

SABLEFISH GEAR SWITCHING

(Agenda Item F.5)



Today's Presentation

- Agenda Item Overview
- Alternatives Overview
- Analysis Outline Overview
- Alternatives: 15 issues on which guidance is needed



Council Process

- *Sept 2017 – Adoption of Control Date (9/15/2017)*
- *Spring 2018 – Spring 2020 – SaMTAAC Work*
- *Sept 2020 – Purpose and Need*
- *Apr 2021 – Council Decides on 29% Max*
- *Sept 2021 – ROA Adopted (Working from SaMTAAC)*
- *June 2022 – Council Check-in & Guidance on ROA*
- *November 2022 – PPA*
- *April 2023 -- FPA*



Briefing Materials

- Attachment 1: Schematic Overview of the Alternatives.
- Attachment 2: Range of Gear Switching Alternatives.
- Attachment 3: Provisions on Which Guidance Is Needed.
- Attachment 4: Analysis – Annotated Outline.
- Agency and Advisory Body Reports: WDFW, SSC, GMT, GAP
- Public Comment

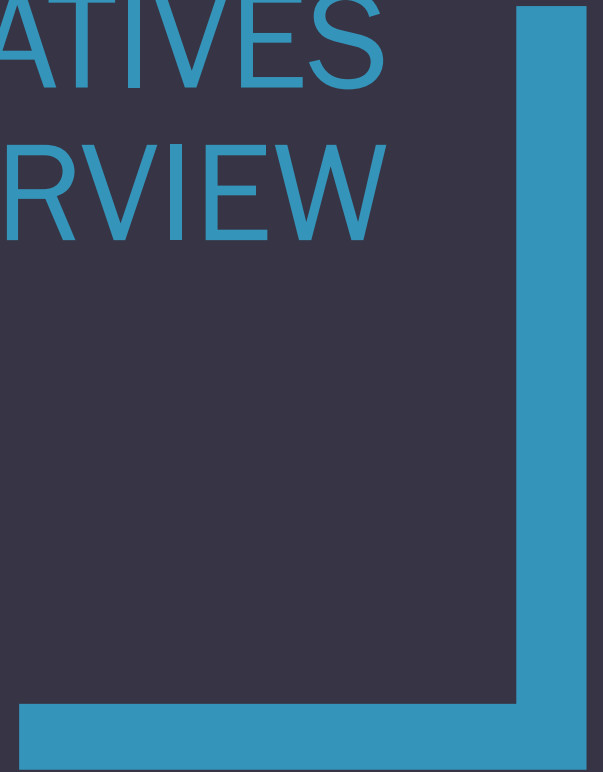


Council Action (as needed):

1. Refine alternatives.
2. Provide guidance on analysis.



ALTERNATIVES OVERVIEW



No Action

- Continuation of unlimited gear switching.

Two Action Alternatives

- Restriction of gear switching for northern sablefish.



No Action: Overview

Main Gear Switching Related Provisions

Trawl Permit
Required to
Participate

Vessels with Trawl
Permits Can Use
Any Gear

Any Person Can
Open a QS
Account

QS Accounts
Cannot be
Transferred

QP Issued to
QS Accounts

QPs Transfer to
Vessel
Accounts

Annual Vessel QP Use Limit: 4.5%
QS Control Limit: 3%

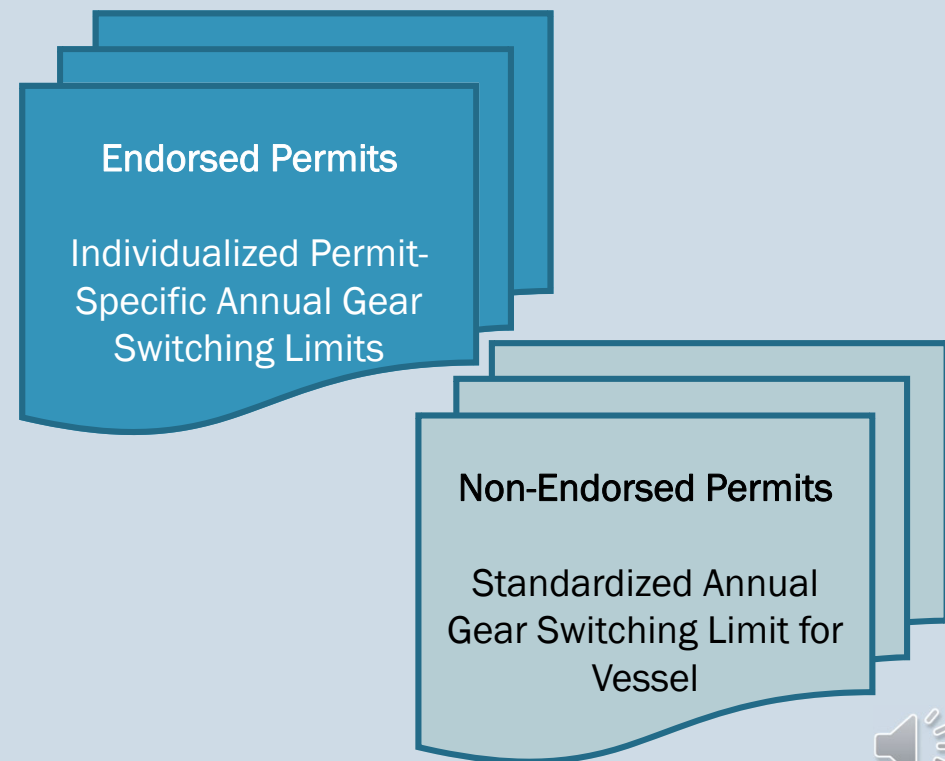


Action Alternative: Overview

Alt 1 – Gear Specific QS



Alt 2 – GS Endorsements



SaMTAAC Action Alternatives → Council Range of Action Alternatives

Council ROA

Alt 1 Gear Specific QS

QS Conversion
(Any-Gear/Trawl-only)

Entity's history as a
vessel owner

Alt 2 Gear Switching (GS) Endorsements

At min: current owner of
qualifying permit or vessel
&

GS limits: Permit/vessel history,
and/or QS ownership

SaMTAAC Alternatives

Alt 1 Gear Specific QP

Type of QP received
(Any-gear/Trawl Only)

Permit History

Alt 2 Gear Switching Endorsements

Current owner of a
qualifying permit

GS limits:
permit GS history

Alt 3 Active Trawler With exemption

Current and continuous
owner of a
qualifying vessel

GS Limits:
QS ownership



ANALYSIS OUTLINE OVERVIEW

Attachment 4



Annotated Outline – F.5, Attachment 4

- *Document structure*
 - *Links to relevant analysis already conducted*
 - *Comments on some of the additional analysis planned*
- Caveats
 - *NEPA determination not yet made*
 - *Elements may be added as needed to cover analytical requirements*
 - Legislation and executive orders
 - *May be reorganized as needed for effective communication*



Analysis Outline

Introduction

- Purpose and Need
- Public Process
- Etc.

Alternatives

- No Action
- Action Alternatives
- Alternatives Considered but Rejected

Analysis of the Problem

- Evaluation of Causes of Under Attainment
- Factors Influencing Future Gear Switching

Descriptions

- Harvesters
- First Receivers/Processors
- Communities

Impacts

- To Affected Resources, Sectors, and Communities

Cumulative Effects

- Plus, Other Analysis Needed to Respond to Regulatory Requirements

Appendix

- Overarching Design Issues
- Analysis of Elements of Alternative 1
- Analysis of Elements of Alternative 2



Challenges

- No Action: Usually start with a baseline years
 - 2016 - 2019 *period of relative stability*
 - 2020 - 2021 – *impacted by COVID*
 - 2021 – *impacted by increasing ACL*
 - Long-term policy – *Might differences be more important than absolute values?*

Currently planned approach:

*use 2016-2019 as baseline and
discuss possible variations qualitatively.*

- Uncertainty About Fishery, Market, and Investment Dynamics
 - *Is gear switching constraining in the short term? (QP difficult to acquire)*
 - *Is gear switching constraining in the long term? (uncertainty inhibiting investment in processing and marketing capacity)*
 - *Emphasis on data and analysis related to the problem.*
 - *Use of scenarios to indicate possible outcomes (alternative states of nature approach).*



ALTERNATIVES: 15 ISSUES



Identification of Areas for Clarification

- Interpretations were made where possible (see Attachment 2 Sections 3.1.2 and 3.2.2).
- If uncertain, erred on side of bringing back for consideration.
- This kind of cleanup on complex issues is not unusual.



Why do the Alternatives More Seem Complex?

- Consideration of multiple qualifying elements

- *Permits*
- *Vessels*
- *QS*
- *Entity (catch history as a vessel owner)*

The need to identify and match commonality between ownerships

- Consideration of different points in time

- *At time of implementation*
- *On the control date*
- *Prior to the control date*



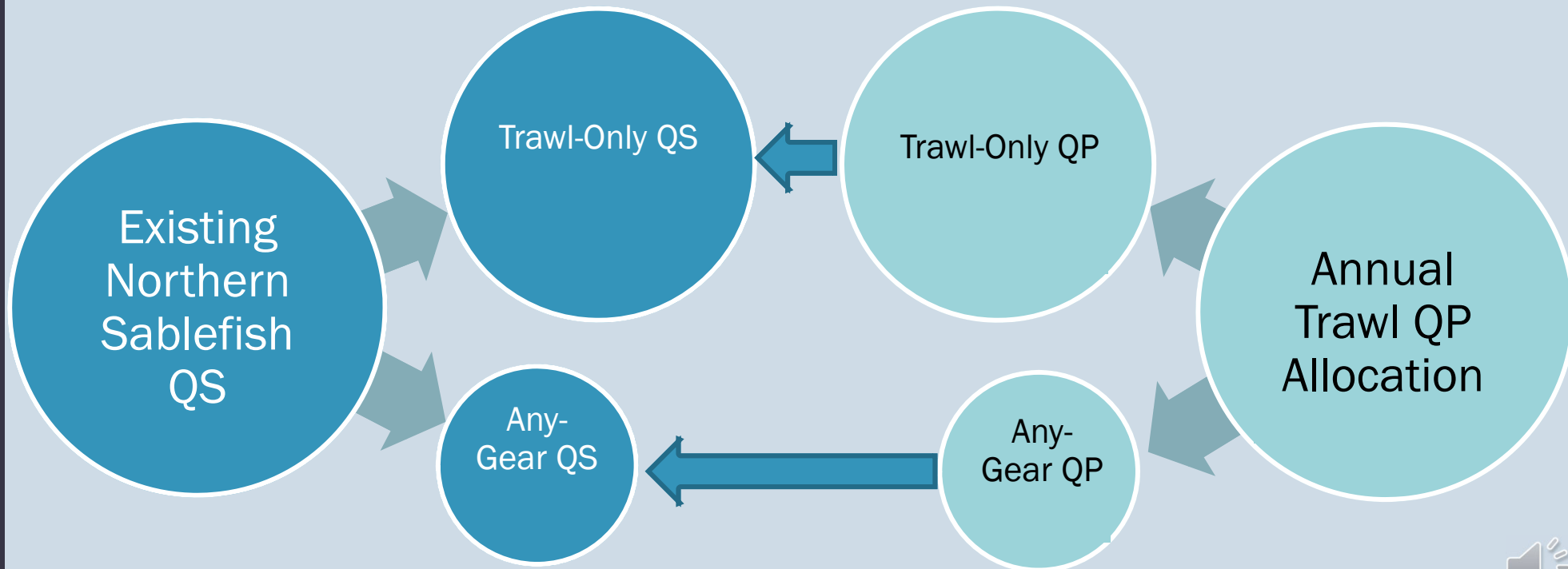
Alternative 1: Gear Specific QS



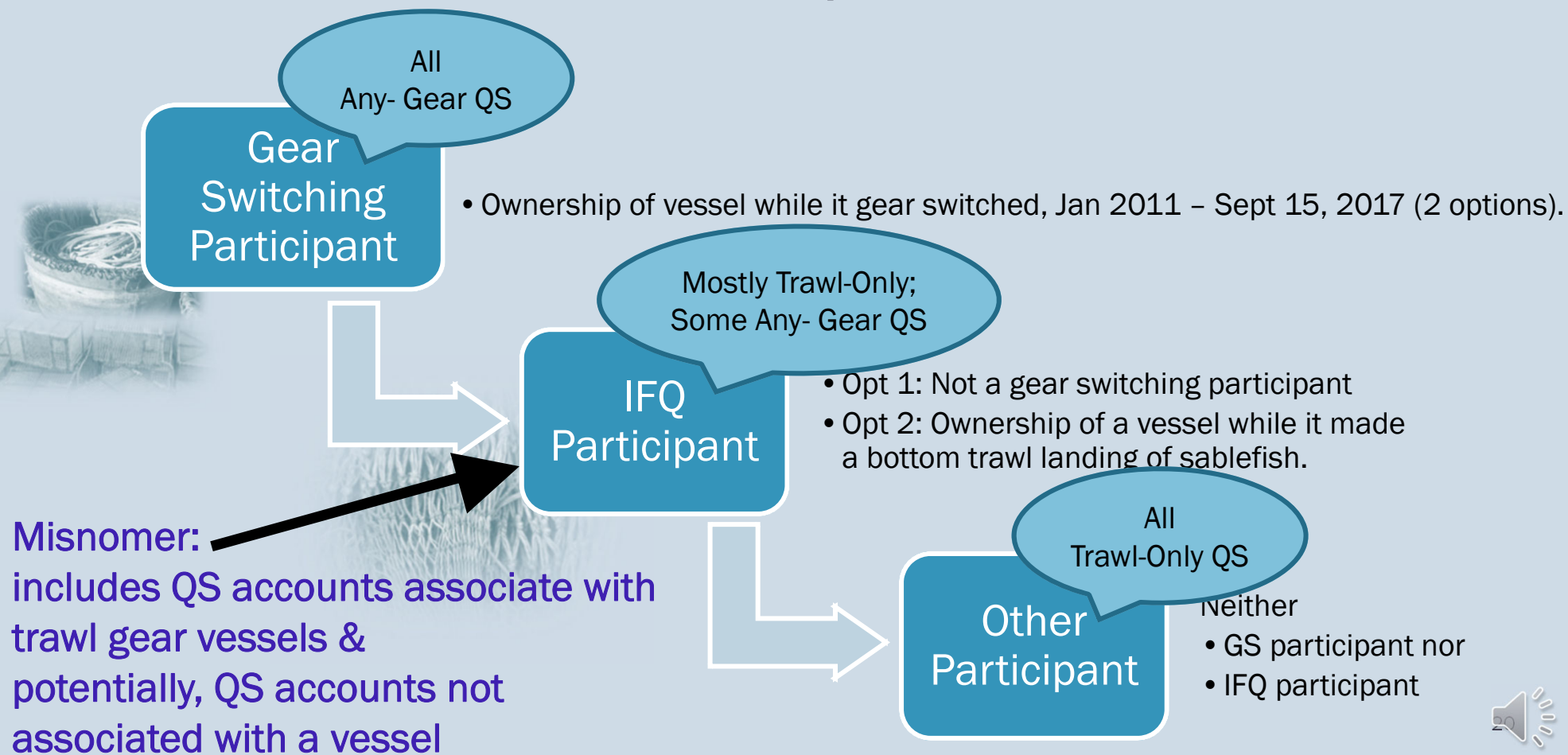
Implementation QS Conversion and Annual QP Issuance

One-Time QS Conversion

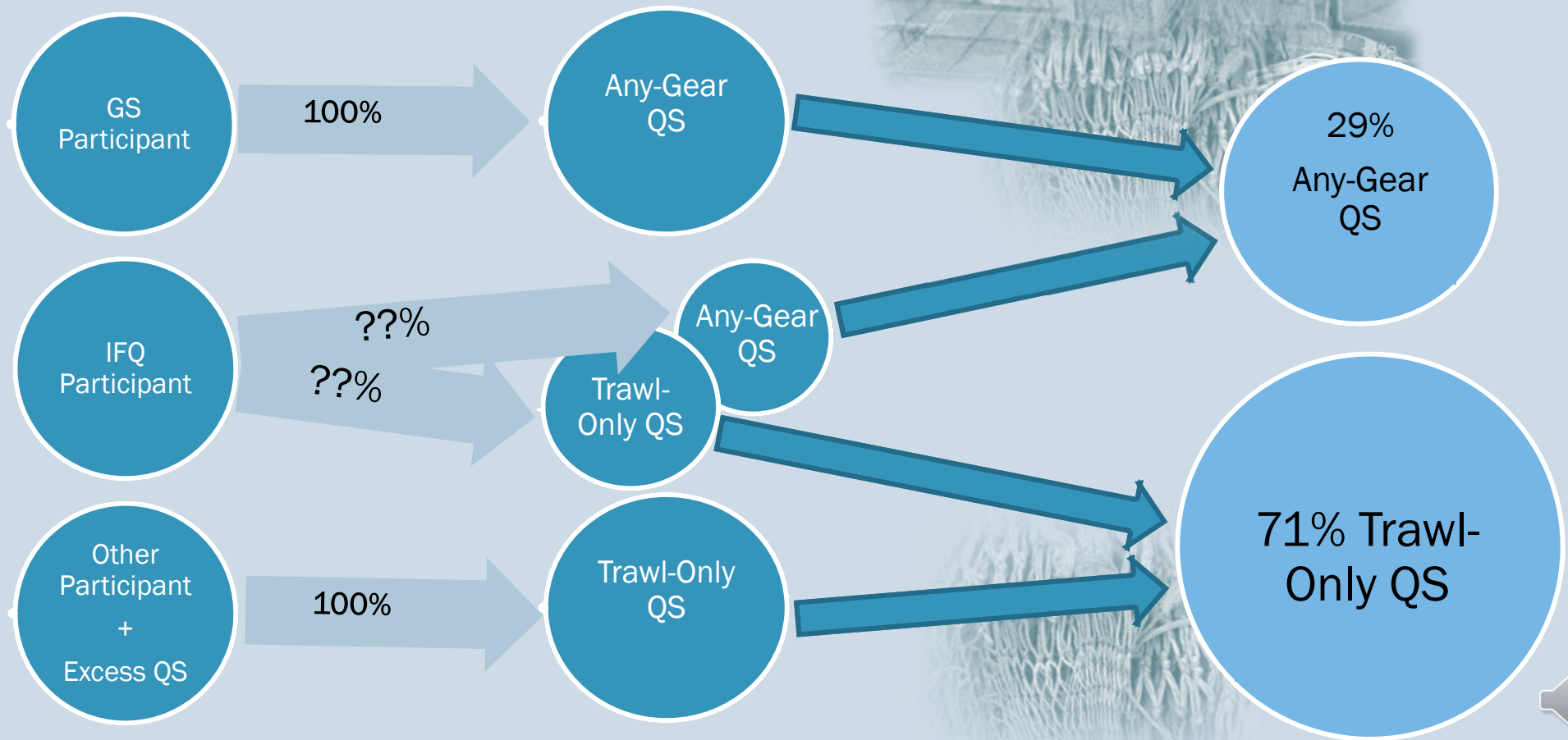
Annually Issued QP



Conversion: QS-Owner — Participant Classifications



Collective or Individual: Distributions (29%/71% example)



List of Issues: Alternative 1 – Main Questions

(numbers correspond to F.5, Attachment 3)

1. Degree of linkage between QS account owners and gear switching vessel owners?

How much of the QS in the account should be converted based on that linkage?

2. Collective approach: Date of linkage?

3. Collective approach: Group splits between participant classification and implementation?

4. Individual/collective approach and linkage for IFQ Participant option?

(Option 2: bottom trawl landing within two years prior to implementation)

5. Collective approach: conversions caps if ownership group splits prior to implementation?

6. Collective approach: treatment of QS owned outside the ownership group?



List of Issues: Alternative 1 – Main Questions

(numbers correspond to F.5, Attachment 3)

Classifying QS Owners as Gear Switching Participants

1. Degree of linkage between QS account owners and gear switching vessel owners?

How much of the QS in the account should be converted based on that linkage?

Choice between individual or collective approaches addresses these questions

2. Collective approach: Date of linkage?

3. Collective approach: Group splits between participant classification and implementation?



Jan, 2011

Ownership of
Vessel that
Gear Switched



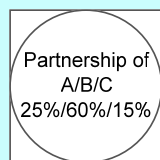
Individual
Approach



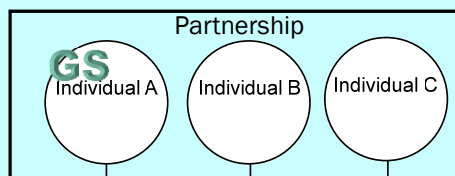
Collective
Approach

September 15,
2017
(Control Date)

Ownership Groups
and Amount of QS
Owned



1% QS



0.25% QS

0.60% QS

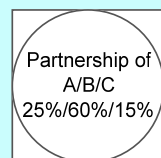
0.15% QS



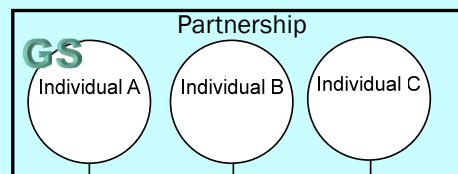
1% QS

Implementation
Date

Ownership Groups,
Amount of QS
Owned,
Relationship to
Earlier Ownerships



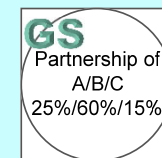
1% QS



0.25% QS

0.60% QS

0.15% QS

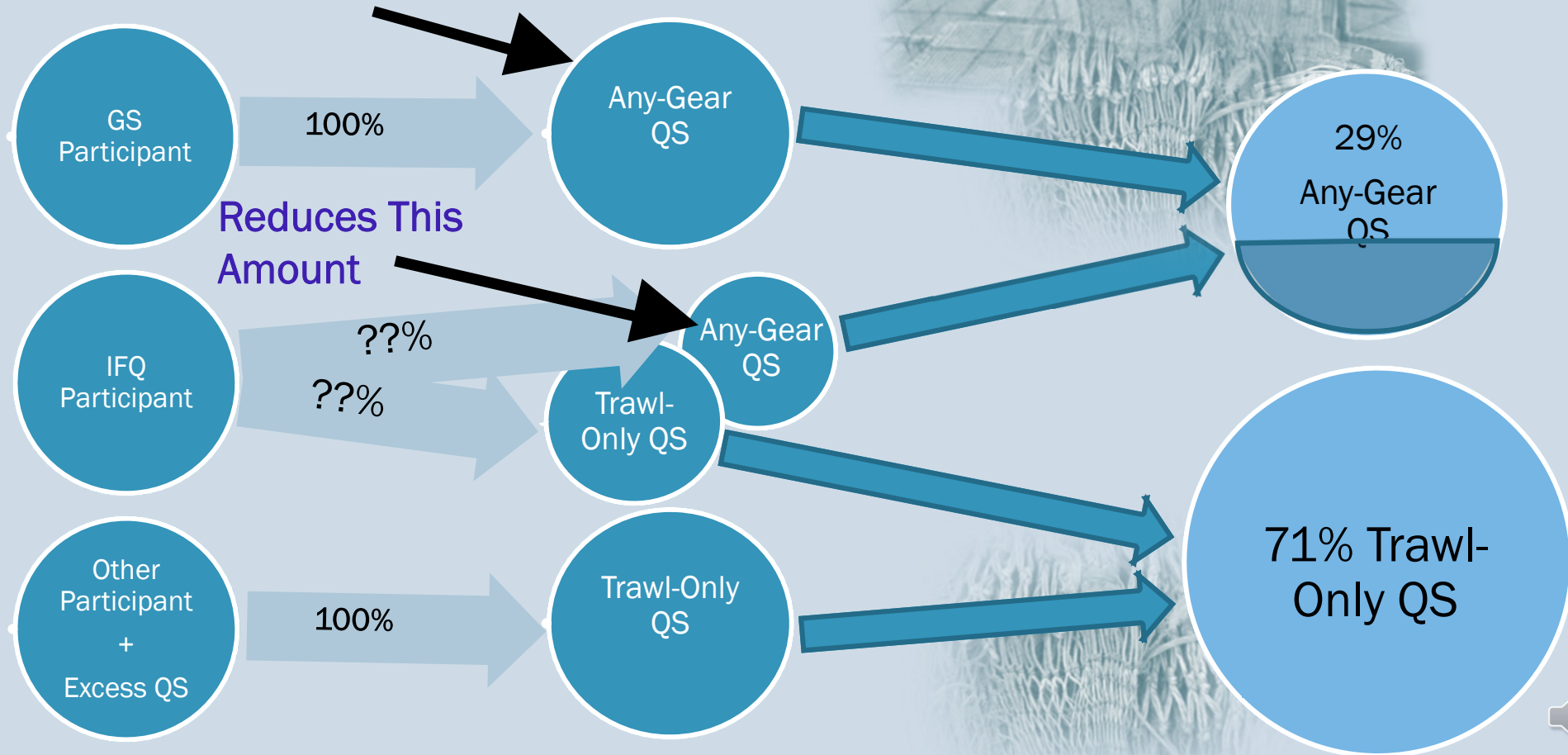


1% QS

Collective or Individual: Distributional Differences (29%/71% example)

Collective Approach
Increases This Amount

Reduces This Amount



List of Issues: Alternative 1 – Main Questions

(numbers correspond to F.5, Attachment 3)

Classifying QS Owners as Gear Switching Participants

1. *Degree of linkage between QS account owners and gear switching vessel owners?*

How much of the QS in the account should be converted based on that linkage?

Choice between Individual or Collective Approaches Addresses These Questions

2. *Collective approach: Date of linkage?*

Most likely, use of the control date to avoid circumventions

3. *Collective approach: Group splits between participant classification and implementation?*



Collective Approach

Jan, 2011

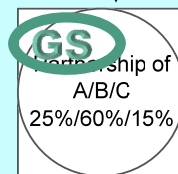
Ownership of
Vessel that
Gear Switched

September 15,
2017
(Control Date)

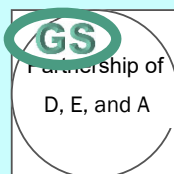
Ownership Groups
and Amount of QS
Owned

Implementation
Date

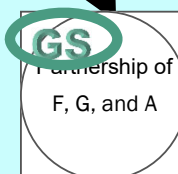
Ownership Groups,
Amount of QS
Owned,
Relationship to
Earlier Ownerships



1% QS



2% QS



2% QS



List of Issues: Alternative 1 – Main Questions

(numbers correspond to F.5, Attachment 3)

Classifying QS Owners as Gear Switching Participants

1. *Degree of linkage between QS account owners and gear switching vessel owners?*

How much of the QS in the account should be converted based on that linkage?

Choice between individual or collective approaches addresses these questions.

2. *Collective approach: Date of linkage between QS ownership groups and group members with gear switching history?*

Most likely, use of the control date to avoid circumventions

3. *Collective approach: Group splits between participant classification and implementation?*

Do all members of the group retain status as a gear switching entities or only those that remain in a group in which at least one member has gear switching history?



Jan, 2011

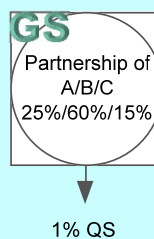
Ownership of
Vessel that
Gear Switched



Collective
Approach

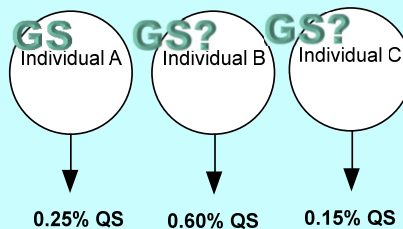
September 15,
2017
(Control Date)

Ownership Groups
and Amount of QS
Owned



Implementation
Date

Ownership Groups,
Amount of QS
Owned,
Relationship to
Earlier Ownerships



List of Issues: Alternative 1 – Main Questions

(numbers correspond to F.5, Attachment 3)

Classifying QS Owners as IFQ Participants

4. *Individual/collective approach and linkage for IFQ Participant option?*
(Option 2: bottom trawl landing within two years prior to implementation)

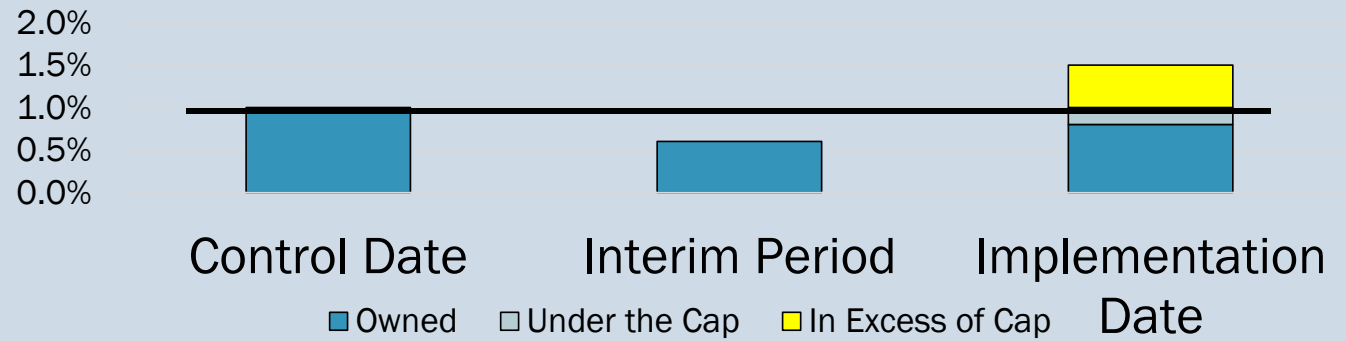
Choice between individual or collective approaches addresses these questions



List of Issues: Alternative 1 – Main Questions

(numbers correspond to F.5, Attachment 3)

Conversion Caps



5. *Collective approach: conversions caps if ownership group splits prior to implementation?*

Likely: do not give all subgroups of a split group a cap that is the same as original group's cap

Might want to

**specify a split in proportion to the ownership interests of each subgroup in the original group,
or**

provide a choice on how to split the cap among them



Jan, 2011

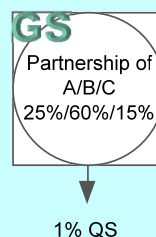
Ownership of
Vessel that
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Collective
Approach

September 15,
2017
(Control Date)

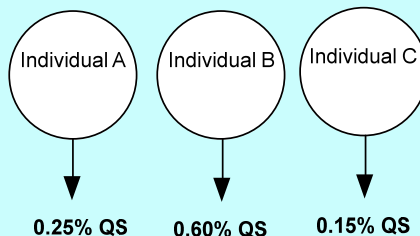
Ownership Groups
and Amount of QS
Owned



QS owned = 1%, therefore
Conversion Cap = 1%

Implementation
Date

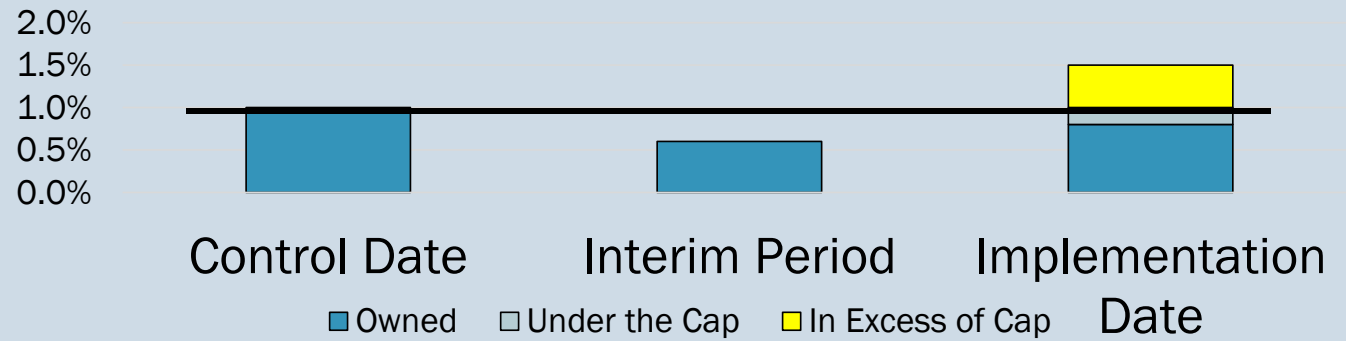
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List of Issues: Alternative 1 – Main Questions

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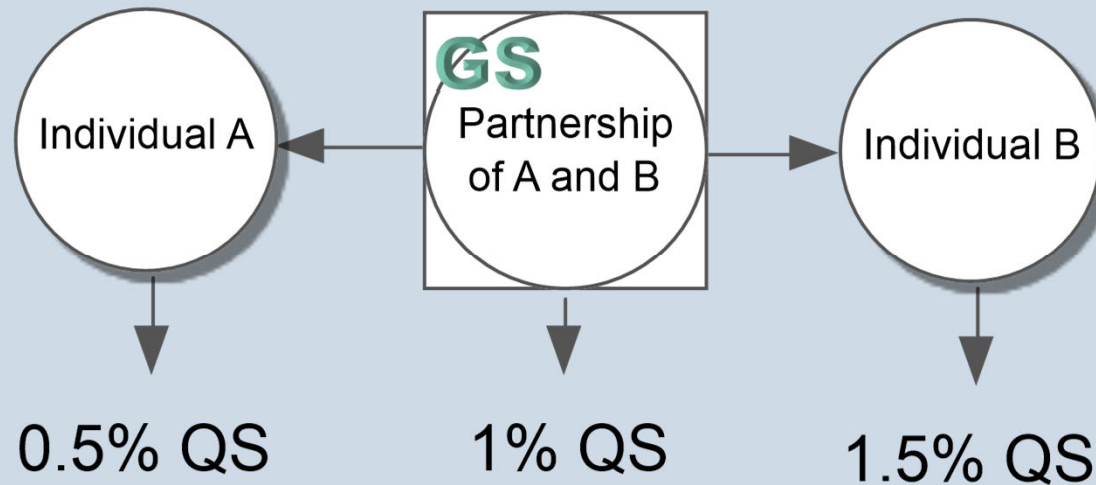
List of Issues: Alternative 1 – Main Questions

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QS Owned Outside the Ownership Group

6. *Collective approach: treatment of QS owned outside the ownership group?*

Likely do not want to apply group status to QS held by a group member but outside the group.



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4. Individual/collective approach and linkage for IFQ Participant option?

(bottom trawl landing within two years prior to implementation)

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Other Alternative 1 Issues to Consider

7. *Application to trusts, NGOs, and governments that own QS.*

Treat the same as other QS owners with respect to participant classification and vessel ownership requirements.

8. *Application when shares of ownership don't add to 100%.*

Calculate based on reported percent of ownership

9. *Modification of QS control (3%) and annual vessel QP usage limits (4.5%)*

Application of accumulation limits

Apply existing accumulation limits only at the aggregate northern sablefish level?

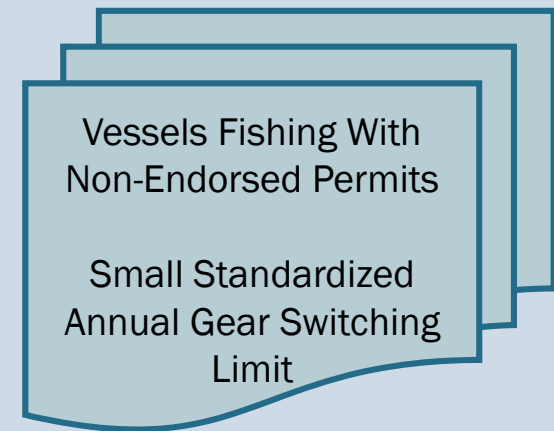
Develop separate limits for gear specific northern sablefish quota?



Alternative 2: Gear Switching Endorsements



Alternative 2: Gear Switching Endorsements



Implementation:

Who receives an endorsement?

What is the amount of the gear switching limit associated with the endorsement?



List of Issues: Alternative 2 – Main Questions

(numbers correspond to F.5, Attachment 3)

10. How to prevent circumvention of qualification criteria?

11. Endorsement limits for one-to-many or many-to-many permit/vessel to QS account relationships?

12. Endorsement limits for a many-to-one permit/vessel to QS account relationship?

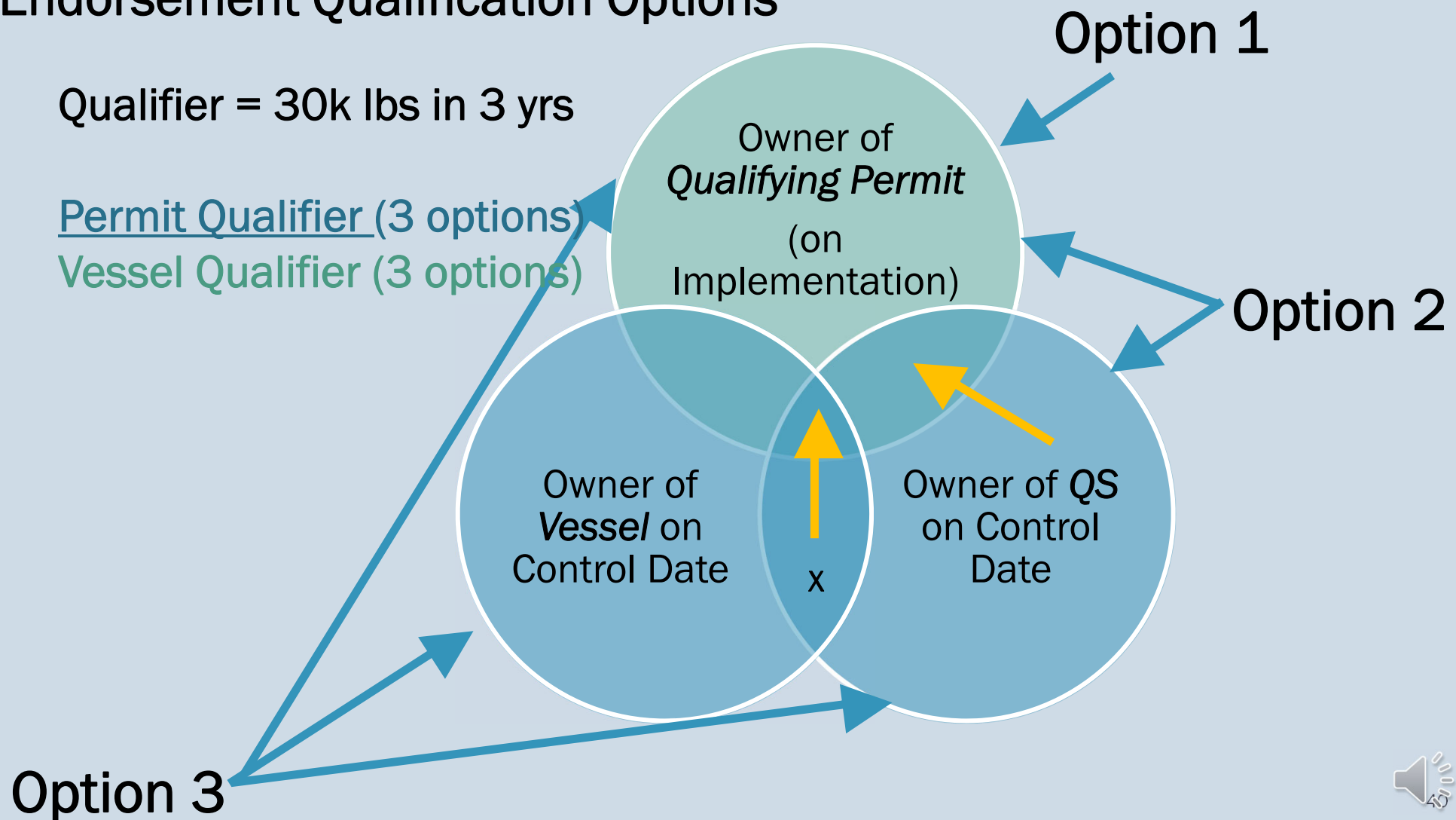


Endorsement Qualification Options

Qualifier = 30k lbs in 3 yrs

Permit Qualifier (3 options)

Vessel Qualifier (3 options)



List of Issues: Alternative 2 – Main Questions

(numbers correspond to F.5, Attachment 3)

10. How to prevent circumvention of qualification criteria?

Consider a method to prevent or make more difficult circumvention of qualifying requirements for Options 2 and 3

Option 3, e.g.: require ownership of a qualifying vessel, QS, and permit as of and since the control date; or

require at least 50 percent common ownership across the various qualifiers (reduces but does not eliminate issue).



Endorsement Implementation: *Limits*

- Determination of Permit Specific Limits

- *Permit Based (3 options)*
- *Vessel Based (3 options)*

- Option 1: Average annual percent caught (2011 to 9/15/2017) by the qualifying *permit/vessel*
- Option 2: Percent of QS owned plus
an amount proportional to catch (based on Option 1 approach)
(combined not to exceed 29 percent)
- Option 3: Percent of QS owned
(continuously since the control date)



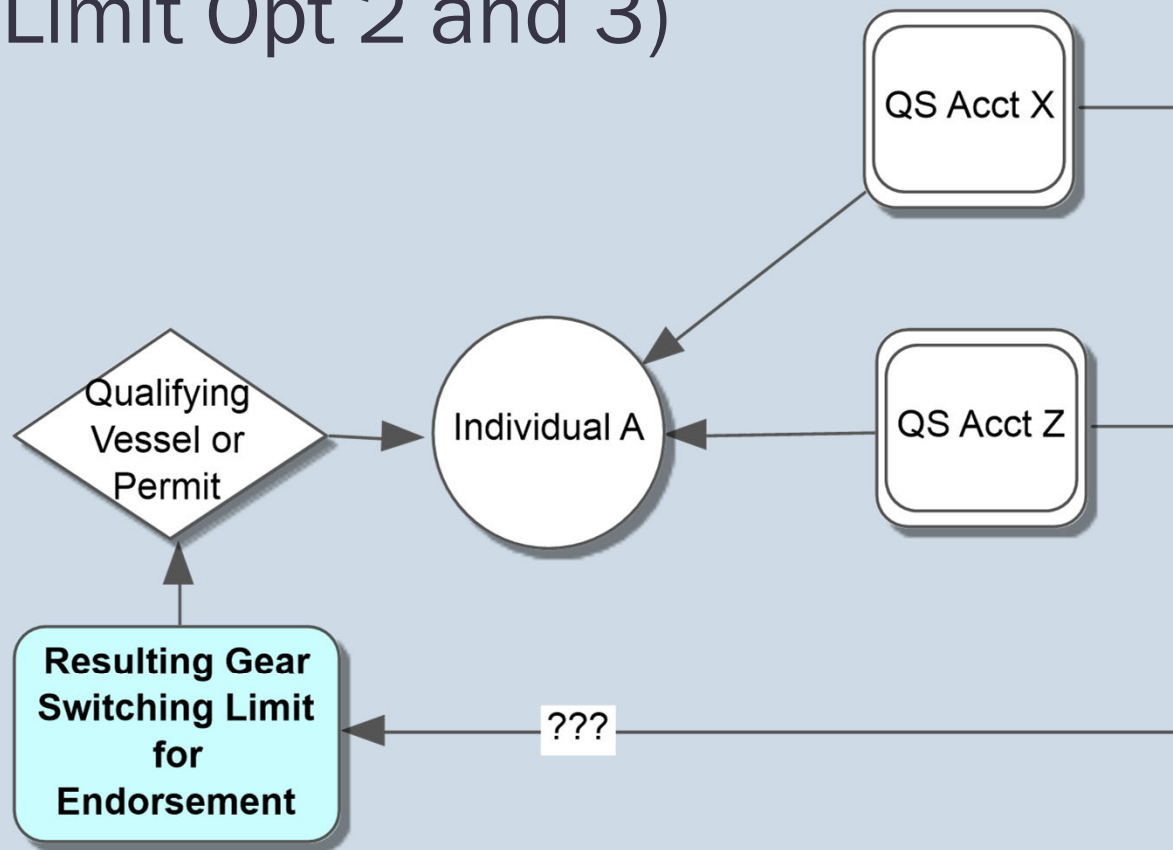
List of Issues: Alternative 2 – Main Questions

(numbers correspond to F.5, Attachment 3)

- 11. Endorsement limits for one-to-many or many-to-many permit/vessel QS account relationships?*
- 12. Endorsement limits for a many-to-one permit/vessel owners and QS account relationship?*



Single Qualifier and Multiple QS Accounts (End Limit Opt 2 and 3)



List of Issues: Alternative 2 – Main Questions

(numbers correspond to F.5, Attachment 3)

11. Endorsement limits for one-to-many or many-to-many permit/vessel QS account relationships?

12. Endorsement limits for a many-to-one permit/vessel owners and QS account relationship?

Qualifier (vessel/permit) to QS account relationships

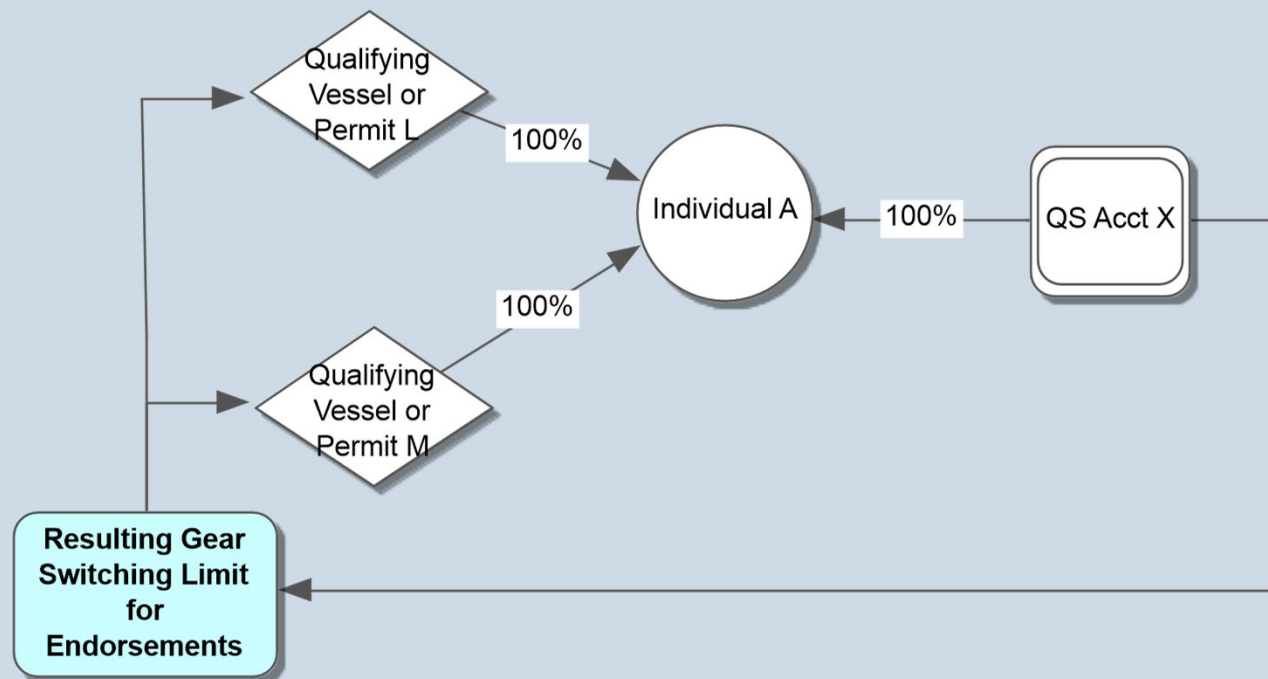
One qualifier to many QSA:

Limit = Sum QS across QS accounts.

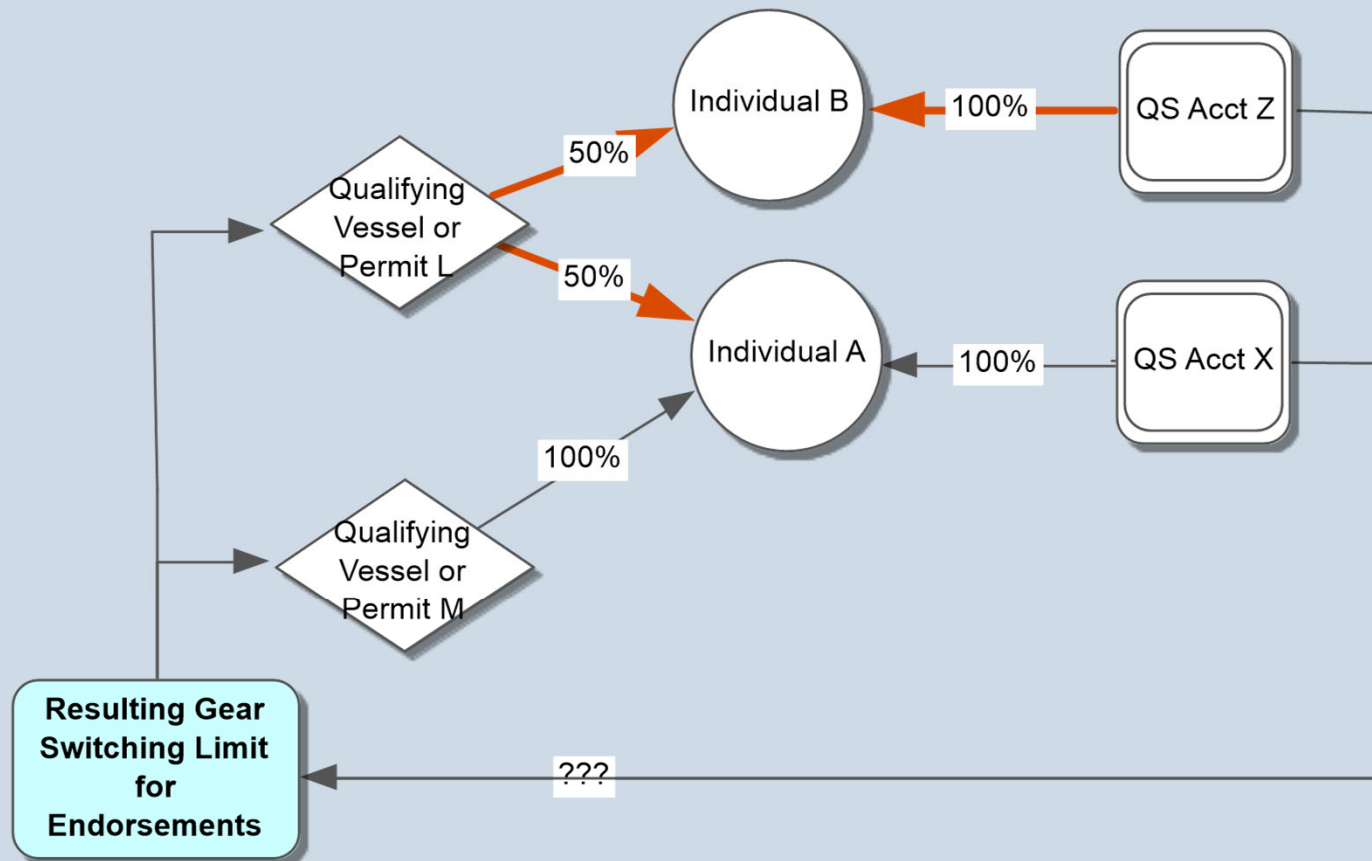
Provide full or partial credit for partially owned QS accounts?



Single Qualifier and Multiple QS Accounts (End Limit Opt 2 and 3)



Single Qualifier and Multiple QS Accounts (End Limit Opt 2 and 3)



List of Issues: Alternative 2 – Main Questions

(numbers correspond to F.5, Attachment 3)

11. *Endorsement limits for one-to-many or many-to-many permit/vessel QS account relationships?*

12. *Endorsement limits for a many-to-one permit/vessel owners and QS account relationship?*

Qualifier (vessel/permit) to QS account relationships

One qualifier to many QSA:

Limit = Sum QS across QS accounts.

Provide full or partial credit for partially owned QS accounts?

Many qualifiers to one QSA and many QSAs to many qualifiers:

a. Clarify—no double credit.

b. Allow owners to decide how to distribute or develop a formula.



List of Issues: Alternative 2 – Main Questions

(numbers correspond to F.5, Attachment 3)

10. How to prevent circumvention of qualification criteria?

11. Endorsement limits for one-to-many or many-to-many permit/vessel QS account relationships?

12. Endorsement limits for a many-to-one permit/vessel owners and QS account relationship?



Other Alternative 2 Issues to Consider

13. Should the gear switching limit formulas based on QS be adjusted to take into account Adaptive Management Program (AMP) QP distributions?

Change the option language to clarify that the resulting gear-switching limits would also cover the AMP QP

14. Should there be an adjustment to the gear switching limit formulas based on gear switching history to take into account a partial year?

Gear Switching history – average for years fished Jan 2011 – Sept 15, 2017

Adjust the formula to take into account the partial year? If so, what?

15. Should the limits for vessels gear switching with non-endorsed trawl permits be specified as a fixed amount or a percentage?

Non-endorsed permit gear-switching limit (fixed at 10,000 lbs)

Change the formula to a percentage rather than a fixed amount?



WRAP-UP



Council Action (as needed):

1. Refine alternatives adopted for analysis at the September 2021 meeting.

Review Alternatives (Attachments 1 and 2)

including key questions to resolve (Attachment 3)

2. Provide guidance on analysis.

Review the annotated outline

including any guidance on areas of challenge (Attachment 4)



QUESTIONS?