Sablefish Gear Switching – Preliminary Preferred Alternative

Agenda Item E.4

November 2023

Council Action – June 2023

Dual initial PPA

1. **No Action**
2. **Alt 2 – Gear Specific QP**

Council Action – This Meeting

Adopt a Preliminary Preferred Alternative (including options)

Briefing Book Materials

- Attachment 1 – Synopsis of Alternatives, Options, & Issues
- Attachment 2 – Alternatives
- Attachment 3 – Analysis
- Supp Attachment 4 – Summary Tables, Including RIR
- Supp SSC Report
- Supp GAP Report

Organization of Analysis (Att 3)

- 1.0 Intro
- 2.0 Fishery and Problem Analysis
- 3.0 Alternatives
- 4.0 Summary of Impacts
- 5.0/6.0 Contributors and References

Appendices

- 7.0 Detailed Analysis of Impacts (NEPA-like impact analysis)
- 8.0 Overarching Issues (e.g. control date rationale)
- 9.0 Action Alternative Design -- Specific Elements
- 10.0 Background Information – In support of analysis

Broader Policy Contexts

- Intersector allocation policy history & objectives
- Sector cross-over policies
- Efforts to improve economic performance for trawl fleet
  - Cost reduction (EM and Trawl Cost Project)
  - Increase attainment of trawl allocation

1.0 Purpose and Need Statement

- Need: most of trawl allocations under attained since program inception
  - Management Goals 2 and 3 of the FMP –
    - maximize the value of the groundfish resource as a whole
    - achieve the maximum biological yield, respectively
  - Amendment 20 – full utilization goal

- Purpose:
  - to keep northern sablefish gear switching from impeding the attainment of northern IFQ allocations
  - while considering impacts on current operations and investments. [trawl and gear-switchers]

2.1 & 2.2 – Fishery & Sectors

- History of Sector Management in Commercial Groundfish
  - Based on MSA, NS, and FMP goals and objectives
  - Role of sablefish in establishing sectors
  - Year-round/trip limit v. season management
  - See Table 2 for allocation history.

Sector Cross-Overs

- License limitation LE (longline, fishpot and trawl) & OA gears
  - Limited cross-over opportunities for LE vessels
    - Use any other gear except trawl gear
  - Sector constraint -- counts against own allocation (limited entry)
  - Vessel constraint -- subject to open access trip limits
- Trawl Catch Share: Gear-Switching
  - Sector constraint – counts against trawl allocations
  - Vessel constraint – same as other trawl vessels (i.e. QP)

Amendment 20 - Shift in Allocational Basis

- Prior to catch shares
  - Sector allocations (direct)
    - Determined by Council weighing of
      - MSA
      - National Standards
      - FMP goals and objectives
- After catch shares
  - Sector allocations (direct & indirect)
    - Partially determined as before
    - Partially determined by market forces

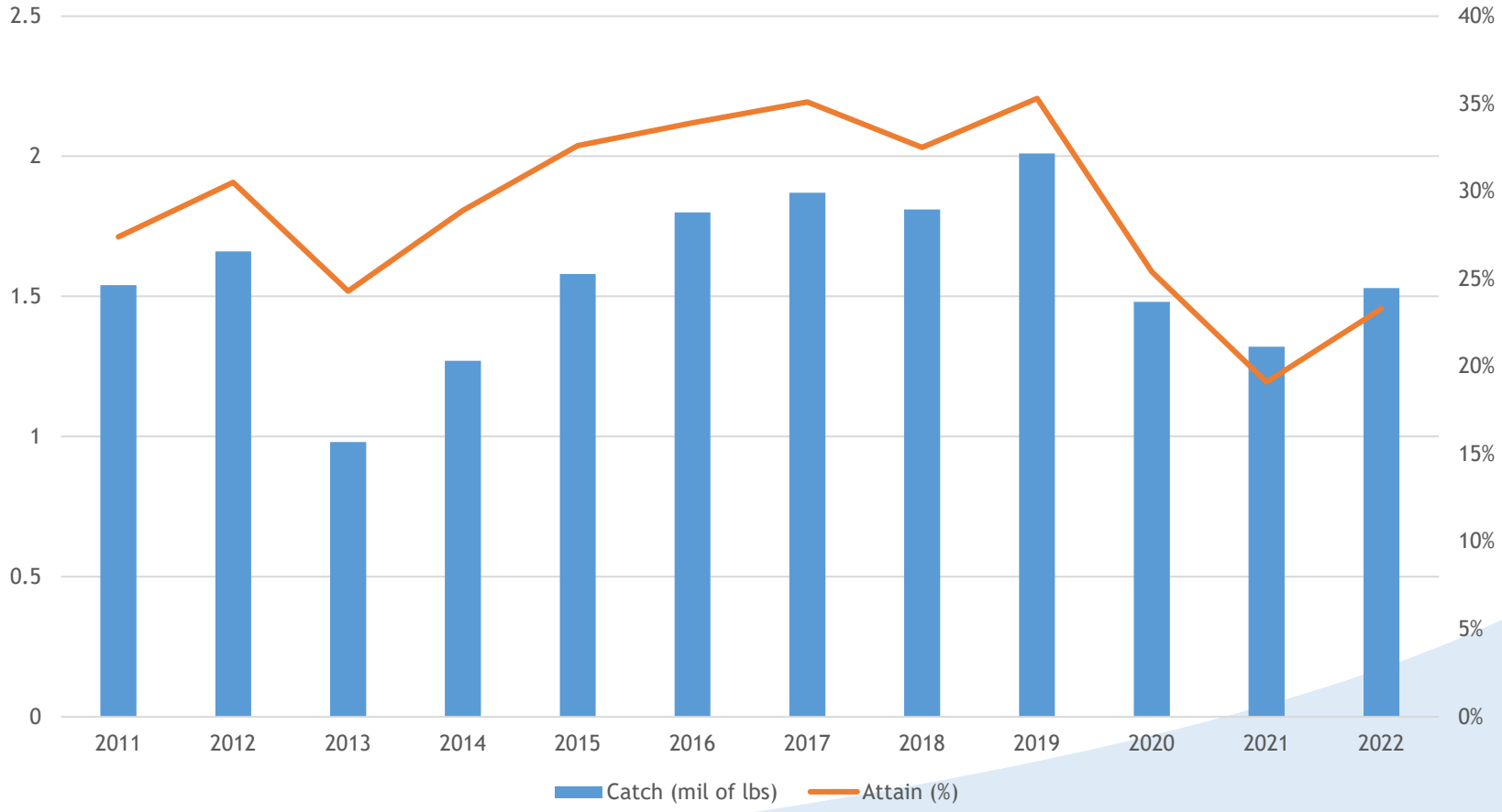
Implied in the Gear-Switching Limitation Policy Question

- Does the market adequately balance the sector allocations
  - Optimum yield?
  - Efficient outcome?
  - Other National Standards and MSA required considerations along with FMP G&O?

Gear-Switching Levels

2011-2022

- Vessels
  - 7-20
  - Avg:14
- Permits
  - 7-21
  - Avg:14
- Attainment
  - 19.1-35.3%
  - Avg: 29%



2.3 History of Trawl Allocation Attainment

- Matson 2016 and 2017 catch share review noted that since 2011:
  - Dover sole, lingcod, and thornyhead attain decline Petrale and sablefish increased in attain
- Since 2014, allocations and catch increased

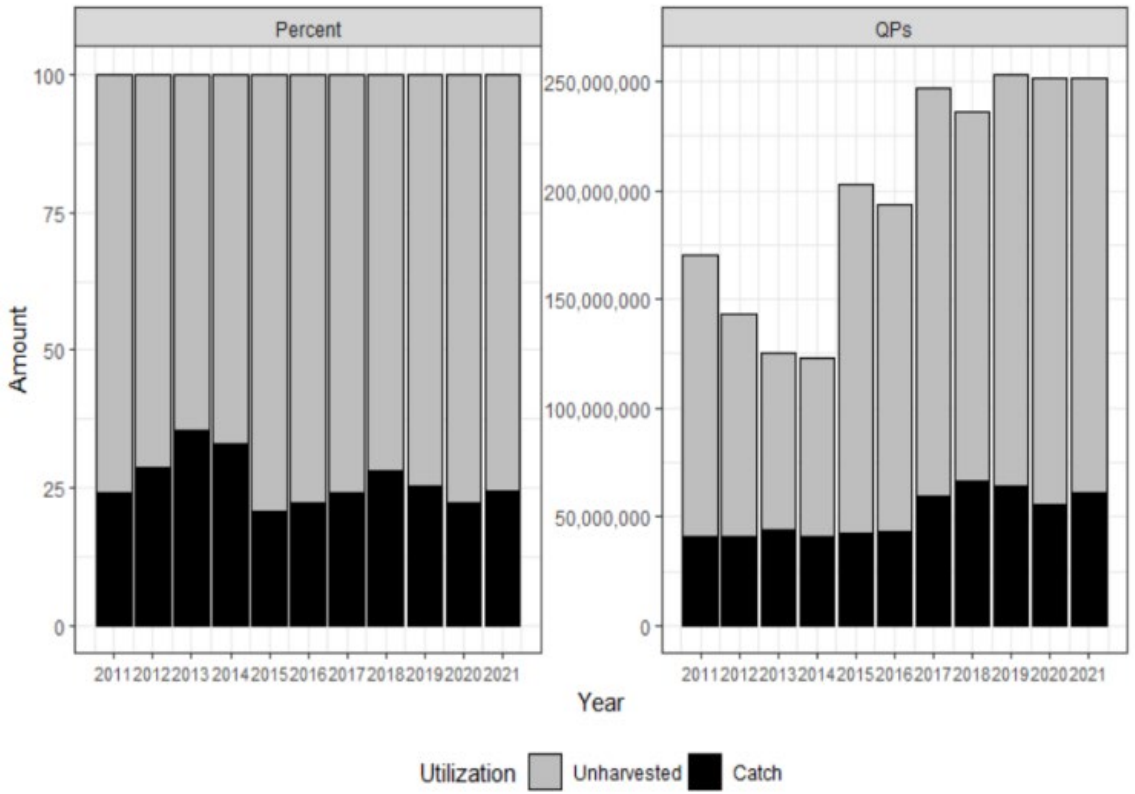


Figure 1. Shoreside utilization of non-whiting

2.4 and 2.5 Problem Evaluation

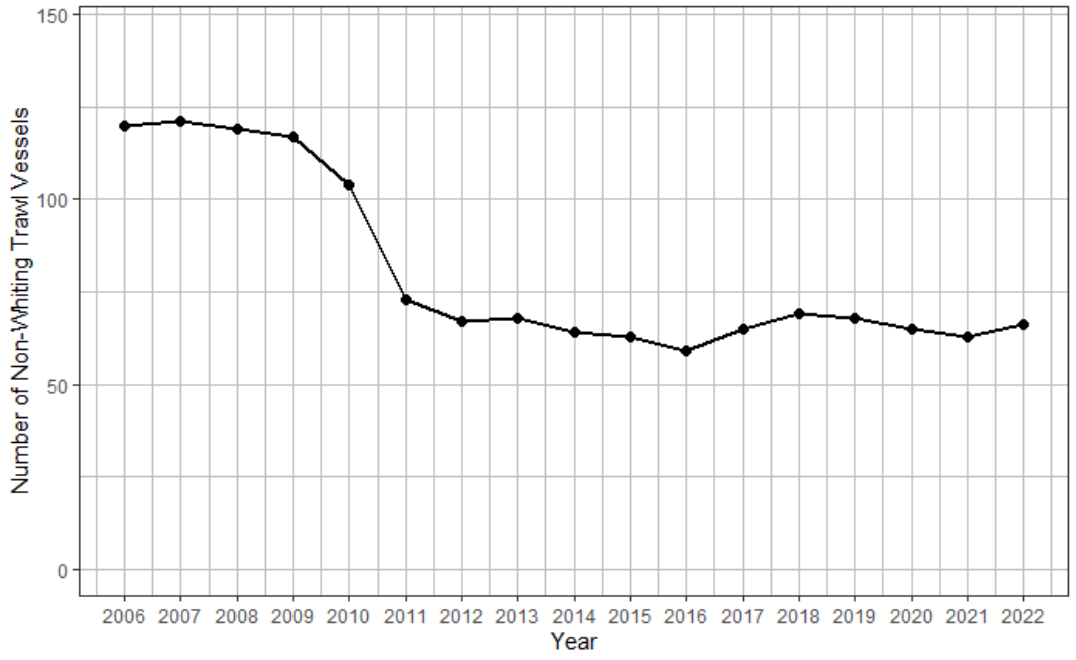
- Is it likely that now or in the future a constraint on gear switching could increase attainment?
  - Is gear switching a constraint now?
    - Section 2.4
  - How likely is it that gear switching becomes a constraint in the future?
    - Section 2.5

2.4 Potential Causes of Under-attainment

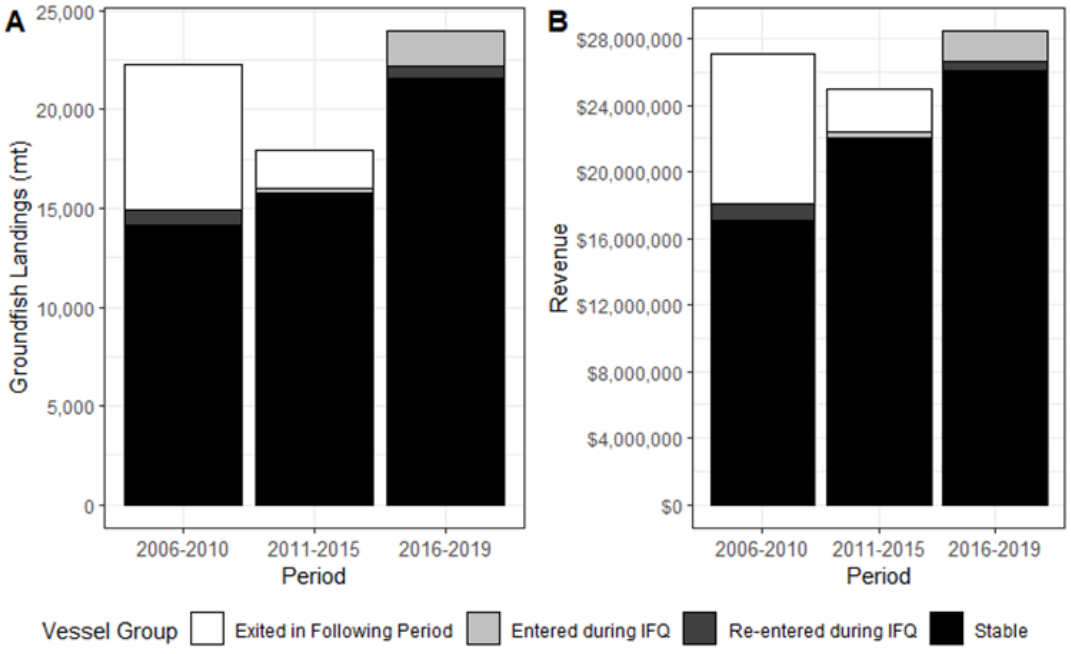
2.4.1 Trawl Vessel Participation (Capacity)
2.4.2 Market Limits
2.4.3 Infrastructure Limitations (Capacity)
2.4.4 Management System Design
2.4.5 Competition Between Trawl Strategies

2.4.1 Trawl Vessel Participation (Capacity)

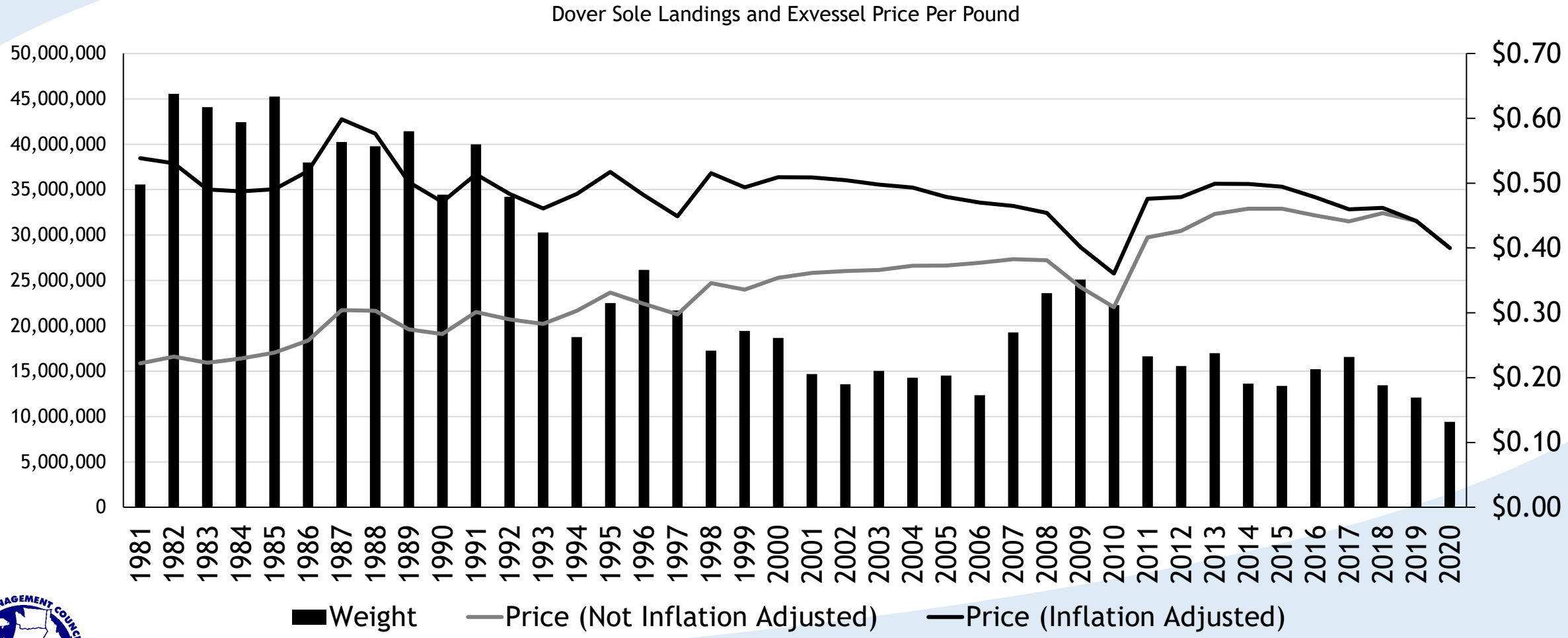
Decrease in Number of Vessels (2011)



Stable Participants: Expand Landings Periods: '06-'10; '11- '15; '16 - '19



Market Limits
History of Dover Landings (Fig 7)



2.4.3 Infrastructure Limits

- Fishery infrastructure does not appear to have declined except for…

  Number of FRs processors in several ports.
  - IFQ first receivers (FRs)
    - Declined in five ports from Half Moon Bay south
    - Declining in only two ports north of that

2.4.4(a) Trawl Catch Share Management System Design

- Trawl Catch Shares – Accumulation Limit Policy – Limits use of market for ***risk mitigation*** regarding ***key*** input (vertical integration limit)

  - 3% Sablefish QS
  - 2.7% for Nonwhiting Species Combined
  - 6 entities within 10% of one of these limits

2.4.4(b) LEFG Permit Stacking Program

- Permit stacking limit
  - Virtually all cross-over vessels are at permit stacking limit (Table 13)
    - Social policy for LEFG fishery may be influencing vessels to gear-switch

- Longline & fishpot gear endorsement (rather than a single fixed gear)
  - Non-LEFG vessels that gear-switch are primarily using fishpot gear (Table 14).
  - There are a very limited number of LEFG fishpot permits (36/164 FG LEPs)

- Lack of trawl gear-switching opportunity in LEFG fishery limits ability of market to drive allocation (unidirectional cross-over).

2.4.5 Competition for Sablefish QP Among Strategies

- Trawl profits (VCNR) /lb of sablefish -- generally greater for DTS trips than for gear switching trips.
- Some gear switching trips are more profitable, creating the opportunity for competition and displacement.

2017-2021 VCNR per pound of sablefish landed by trips of the indicated percentile

Target	10th	20th	30th	40th	50th	60th	70th	80th	90th
DTS	$0.86	$1.41	$1.85	$2.34	$2.90	$3.58	$4.73	$6.48	$10.79
GS	$0.36	$0.63	$0.79	$0.98	$1.12	$1.36	$1.62	$1.87	$2.14

(EDC Data)

2017 VCNR per pound of sablefish landed by trips of the indicated percentile

Target	10%	20%	30%	40%	50%	60%	70%	80%	90%
DTS	$1.40	$1.78	$2.23	$2.78	$3.15	$3.98	$4.85	$6.37	$9.53
GS	$0.42	$0.98	$1.42	$1.62	$1.86	$1.98	$2.09	$2.34	$2.49

(EDC Data)

- 2017-2021
  - Top 30-40 percent of gear switched trips took 27%-38% of the gear switched sablefish.
- 2017
  - Top 50-60 percent of gear switching trips took 56%-66 % of the gear-switched sablefish.

2.5 Factors that Might Alter or Indicate Future Gear-Switching Levels

Objective: Help the Council evaluate the likelihood that gear-switching might increase or decrease in the future

2.5.1 Normal Variation & Extraordinary Events
2.5.2 Biomass and ACL Changes
2.5.3 Sablefish Market Prices
2.5.4 Conditions in Cross-Over Fisheries
2.5.5 Latent and Underutilized Permits
2.5.6 New Entrants and Effects of Control Date
2.5.7 Trends in QS Acquisition

Sections Not Covering

- 2.5.1 Normal Variation & Extraordinary Events
  - May not yet have seen the full range of normal variation and events may alter range (e.g., COVID)
- 2.5.5 Latent and Underutilized Permits
  - Many permits available – likely not a barrier to entry for GS
- 2.5.7 Trends in QS Acquisition
  - Mostly stable ownership by GS; investments may have been muted by CD

2.5.2 Biomass and ACL Changes

Forces that might increase future proportions of gear switching.

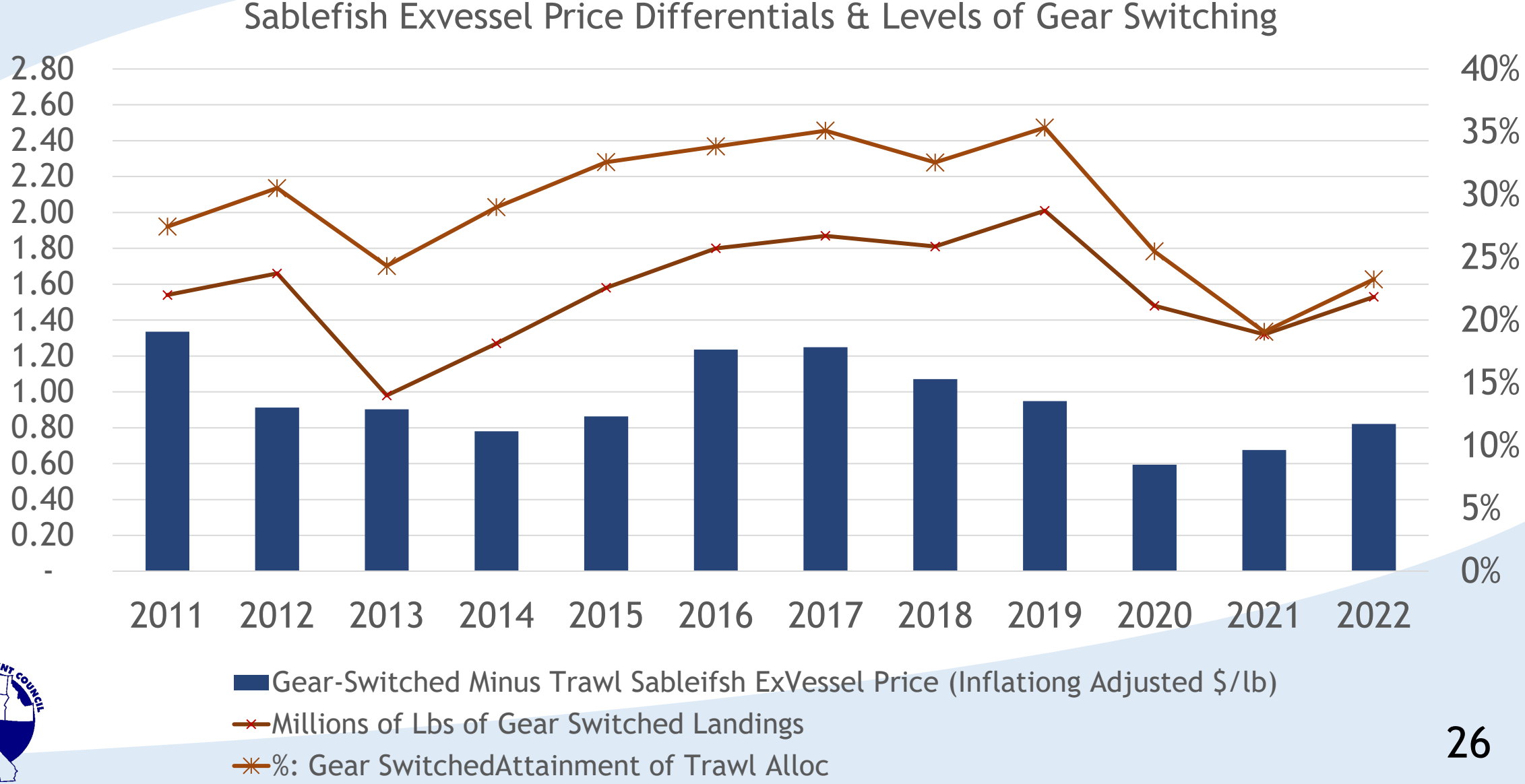
- Low ACL levels
- Trawl sablefish encounter rates that don't decline as much as the ACLs
- High sablefish prices (influenced by international and local markets)

Forces that might decrease future proportions of gear switching.

- High ACL levels
- Trawl sablefish encounter rates that don't increase as much as the ACLs
- Low sablefish prices (influenced by international and local markets)

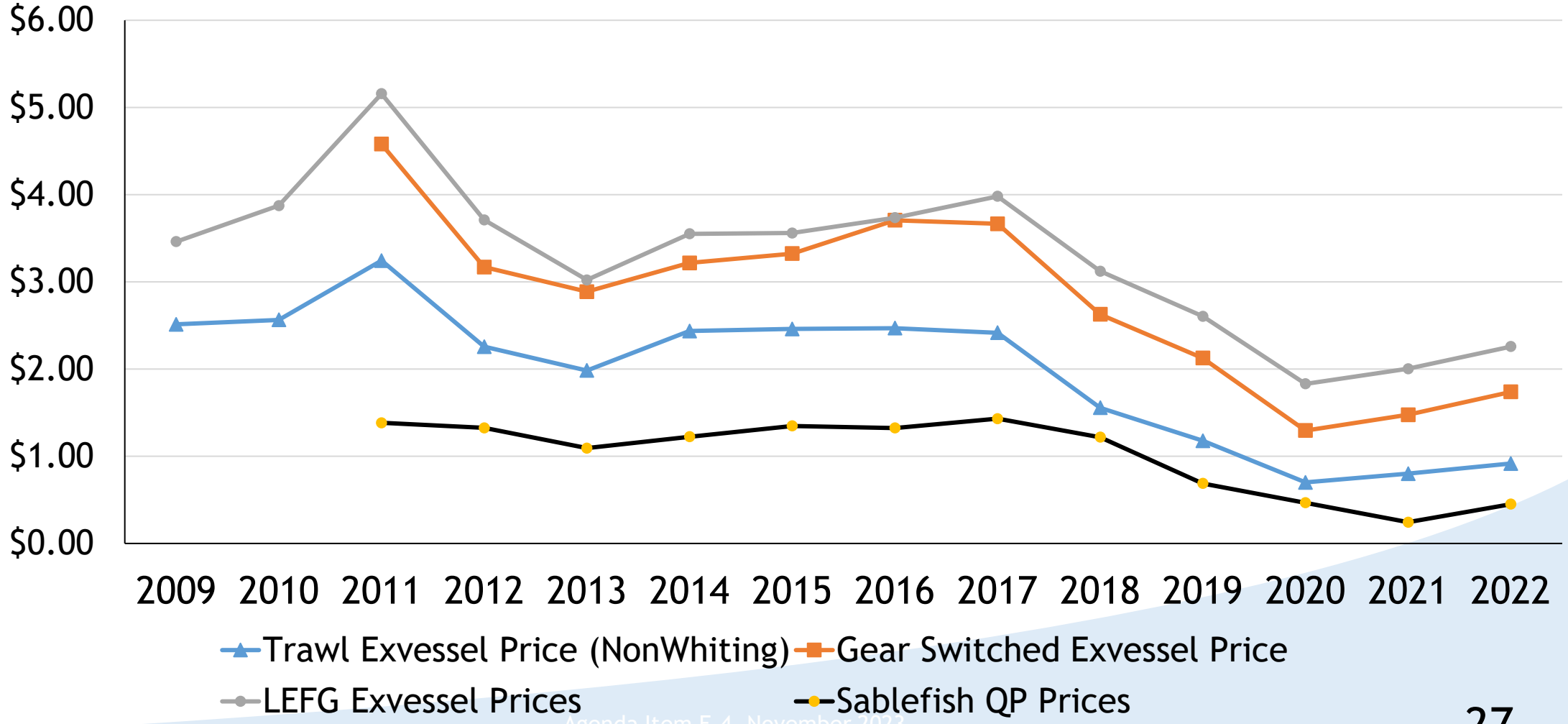
Impacts of biomass changes on CPUE and harvest costs could have contrary effects (e.g. trawl encounter rates that decline more substantial declines in fixed gear CPUE than ACLs).

2.5.3 Sablefish Market Prices



Sablefish Market Prices

IFQ Fishery Northern Sablefish
Ex-vessel and QP Prices (Per Pound) on Non-whiting Trips



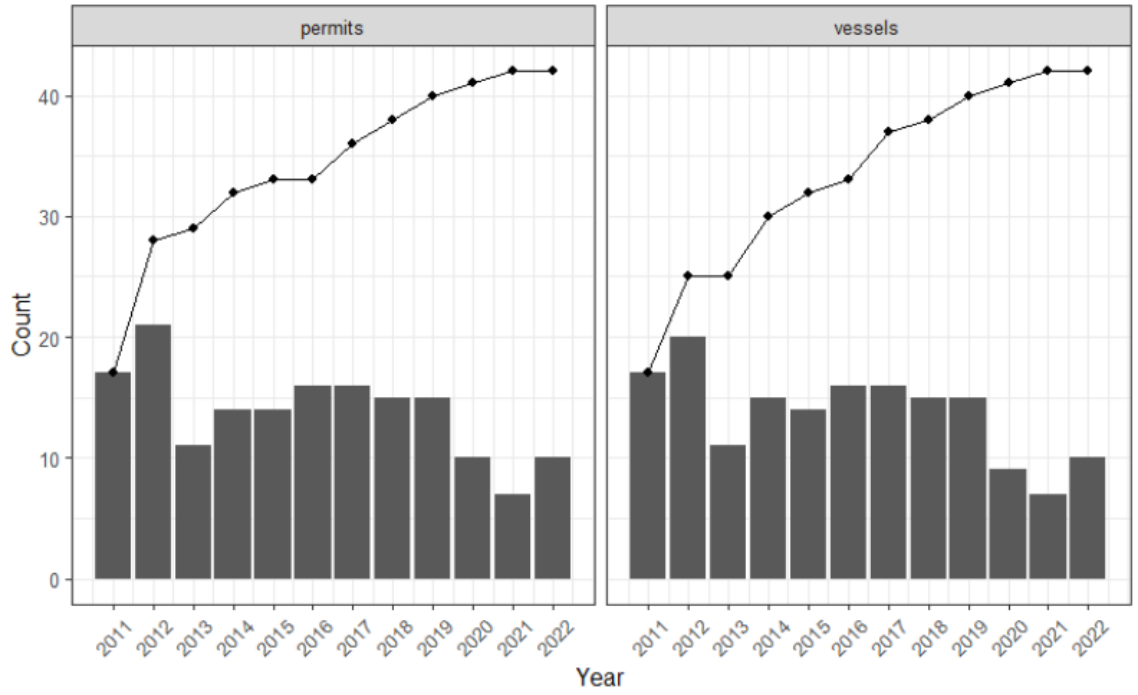
2.5.4 Conditions in Crossover Fisheries

- Opportunities in other fisheries may increase/decrease GS
- Crossover fisheries incl AK sablefish, Dungeness crab, and LEFG tier
- LEFG Tier- Biggest drivers
  - Tier limits (3 tier 1= 57% of IFQ vessel limit of 4.5%)
  - Gear flexibility
    - Majority of IFQ GS landings with pot gear
    - LEFG follow on actions- considering removing gear endorsement
  - Seasonality (IFQ=year round, Tier= Apr-Dec)
  - Econ advantages for tier fishery
    - No buyback, cost recovery*, or 100 percent monitoring

*cost recovery being consider in LEFG follow on actions

2.5.6 New Entrants and Effects of Control Date

- GS participation stabilized prior to 2020
- New entry in 2020 and 2021
- Effects of control date
  - May have discouraged participation- may see expansion if No Action?
  - May have encouraged participation- assumed that CD would change?



Alternatives
- No Action
- Action

Overview of the 3 Action Alternatives

3.0 Overview of Alternatives

Alt 1 – Gear-Specific QS/QP	Alt 2 – Gear-Specific QP	Alt 3 – Seasonal
Any-gear & trawl-only QP distributed to Any-gear & trawl-only QS owners	Trawl-only & any-gear QP issued to all sabl QS	Closure to retention of gear-switched sablefish
GS Participants- 100% any-gear	Legacy owned QS- 100% any-gear	No changes to QS system
Non-GS Participants- some or no any-gear	Non-legacy owned QS- ratio	Seasonal limit (modifying the privilege)
Relies wholly on existing system	Requires new QS account designation and QS categories don't match QP	

Impact Analysis

- No Action Compared to Action
- Comparison of Action Alternatives

Impact Analysis Sections

- Summarized in 4.0
- Detailed in Appendices
  - 7.0 Detailed Analysis (NEPA-like)
  - 8.0 Alternative Design – Overarching Issues
  - 9.0 Alternative Design – Specific Elements
  - 10.0 Additional Background Information

Impact Summary Sections

- 4.1 Comparison of Action Alternatives
- 4.2 National Standard Evaluation
- 4.5 RIR Summary & Costs/Benefit Analysis – (Supp Att 4)

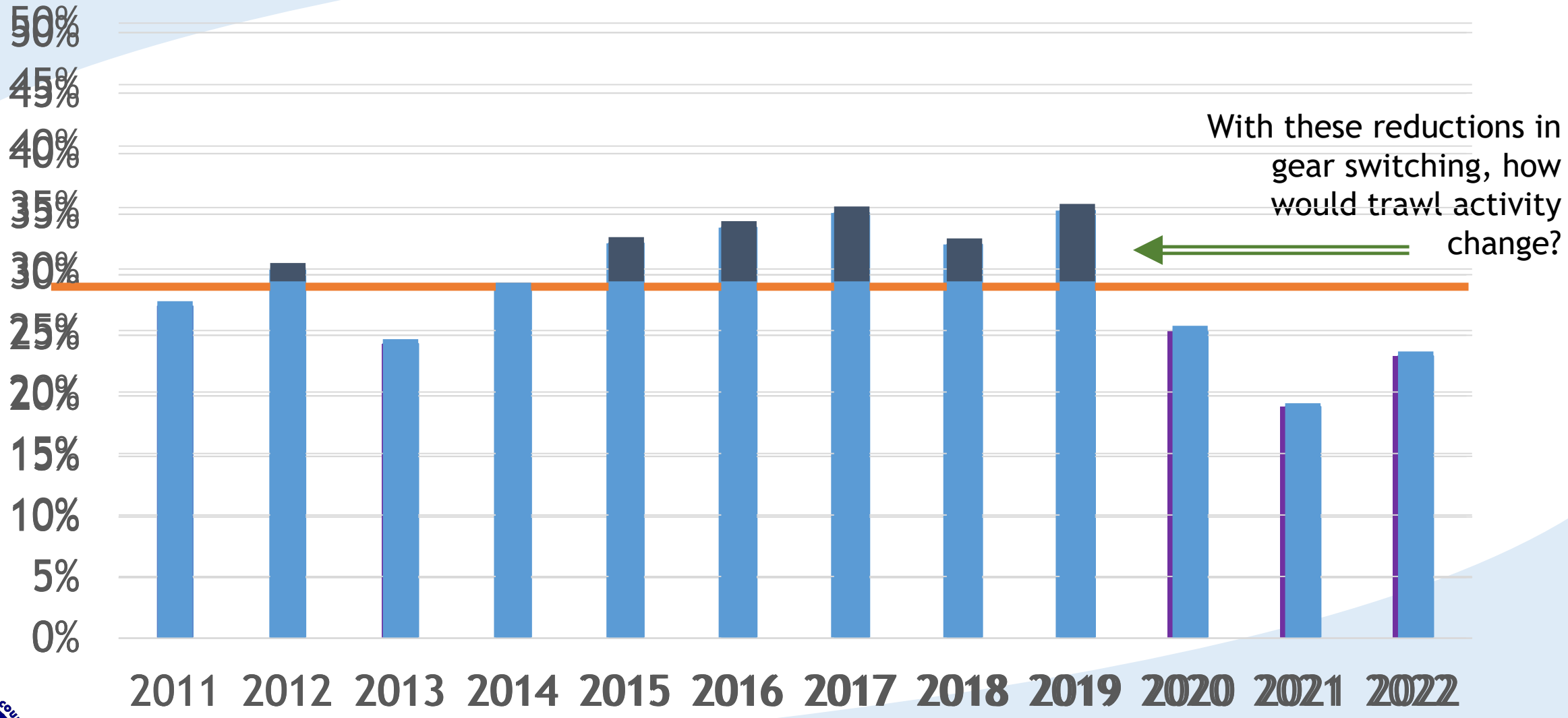
To be completed after PPA selection

- 4.3 Other MSA required consideration
- 4.4 Groundfish FMP goals & Obj
- 4.6 IRFA
- 4.7 Other Applicable Law

Approach to Analysis

- No Action
- Scenarios
- Comparison Years

Approach to Analysis: Comparison to No Action (Historical)



Approach to Analysis
Changes to Trawl Activity--Scenarios

- Main driver of impacts – whether gear switching is constraining trawl activity
- Due to uncertainty look at scenarios for changes to trawl activity
    1. Gear-switching limits harvest of trawl complex

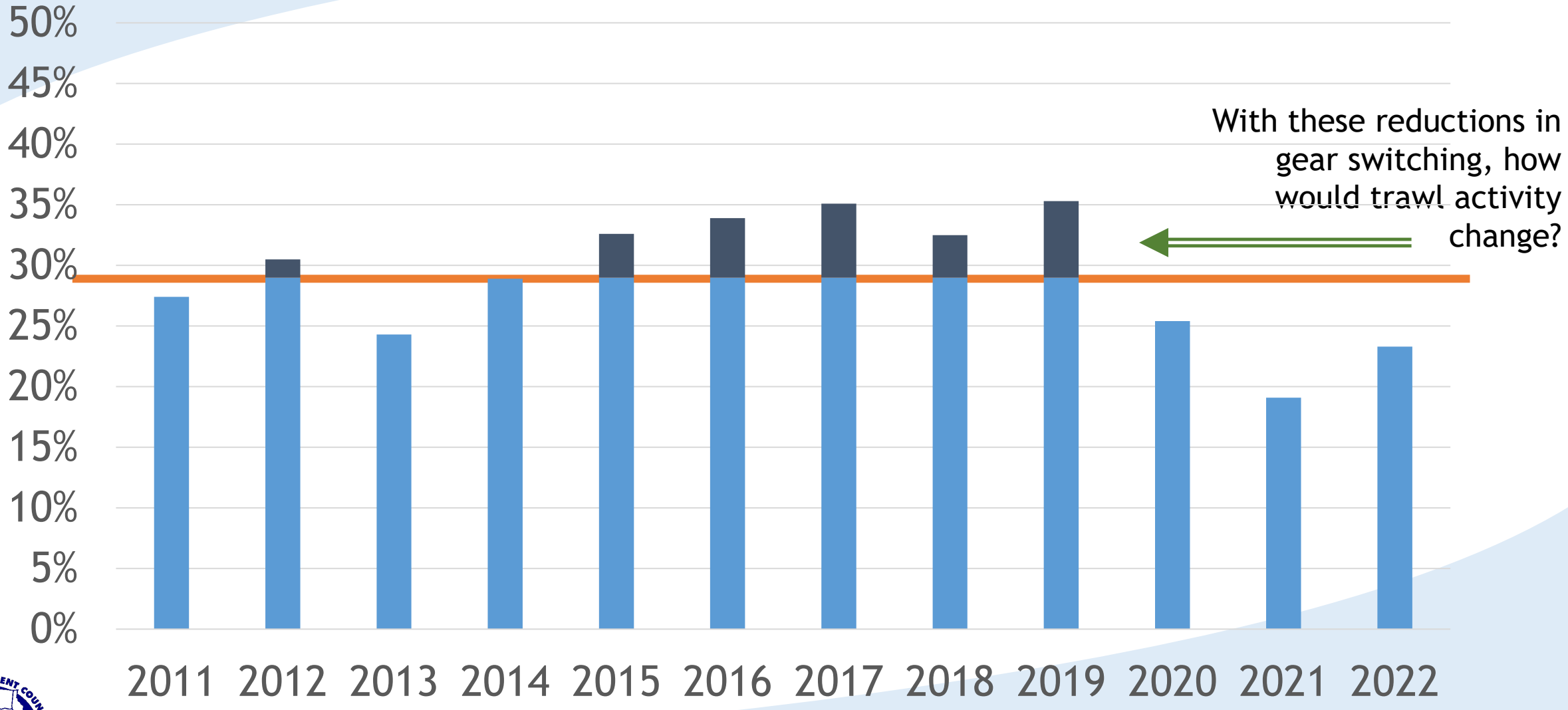
        As gear-switching is limited, trawlers increase harvest of complexes
    2. Gear-switching causes trawlers to avoid sablefish

        As gear-switching is limited, trawlers increase the portion of sablefish in their catch (no impact on complex).
    3. Gear-switching has no impact on trawl activity

        As gear-switching is limited, no change to trawl activity (sablefish QP goes unused.)

- Multiple scenarios might apply for any reduction in gear switching
- As gear-switching is limited, opportunity for trawling expands
    - First, Scenario 1 type vessels/trips, then Scenario 2, then Scenario 3.

Approach to Analysis: Comparison to No Action (Historical)



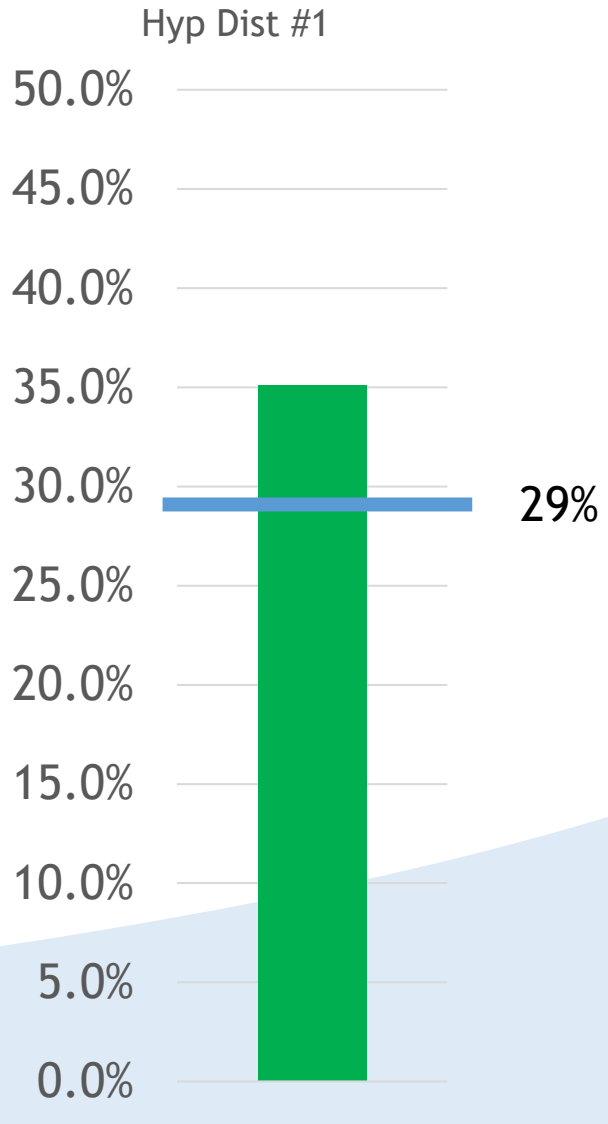
Assessing Scenarios Interacts with No Action Comparison & Action Alt (2)

- If gear switching expands above previously observed levels
  - what Scenario might most likely apply?

  Displacement of complex

  Replacement of trawl catch of sablefish

  Using sablefish QP otherwise unused.



Approach to Analysis – Comparison Years

For specific historic comparisons, used three years

- 2013 – Lowest allocation, Low GS percentage
- 2019 - High GS percentage
- 2021 – Recent & highest allocation (at the time)

	Trawl Allocation	GS Percentage	GS Lbs
2013	4.03 Mil lbs	24%	0.98 Mil Lbs
2019	5.69 Mil Lbs	35%	2.01 Mil Lbs
2021	6.92 Mil Lbs	19%	1.32 Mil Lbs

4.2 National Standard Analysis

4.2.1	NS-1 – OY
4.2.4	NS-4 – Allocation
4.2.5	NS-5—Efficiency
4.2.6	NS-6—Contingencies
4.2.7	NS-7—Cost Minimization
4.2.8	NS-8—Communities
4.2.2	NS-2 – Best Scientific Information
4.2.3	NS-3 – Management Units
4.2.9	NS-9—Bycatch
4.2.10	NS-10—Safety

NS-1: Optimum Yield (Sec 4.2.1)

National Standard 1: Conservation and management measures shall prevent overfishing while achieving, on a continuing basis, the **optimum yield** from each fishery for the United States fishing industry.

optimum yield: "the amount of fish which…will provide the **greatest overall benefit to the Nation**, particularly with respect to food production and recreational opportunities…." MSA Sec. 3, (33).

National benefits include: economic, social, and ecological factors (based on NS guidelines).

Council FMPs should be consulted in determining the relevant social, economic, ecological factors that should be used in determining national benefits.

Relevant to NS-4 – is there a benefit that justifies a burden on some.

NS 1 – Moving Toward Achieving OY

Impact on OY depends on whether gear-switching constrains harvest of the trawl complexes. Three Scenarios for impacts on trawl activities are discussed above.

Assessment of constraint

- indicators that gear-switching or other factors have been constraining(2.4)
- indicators whether gear-switching might become constraining in the future (2.5).

Gear Switching constraint by alternative

Alt 1: 29% or lesser of 29% and 1.8 million lbs

Alt 2: 29% and potentially 18.8% over time.

Alt 3: 29%

NS 1 -- Scenarios

Table 22	Net Changes to Exvessel Revenue Per 6 Percentage Point Reduction in Gear-Switching		
	2013 Baseline	2019 Baseline	2021 Baseline
	4.0 million lb trawl n sablefish allocation	5.7 million lb trawl n sablefish allocation	6.6 million lb trawl n sablefish allocation
Scenario 1 Trawlers Expand Competitive Strategies	Nonwhtg Attain Chg: 6.9% Net EVV Change: $1.7 mil	Nonwhtg Attain Chg: 5.0% Net EVV Change: $1.7 mil	Nonwhtg Attain Chg: 3.6% Net EVV Change: $1.75 mil
Scenario 2 Trawlers Increase Sablefish Retention	Nonwhtg Attain Chg: 0% Net EVV Change: -$0.25 mil	Nonwhtg Attain Chg: 0% Net EVV Change: -$0.3 mil	Nonwhtg Attain Chg: 0% Net EVV Change: -$0.3 mil
Scenario 3 Trawlers are Unable to Use the Sablefish	Nonwhtg Attain Chg: -0.6% Net EVV Change: -$0.7 mil	Nonwhtg Attain Chg: -0.5% Net EVV Change: -$0.75 mil	Nonwhtg Attain Chg: -0.4% Net EVV Change: -$0.6 mil

4.2.4 NS-4: Allocation

National Standard 4: Conservation and management measures shall not discriminate between residents of different States. If it becomes necessary to allocate or assign fishing privileges among various United States fishermen, such allocation shall be

- (A) fair and equitable to all such fishermen;
- (B) reasonably calculated to promote conservation; and
- (C) carried out in such manner that no particular individual, corporation, or other entity acquires an excessive share of such privileges.

NS-4: Guidelines

"[t]he motive for making a particular allocation should be justified in terms of the objectives of the FMP; otherwise, the disadvantaged user groups or individuals would suffer without cause…" (§ 600.325 I(3)(i)(A));

"an allocation of fishing privileges may impose a hardship on one group if it is outweighed by the total benefits received by another group or groups" (§600.325 (c)(3)(i)(B)

Positive and adverse impacts are summarized in Supplemental Attachment 4 and will be summarized later in the presentation.

4.2.4(a) Initial Allocation

- No standardized measuring sticks for fairness and equity
  - MSA requires consideration of certain factors that may be related
    - E.g. consideration of recent participation, investment, new entrants.
  - Well-articulated rationale

- Only Alternatives 1 and 2 are directly reallocative
  - Time frame for qualification
  - Who or what is evaluated
  - Activity levels required to qualify (Section 8.3)

4.2.4(a) Initial Allocation (2)

- Time Frame
  - Control date and pre-control date fishing activity (See 8.1)
  - Who/what is evaluated (See 8.2)
- Alt 1 and 2 both: QS ownership required on the control date

Alt 1
- Personal history as a vessel owner – not transferable to others
- Vessel owners receive allocation (do not need to retain vessel ownership)

Alt 2
- Permit history--transferable to others up to the control date.
- Vessel owners would not receive an allocation unless they own and retain qualifying LEP.

Nonqualifers and future entrants
- Anyone with QS on the CD receives some any-gear QS (exception under one option).
- None for those entering after the control date, except by acquiring any-gear QS.

Nonqualifers and future entrants
- All receive the same portion of their QP as any-gear QP.

4.2.4(a) Initial Allocation (3)

Fixed gear investments (focusing on impact of action alternative)

- QS Value –
  - Alt 1 – Qualifiers – Any-gear QS Value Increases
    - Non-Qualifiers – Trawl-only QS Value Decreases
      - Sell trawl-only and replace with any-gear QS (financial cost)
      - Sell and exit (losses depend on what was originally paid for the QS)
  - Alt 2 – Qualifiers – Impact on QS Value Uncertain (if sold, any-gear QP for only a portion)
    - Non-Qualifiers - similar to qualifiers
      - Annually sell trawl-only QP purchase of any-gear QP (financial cost)
      - Sell and exit (losses depend on what was originally paid for the QS)

4.2.4(b) Quota Transferability & Sector Divisions

- Alt 1 – Gear-switchers/fixed gear can secure long-term access by acquiring QS, including the history-based allocations

- Alt 2 – Phase out of history-based allocations,
  - Maximum gear-switching stays at 29 percent or decreases to a lesser amount.
  - Any-gear QP has to be aggregated each year to achieve that 29 percent.

4.2.4(c) Maximum Achievable Share of All Gear Switching Opportunity

Maximum Portion of the Any-Gear QP	Alt 1 – Gear Specific QS	Alt 2 – Gear Specific QP	Alt 3 – Seasonal Approach
Issued to QS Owners Initially	11.5%-12.8%	11.5%	11.5%
Over the Long Term	11.5%-12.8%	**3%**	11.5%
That Can Be Accumulated by Vessels	15.5%-17.3%	15.5%-23.9%	15.5%

4.2.5 NS-5: Efficiency

- IFQ systems with a freely & fully functioning market--efficiency expected.
- Analysis evaluated limited entry program features distorting market and whether a limitation on gear-switching would compensate.

1. Trawl accumulation limits –
   Gear-switching limit could counter by reducing uncertainty about supply
2. LEFG tier program accumulation limits & separate pot/longline endorsements
   Gear-switching limit would not change incentive but would reduce impact
3. Lack of ability to for trawlers to access fixed gear quota
   Gear-switching constraint would not address potential lost efficiency opportunity

4.2.6 NS-6:Contingencies

Flexibility to respond to changing conditions

Example: further decrease gear-switching in the future.

- Alt 1 – increase the amount of QP given to holders of trawl-only QP ***OR*** issue some trawl-only QP for any-gear QS owners.
- Alt 2 – increase the amount of trawl-only QP provided in the standard ratio given to non-legacy accounts.
- Alt 3 – decrease the cap that triggers a closure (could be a problematic if seasons are shortened)

4.2.7 NS-7: Cost Minimization

Government

Alternative	Alt 1	Alt 2	Alt 3
Implemen-tation Costs	Somewhat higher initial determination costs than Alt 2, but lower initial programming costs	Somewhat lower initial determination costs than Alt 1, but higher initial programming costs	Lowest of action alts
Ongoing Costs	Little new work	Some ongoing tasks, but possibly automated	Some ongoing monitoring

4.2.7 NS-7: Cost Minimization

Fishery

No action provides greatest flexibility and least cost assuming a free and fully functioning market.

- Alternative 1 constrains gear-switching but provides market function similar to no action.
- Alternative 2 constrains gear-switching and constrains flexibility with QS categories that do not match the QP categories. Any-gear QP dispersed across all accounts would increase transaction costs.
- Alternative 3 provides market function similar to no action but could provide less flexible fishing opportunities if seasons shorten.

4.2.8 NS-8: Communities

No models to project redistribution of activities among communities + confidentiality constraint.

Analysis provides information by **port area** for GS, DTS, Non-DTS Bottom Trawl (Sec. 7.11, Table 39)

- Numbers of vessels
- Number of dealers
- Average Ex Ves Rev
- Income Impacts
- Jobs

Specific ports within port areas – presence absence information (Sec. 10.3, Table 55)

GS, DTS, Non-DTS BTW, Whtg, LEFG, OA, Total Exvessel Rev, GF Rev

Net impacts to a port/community will depend on the mix of GS and other trawl activities.

Discussion covers

- Possibility of increase in aggregate activity (Scenario 1, or reduction, Scenario 3)
- Redistribution of fishing activity
- Redistribution of gear-switching privileges among communities (initially and during adjustment)
- Differences in seasonal opportunity

Cost-Benefit Analysis (Supplemental Attachment 4)

- Attempted to monetize relevant costs and benefits
- Impact for where we can't monetize could still outweigh monetized impacts
- Identifying all impacts, incl. where quantification possible, is intended to assist Council in decision on no action vs. action and between alternatives

Categories and Groups Considered

- Total Harvest/Ex-vessel Revenue
- Efficiency
- Distributional Impacts
  - Vessels
  - LEP Owners
  - QS Owners
  - Crew
  - FR/Processors
  - Communities
  - Governance
  - General Public

- Level of impacts to each group depends on the GS levels that would have occurred under No Action.
- Higher GS levels under No Action mean greater negative impacts for GS interests, greater positive impacts to trawl
- Lower levels of GS reduce impacts to industry, potentially to close to zero.

Total Harvest and Ex-Vessel Revenue

	Alternative 1	Alternative 2	Alternative 3
Total	+4.9-13.2 mil lbs +$2.5-$7.3 mil	+3.8-12.1 mil lbs +$1.9-$6.7 mil	+3.2 mil lbs +$1.8 mil
Trawl *(Upper bound of benefits)*	+5.5-14.5 mil lbs $2.7-10.3 mil	+4.2-13.2 mil lbs $2.6- $9.5 mil	+3.5 mil lbs +$2.5 mil
GS *(Upper bound of losses)*	-0.6 - -1.4 mil lbs -$0.9 - - $3.1 mil	-0.5 – 1.3 mil -$0.7 - -$2.8 mil	-0.3 mil lbs -$0.7 mil

Amount of sablefish made available is difference between 29 percent and amount allocated to qualified GS in Alts 1 and 2

Vessels

	Alternative 1	Alternative 2	Alternative 3
Trawl	Vessels fishing in competitive bottom trawl strategies likely to benefit		
Gear Switching	• Ind. qualified GS Part. affected to the degree that their QS holding < GS landings. • Opportunity for most to recover by acquiring any-gear QS/QP ($). • Non-qual GS participants likely negatively impacted unless they acquire any-gear QS/QP ($).	• Legacy participants that own/operate vessels affected to the degree that QS holdings <GS landings. • Some recovery by acquiring any-gear QP annually ($). • Non-legacy participants negatively impacted and need to acquire any-gear QPs ($)	• Negative impacts compared to historic conditions under No Action (years greater than 29%).

LEP Owners

Alternative 1	Alternative 2	Alternative 3
• Few that lease to GS likely most impacted due to loss of entire revenue stream • In general, lease/sale price might decline somewhat		
• LEP ownership not considered in qualification	• Qualified LEP owners would receive legacy status w/ respect to QS	• Negligible Impact

QS Owners

Alternative 1	Alternative 2	Alternative 3
• Any-gear QS/QP value might incr • Trawl-only QS/QP value might decr	• Sablefish QS value may inc or dec depending on relative changes in the gear specific QP values and ratio of each. • Any-gear QP value might inc • Trawl-only QP value might dec.	• QS/QP value might be lower than under No Action for years in which the 29% limit would be constraining.
• QS/QP values for other species could increase if attainment increases enough		

Crew

	Alternative 1	Alternative 2	Alternative 3
Trawl	• Potential increases in income opportunity and jobs		
Gear Switching	• Loss of income and possibly jobs compared to historic conditions under No Action, but losses minimized to the degree that 29% is attained (likely) .	• Loss greater than Alts 1 and 3 because of dispersion of any gear QP across accounts (low likelihood of reaching GS max).	• Loss of income and job compared to historic conditions under No Action (years greater than 29%), but no losses to the degree that GS would have been less than 29% gear-switching under No Action.

FRs/Processors

	Alternative 1	Alternative 2	Alternative 3
Trawl	• Positive benefits to trawl FRs for all alternatives, most under Alt 2, QP Distribution Option 2		
Gear Switching	• Negative impacts but provides opportunity for long term access to any-gear QS for GS; includes suboption for qualification for FRs	• Negative impacts and limited ability to secure long term access to any-gear QP.	• Negative impacts compared to historic conditions under No Action (years greater than 29%).

Long Term Impacts

	Alternative 1	Alternative 2	Alternative 3
Total Harvest & Rev, Trawl Vessels, Efficiency, First Receivers, and Communities.	• GS limit leads to investment in more efficient processing (competitive) and marketing, total exvessel revenues and related impacts may increase	• Same as Alt 1 plus under QP Dist Opt 2, the amount of GS will diminish to a lower level (18.8%) as legacy participants divest themselves of their QS.	• Same as Alt 1
GS Vessels, First Receivers and Communities	• Those that are more dependent on GS deliveries than trawl may see some diminishment in investment over time with the reduced opportunity for GS.		
QS Owners	• Same as short term	• Effects of higher transaction costs (compared to Alt 1) might be more pronounced b/c less any-gear QPs in each QSA.	• Same as short term

Council Action

1. **Select a PPA and preliminary preferred options.**

2. **Address outstanding questions related to the PPA, if necessary (see discussion sections of Attachment 2).**

3. **Provide other guidance on the alternatives, as needed.**