only

Endorsed Permits

Non-Endorsed Permits

End. Limit
Option 1

End. Limit
Option 2

6 permits

0.5%

Alternative 2- Certainty

All Participants

No current iterations allow for certainty of 29%

Endorsed Permits

Non-Endorsed Permits

End. Limit
Option 1

End. Limit
Option 2

6 permits

0.01%
580 lbs

Alternative 2- Projection Methodology

■ Endorsed permits

- *Utilized random sampling methodology as done for No Action analysis in April 2021*
 - 2011-2019 permit utilization history (percent)
 - Main source of uncertainty: historical utilization is representative of the future

■ Non-endorsed permits

- *Assumed recent GS permits would participate with non-endorsed permit*
- *GS amount would be the recent average of the permit or would be capped at the 0.5% limit*

Endorsement Limit Option 1- Projection Results

Option	Endorsed		Non-Endorsed		Total
	Permits	Percent	Permits	Percent	
Option 1	15	18.6%	11	4.2%	22.8%
Opt 1 w/ recent	14	18.1%	11	4.2%	22.3%
Option 2	11	18.1%	15	5.4%	23.5%
Opt 2 w/recent	10	16.9%	15	5.4%	22.3%
Option 3	13	18.6%	12	4.1%	22.7%

Endorsement Limit Option 2- Projection Results

Option	Endorsed		Non-Endorsed		Total
	Permits	Percent	Permits	Percent	
Option 1	15	22.2%	11	4.2%	26.4%
Opt 1 w/ recent	14	21.6%	11	4.2%	25.8%
Option 2	11	21.5%	15	5.4%	26.9%
Opt 2 w/recent	10	20.1%	15	5.4%	25.5%
Option 3	13	22.3%	12	4.1%	26.4%

Summary of Gear Switching Levels (Table 10)

Endorsement Limit Option 1 (Avg % GS from 2011-CD)		Endorsement Limit Option 2 (4.5%)	
Certainty	Projection	Certainty	Projection
<p><u>All</u>: Adjust to tradeoff opportunity between legacy and non-legacy</p> <p><u>Legacy only</u>: All but 1 qualification option within 29%</p>	Likely <29%	<p><u>All</u>: Adjust to tradeoff opportunity between legacy and non-legacy</p> <p><u>Legacy only</u>: 6 or less permits</p>	Likely <29%

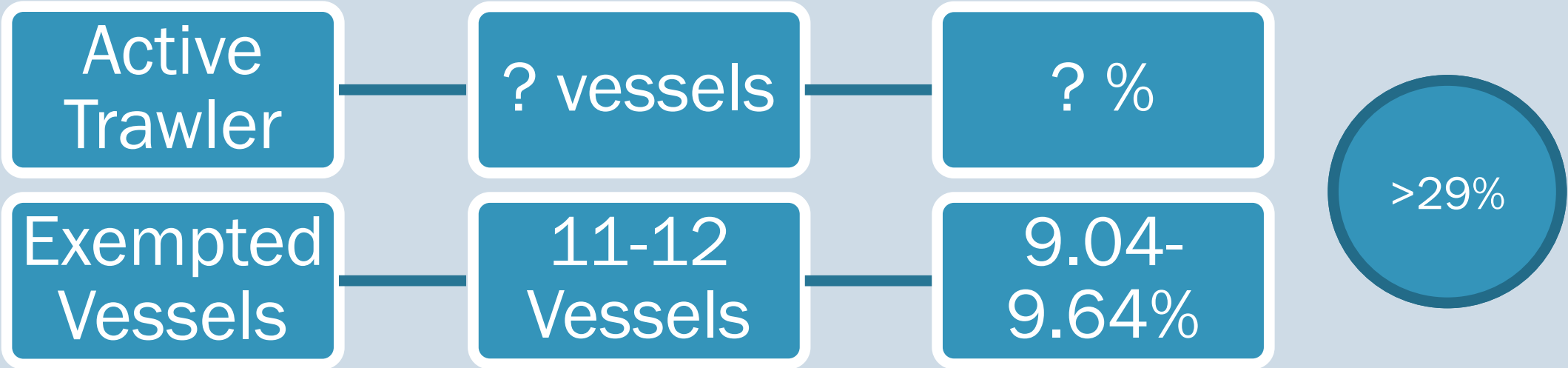
Questions?

ALTERNATIVE 3

Active Trawler Alternative

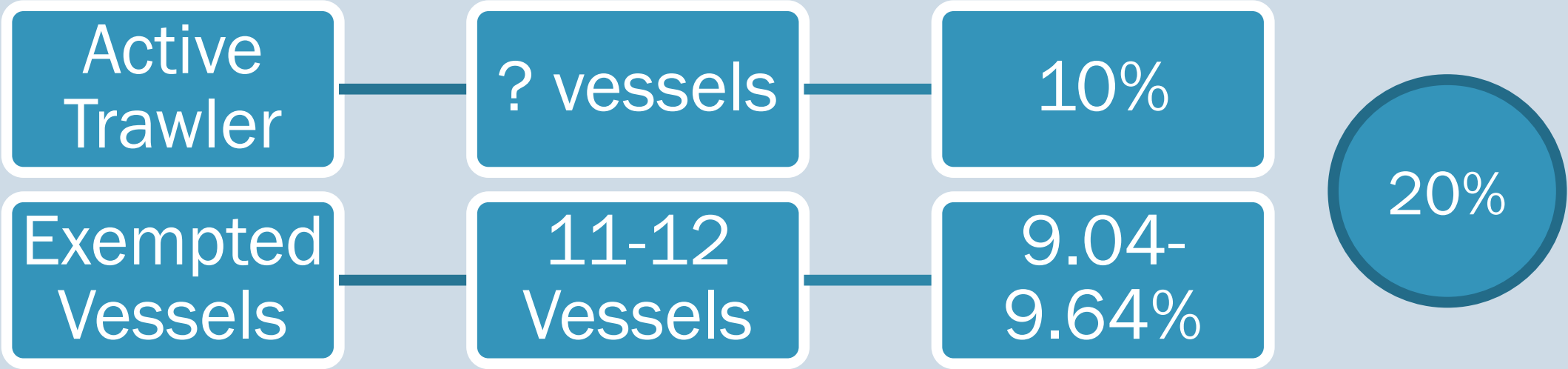
Alternative 3- Certainty SHORT TERM

Current alternative does not provide for absolute certainty in short term, but flexible certainty over long term.



Alternative 3- Certainty LONG TERM

Current alternative does not provide for absolute certainty in short term, but flexible certainty over long term.



Alternative 3- Projections

- Exempted Vessels: Limited to 9.04-9.64%
- Active Trawlers
 - *Average of 2 vessels used both trawl and FG in same year*
 - *Assuming trend continues, 2% active trawler.*

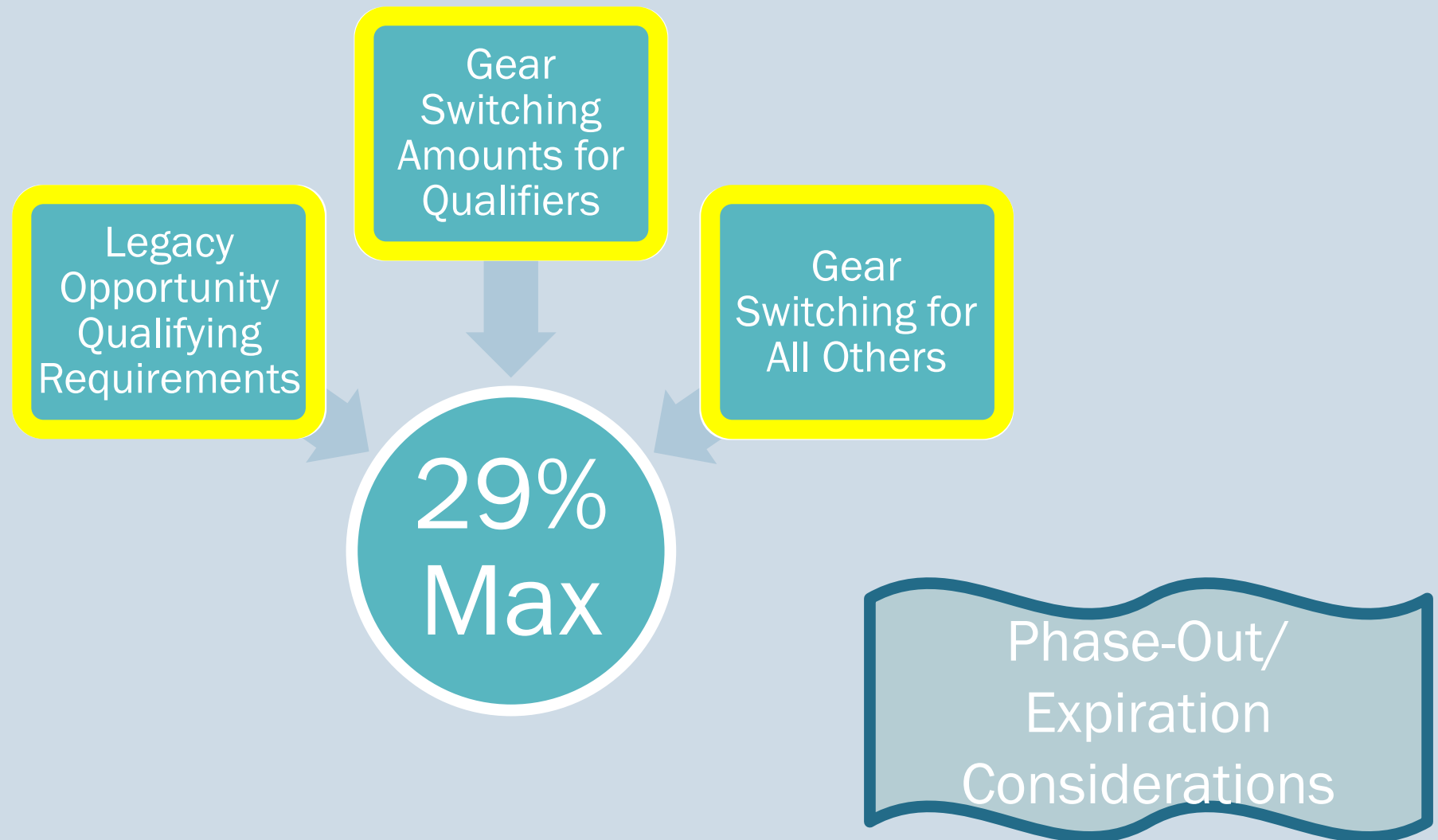
Total Projected Gear Switching: ~11-12%

Summary of Gear Switching Levels (Table 12)

Certainty	Projections
<p><u>Active Trawlers</u>: Absolute certainty difficult to achieve in short term; high degree of certainty over multiple years with backstop provision.</p> <p><u>Exempted Vessels</u>: 9.04-9.64%</p>	<p><u>Active Trawlers</u>: <10%</p> <p><u>Exempted Vessels</u>: Likely less than 9.04-9.64%</p>

Attachment 4, Table 12

Levers to Achieve 29%



Council Action

Adopt a range of alternatives and provide other guidance, as appropriate.

Some considerations:

- *Do the SaMTAAC alternatives cover the range of mechanisms for controlling gear switching?*
- *Guidance on adjustments to meet 29 percent criteria.*
- *Elimination of options within alternatives?*