

SABLEFISH GEAR SWITCHING –
FINAL ACTION
&
FMP AMENDMENT

Agenda Item F.4
April 2024



Council Action - This Meeting

- 1. Select FPA**
- 2. Adopt FMP language**
- 3. Other guidance, as necessary**



Briefing Book Materials

Advanced

- Attachment 1 - Synopsis of Alternatives, Options, & Issues
- Attachment 2 - Alternatives
- Attachment 3 - Analysis
- Attachment 4 - FMP Amendatory Language
- NMFS Report

Supplemental

- GAP Report



Presentation Outline

- Purpose & Need and SaMTAAC Principles
- Overview Alternatives
- FMP Amendment Language
- Process
- Analysis



Purpose & Need

SaMTAAC Principles



1.2 Purpose and Need Statement

- Need: most of trawl allocations under attained since program inception
 - FMP -
 - Goal 2: maximize the value of the groundfish resource as a whole
 - Goal 3: achieve the maximum biological yield
 - Amendment 20 - full utilization goal
- Purpose:
 - keep northern sablefish gear switching from impeding the attainment
 - while considering current operations & investments [trawl & GS]



1.1 Guiding Principles (SaMTAAC)

- Unlimited gear-switching - not desirable
- Ensure affordable trawl access
- Maintain a gear-switching option for trawlers
- Increase net value of trawl IFQ fishery
- Consider
 - impacts on existing operations (trawl & GS, vessels and buyers)
 - industry and community impacts & ensure long-term stability
 - effect on value of trawl permits



Alternatives

- No Action
- Action

Action Alt Overview,
Including PPA



Overview of Action Alternatives

Alt 1 - Gear-Specific QS/QP

Gear-Specific QS
Gear-Specific QP

One-Time QS Conversion

Qual GS participants: 100% any-gear QS for eligible QS

All others: some or no any-gear QS (remainder trawl only)

Annual QP Allocation

Relies on existing IFQ system

Alt 2 - Gear-Specific QP

Generic QS
Gear-Specific QP

One-Time Legacy Qualification

Annual QP Allocation

Eligible legacy owned QS:
100% any-gear QP

All other QS: Standard QP ratio

Requires new elements for the tracking legacy participants and QS they own

Alt 3 - Seasonal

Generic QS
Generic QP

Closure to retention of gear-switched sablefish

Relies on existing IFQ system



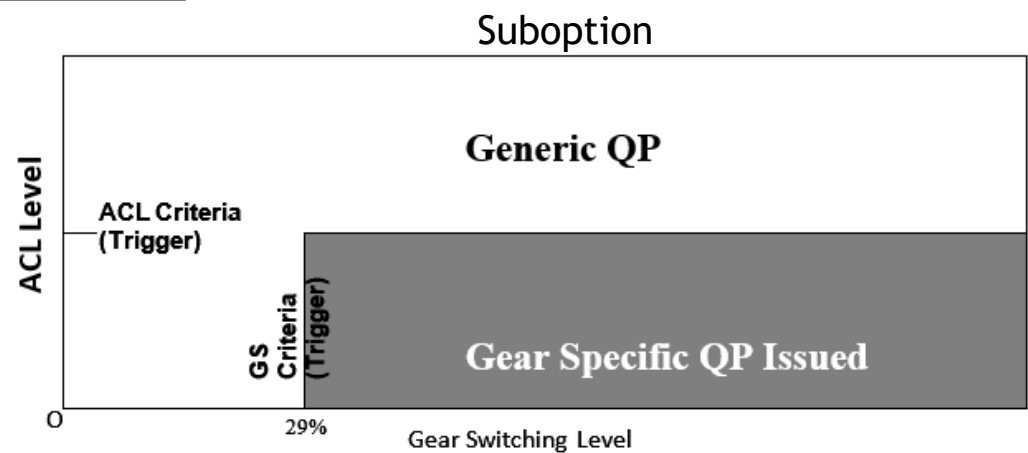
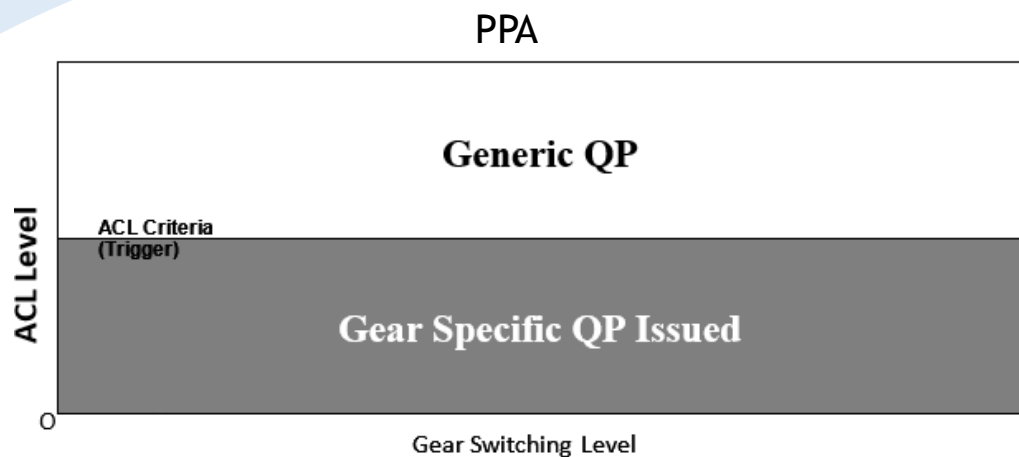
PPA

Two modes--determined annually

- Gear-Specific QP Years
 - Alternative 2 (initially 29% any-gear QP)
 - QP Distribution Option 2 (Declining % Any-gear QP)
- Generic QP Years
 - No Action
- Trigger for Generic QP Years
 - ACL Level \geq 5,000 to 10,000 mt (value to be chosen by Council)
 - Suboption (not part of PPA): ... or gear-switching 3-year average \leq 29%



PPA - Trigger and SubOption



PPA => FPA Decision/Guidance Needed

- Triggers
 - ACL (Level)
 - Percent Gear-Switching (Suboption)
- Qualification - Estates for Deceased Individuals
 - Ownership as of and since the control date
 - Qualifying permit ownership
 - QS ownership
 - Trusts
 - Other Asset Transfers of Deceased Owners
- Expiration of Legacy Status
 - Trusts, Non-Profits



FMP Amendment Language (Att 4)

Housekeeping - e.g. terminology update

Context - setting up that gear-switching exists

The action - gear-switching limitation



Specificity of FMP on GS Limitation

- Two options: What is included about the trigger?

Gear Specific QP would be issued

..., except in years *that meet trigger criteria specified in regulation...*

..., except in years *when the northern sablefish ACL is greater than or equal to X mt...*

{+ gear-switching percentage suboption language, if included in the FPA}



Process and Deeming



Deeming Process

- Usual process: Executive Director
- Occasional process: Council Deeming

- Considerations for Council Deeming -
 - Review of implementation issues left to NMFS
 - Discovery of additional policy issues drafting regs
 - Scheduling: potential process delay and Council workload/agenda crowding



Questions About Alternatives, FMP Amendment or Process?



Analysis



Main Sections



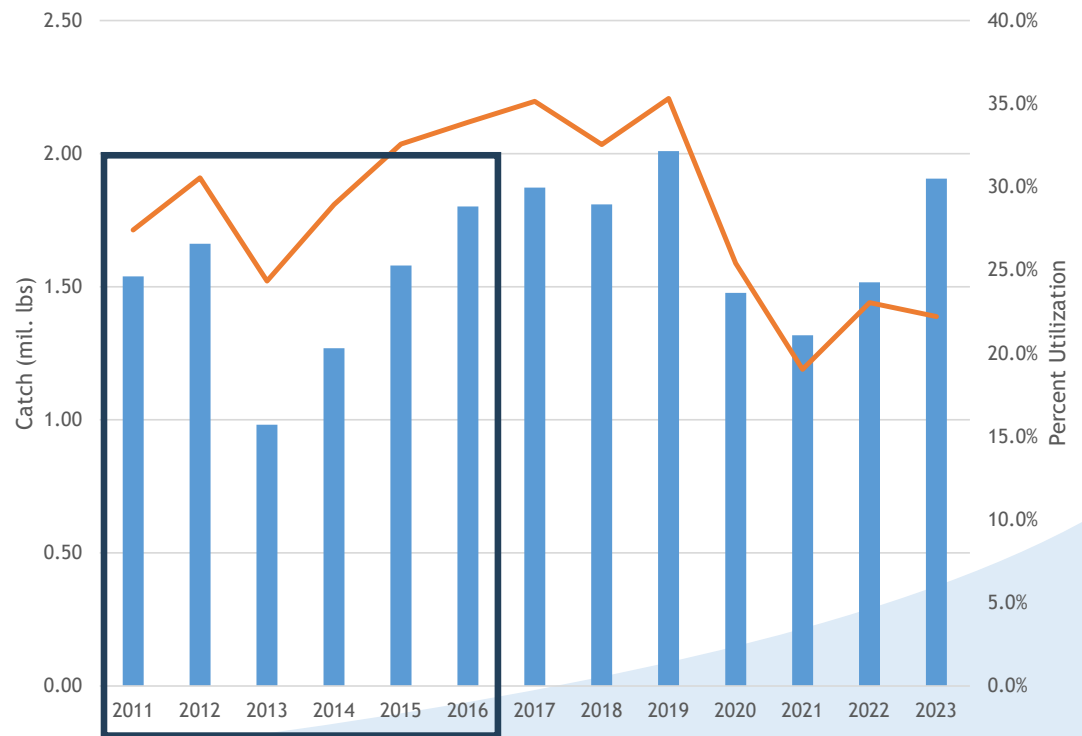
Descript of Fishery & Problem Analysis

- 2.1 Why we have sectors
- 2.2 History of the trawl-fixed gear sablefish allocation
- 2.3 History of trawl attainment and gear-switched harvest



Gear Switching Level Overview 2011-2023

- Catch
 - Avg= 1.60 mil. lbs.
 - Range= 0.98-2.01 mil. lbs.
- Utilization
 - Avg= 28.5%
 - Range=19.0-35.3%
- Participation (Vessels & Permits)
 - Avg=13
 - Range= 7-21



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



Competition between Trawl Strategies

- Ves Rev/Profit per pound: DTS>GS
 - However, some GS vessels more profitable than trawlers and vice versa
- Not just DTS- but change in strategies that use and most likely to compete for sablefish
 - Shelf, slope, and flatfish- similar in magnitude of \$/1000 lbs of sabl
 - Whiting/midwater RF- 2023 ratio of sabl to non-sabl increased from prev. yrs.



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

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

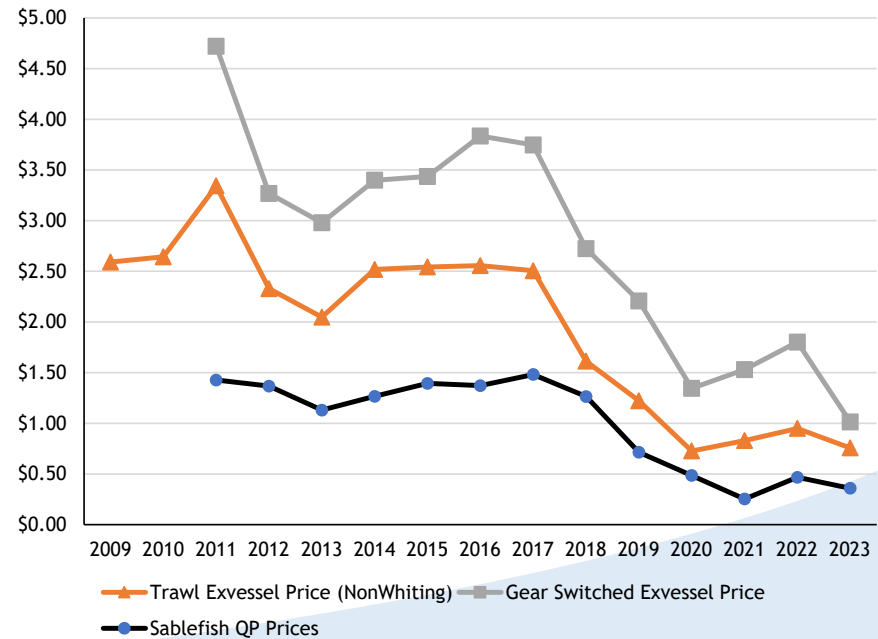
2.5.7 Trends in QS Acquisition



Sablefish Market Prices

- Generally, price influences catch
- However, in 2023
 - Volume up, GS price down
 - QP price down slightly
 - Differential low

IFQ Fishery Northern Sablefish
Ex-vessel and QP Prices (Per Pound)



Alternatives and Summaries of Analysis

- 3.0 Brief description of alternatives (see Att 1 and 2)
- 4.0 Summaries of Analysis (Results from Sections 7, 8 and 9)
 - 4.1 Comparison Main Impact Differences
 - 4.2 National Standards
 - 4.3 Other MSA Considerations
 - 4.4 Groundfish FMP Goals and Objectives
 - 4.5 Regulatory Impact Review (including cost-benefit)
 - 4.6 IRFA -- Small Business Impacts
 - 4.7 Other Applicable Law



Main Body of Analysis

- 7.0 Detailed Comparison of Impacts
- 8.0 Design of Alternatives - Overarching Issues (e.g. Control Date)
- 9.0 Design of Alternatives - Alternative Specific Analysis
- 10.0 Background Information (Descriptive)



Scenarios

Main driver of impacts- whether GS is constraining trawl activity

Three scenarios examined on response to limiting GS:

- GS limits harvest of trawl complex
 - Trawlers increase harvest of complexes (e.g. DTS)
- GS causes trawlers to avoid sablefish
 - Trawlers increase proportion of sablefish in catch
- GS is not limiting trawl attainment
 - No change in trawl activity (sablefish QP goes unused)

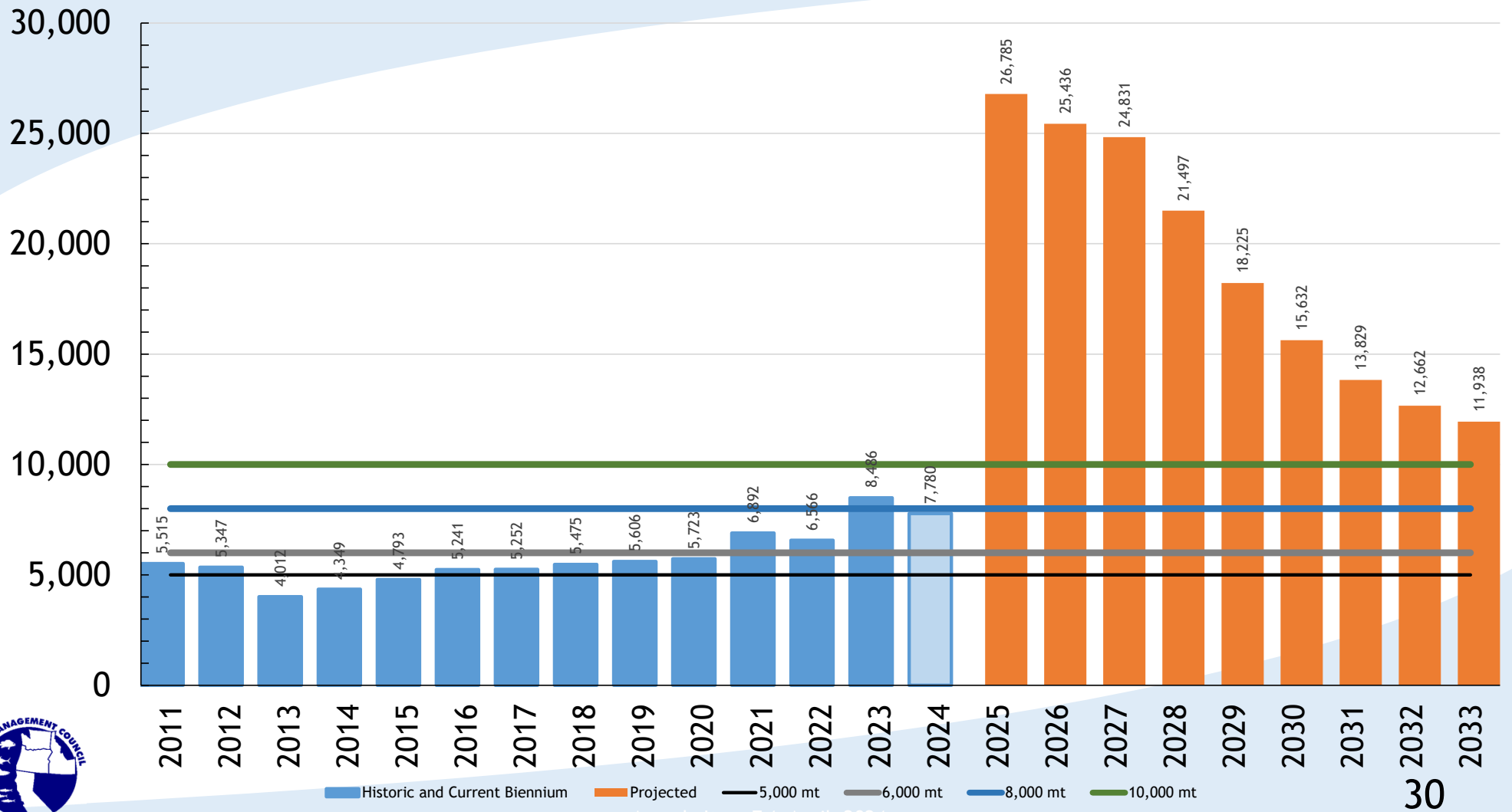
Response applies to difference between No Action Vs. Action amount



PPA Generic-QP Trigger Analysis ACLs & GS Level Criteria



Northern Sablefish ACLs & Criteria



PPA - Trigger Analysis - ACLs

Retrospective Analysis - 2011-2023

Compare type of QP issued to level of gear switching

Council motion: develop options that limit gear-switching to $\leq 29\%$

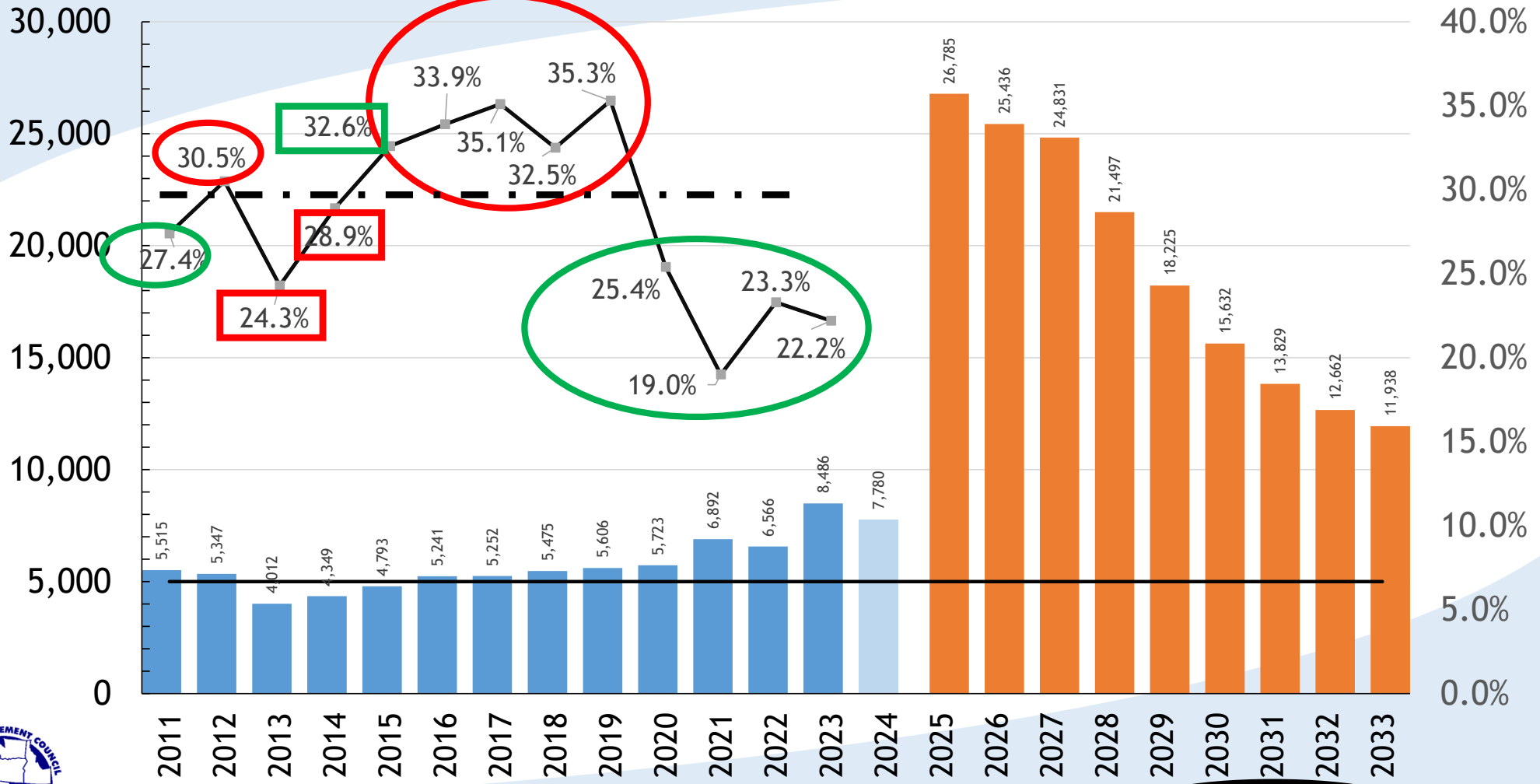
GS $> 29\%$, issue gear-specific QP (i.e constrain)

GS $\leq 29\%$, issue generic QP 29 percent (i.e. no constraint)

... when either of these happen, we'll call the result “aligned”



Retro Analysis: ACLs, Criteria & Gear-Switching Levels



Gear Specific QP

■ Historic and Current Biennium
 ■ Projected
 — 5,000 mt
 — % Gear Switching

Generic QP

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PPA - Trigger Analysis - ACLs

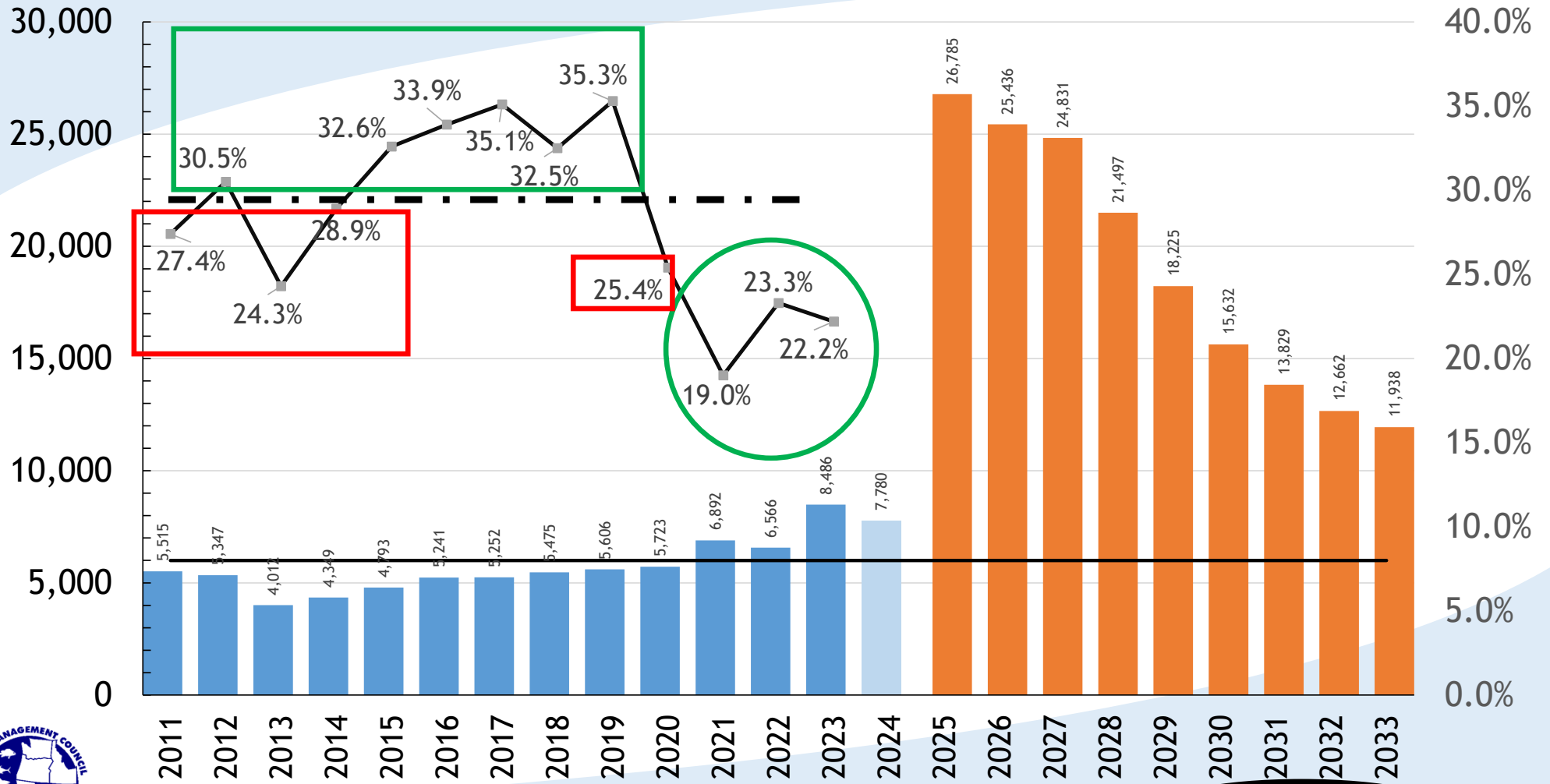
Table: Number of years in which result is aligned (2011-2023). ^{GU0}

	"Aligned"		"Not Aligned"	
	Gear-Specific QP	Generic QP	Gear-Specific QP	Generic QP
5,000	1	5	2	5
6,000				
8,000				
10,000				



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Retro Analysis: ACLs, Criteria & Gear-Switching Levels



Gear Specific QP

Historic and Current Biennium Projected 6,000 mt % Gear Switching

Generic QP 34

PPA - Trigger Analysis - ACLs

Table: Number of years in which result is aligned (2011-2023).

ACL Level	“Aligned”		“Not Aligned”	
	Gear-Specific QP	Generic QP	Gear-Specific QP	Generic QP
5,000	1	5	2	5
6,000	6	3	4	0
8,000				
10,000				



PPA - Trigger Analysis - ACLs

Table: Number of years in which result is aligned (2011-2023).

ACL Level	"Aligned"		"Not Aligned"	
	Gear-Specific QP	Generic QP	Gear-Specific QP	Generic QP
5,000	1	5	2	5
6,000	6	3	4	0
8,000	6	1		
10,000	6	0	7	0



Gear-Switching Level Trigger Suboption



GS Level Suboption - Analysis

Main Points

Hypothetical Time Series (assume ACL levels are low)

- Low GS levels (always < 29%) -- works as expected ==> generic QP
- Moderate GS levels (>29% & 33% avg) ==> yo-yo effect
- High GS levels (>29% & 42% avg) ==> still some generic QP yrs

Retrospective application (2015-2025)

As compared to ACLs criteria alone
suboption changes QP type in up to 6 yrs

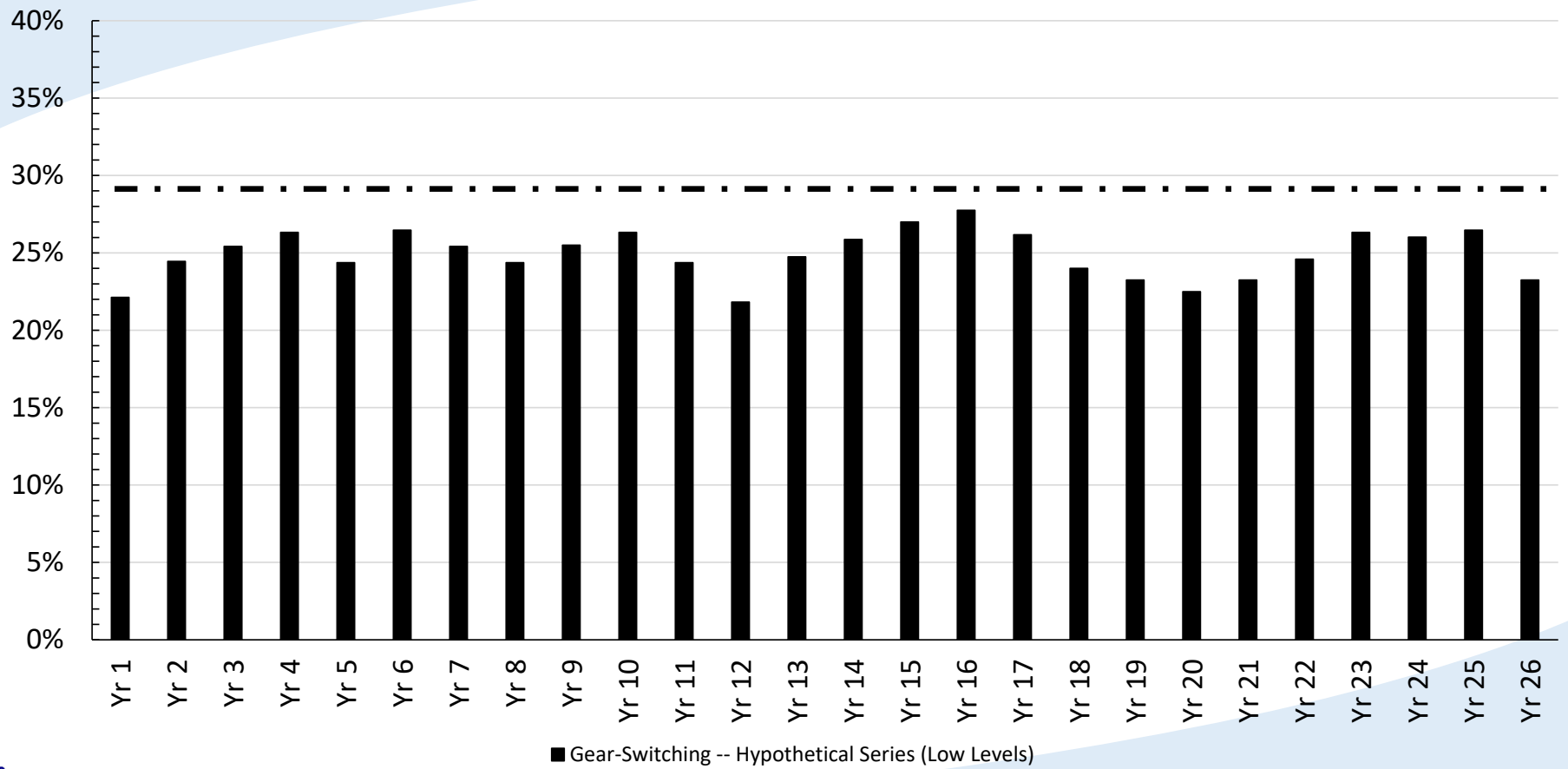


Gear-switching Level Suboption

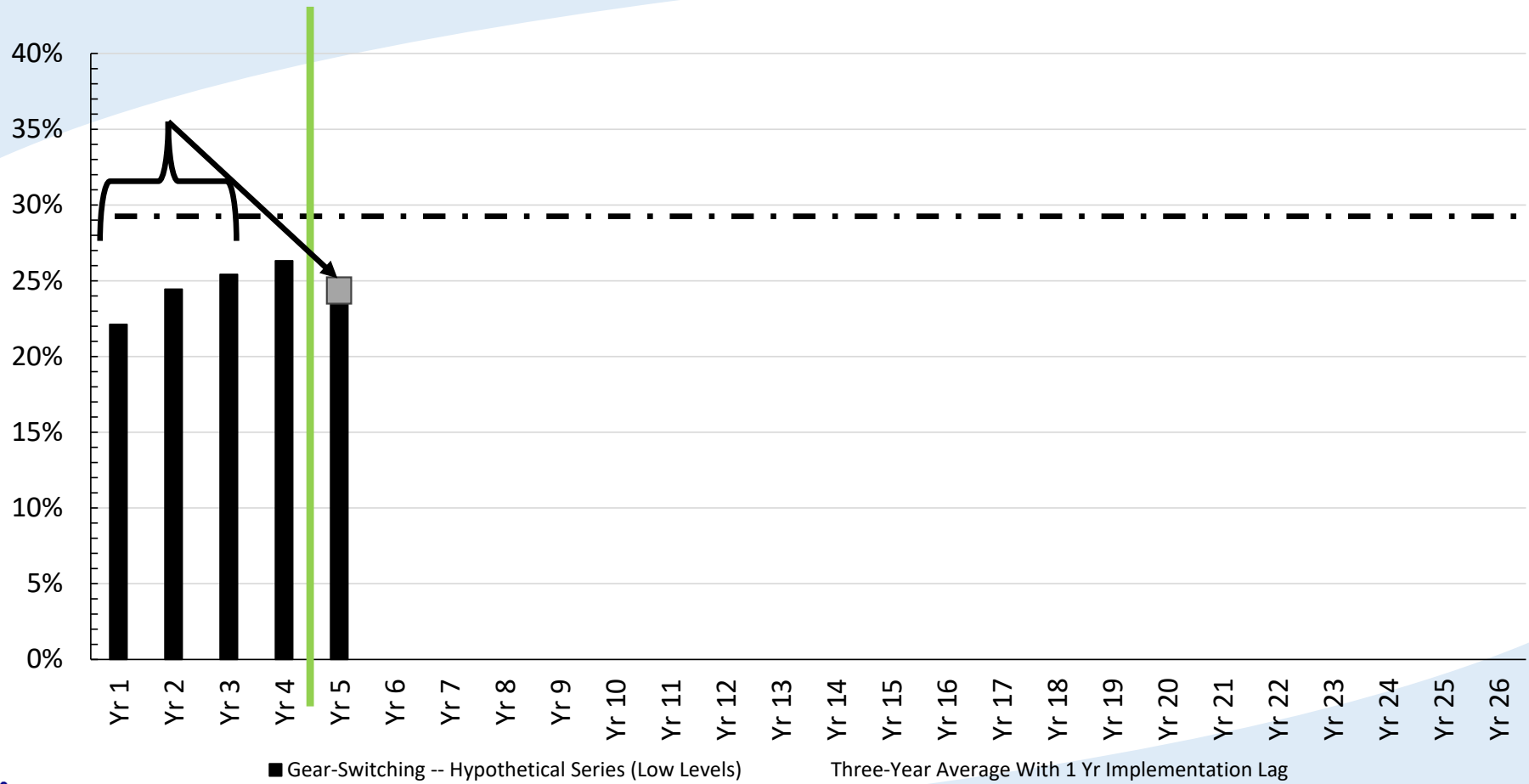
Hypothetical Time Series



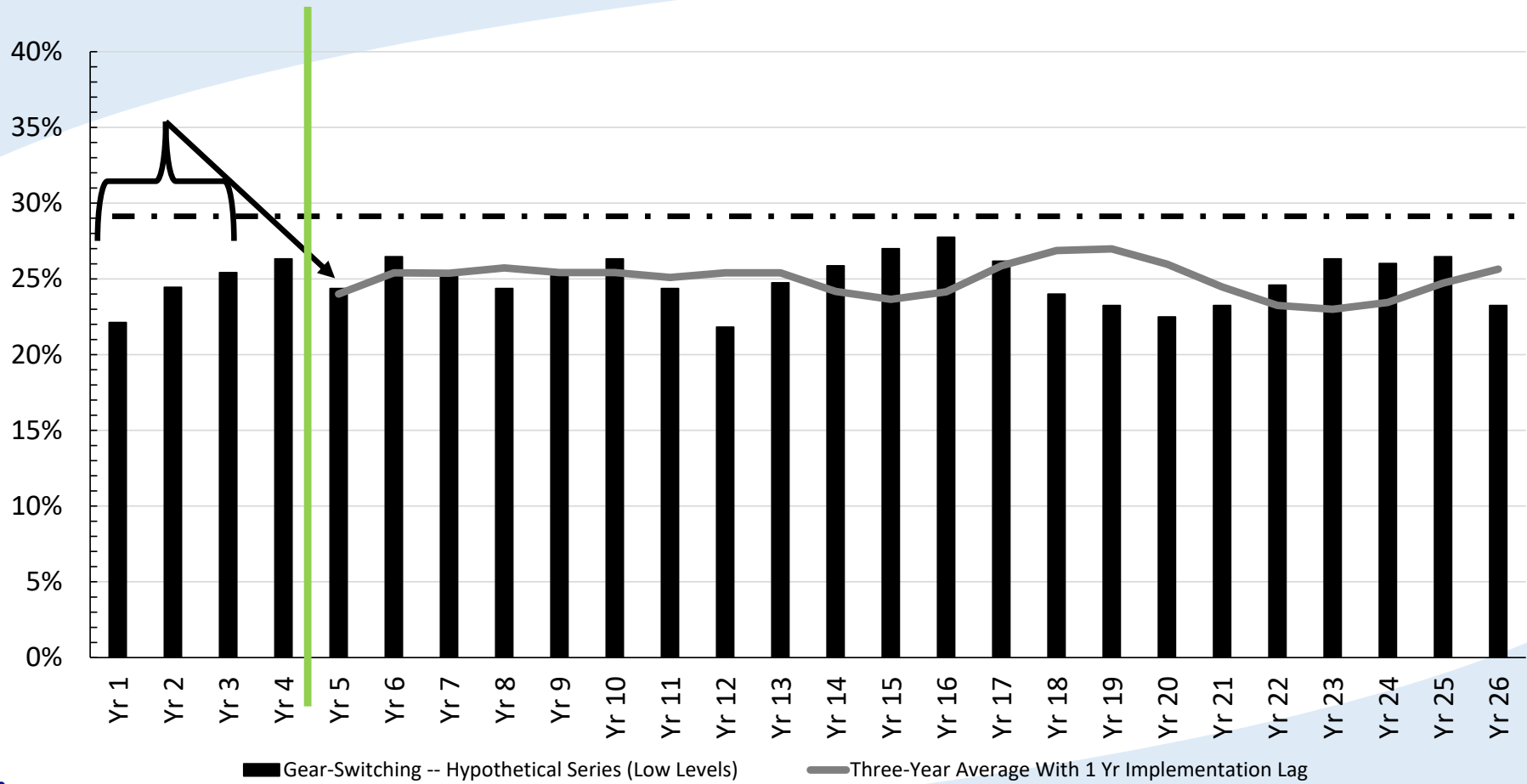
Low Gear-Switching Levels (<29%) - Generic QP



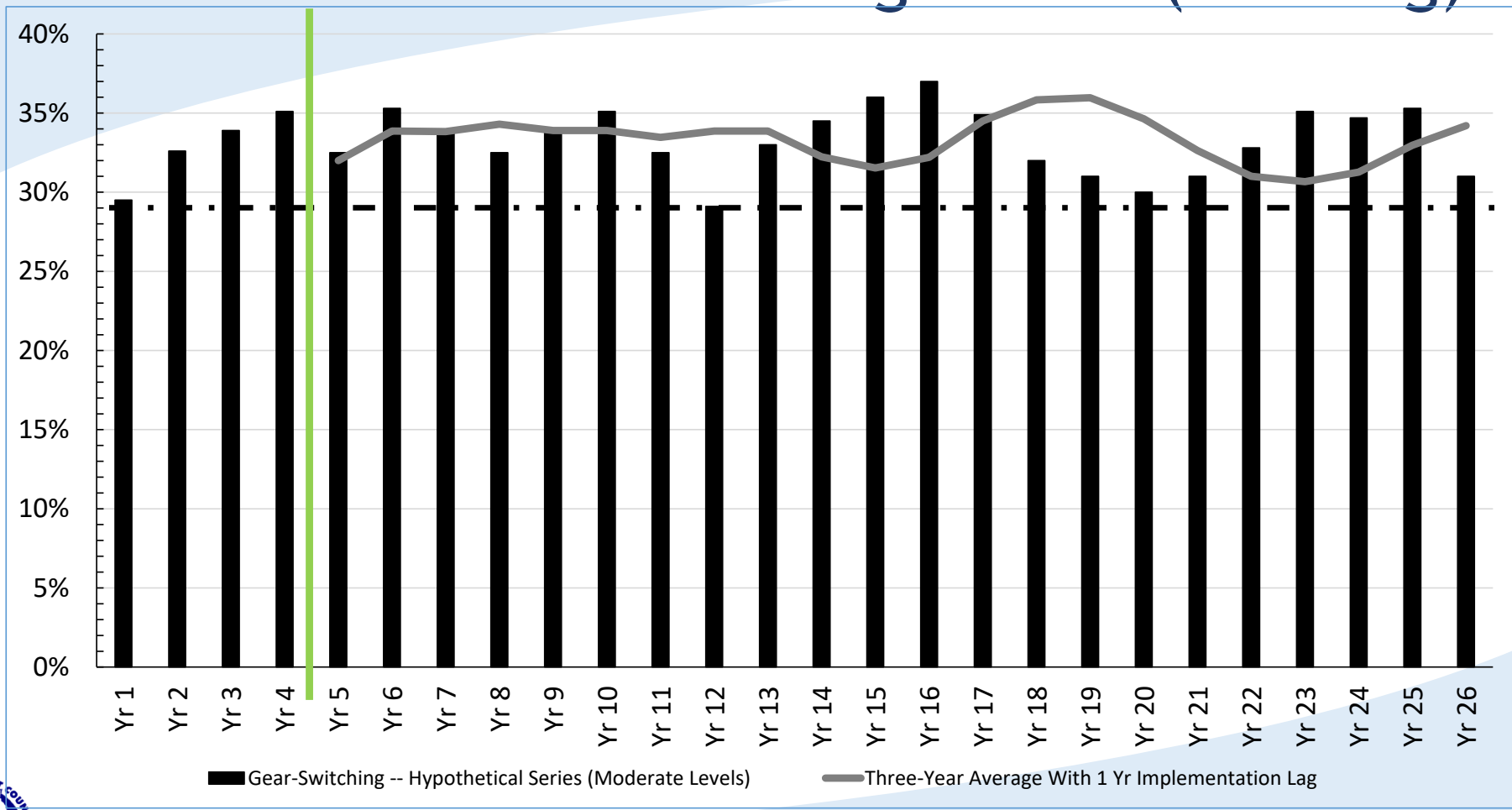
Low Gear-Switching Levels (<29%) - Generic QP



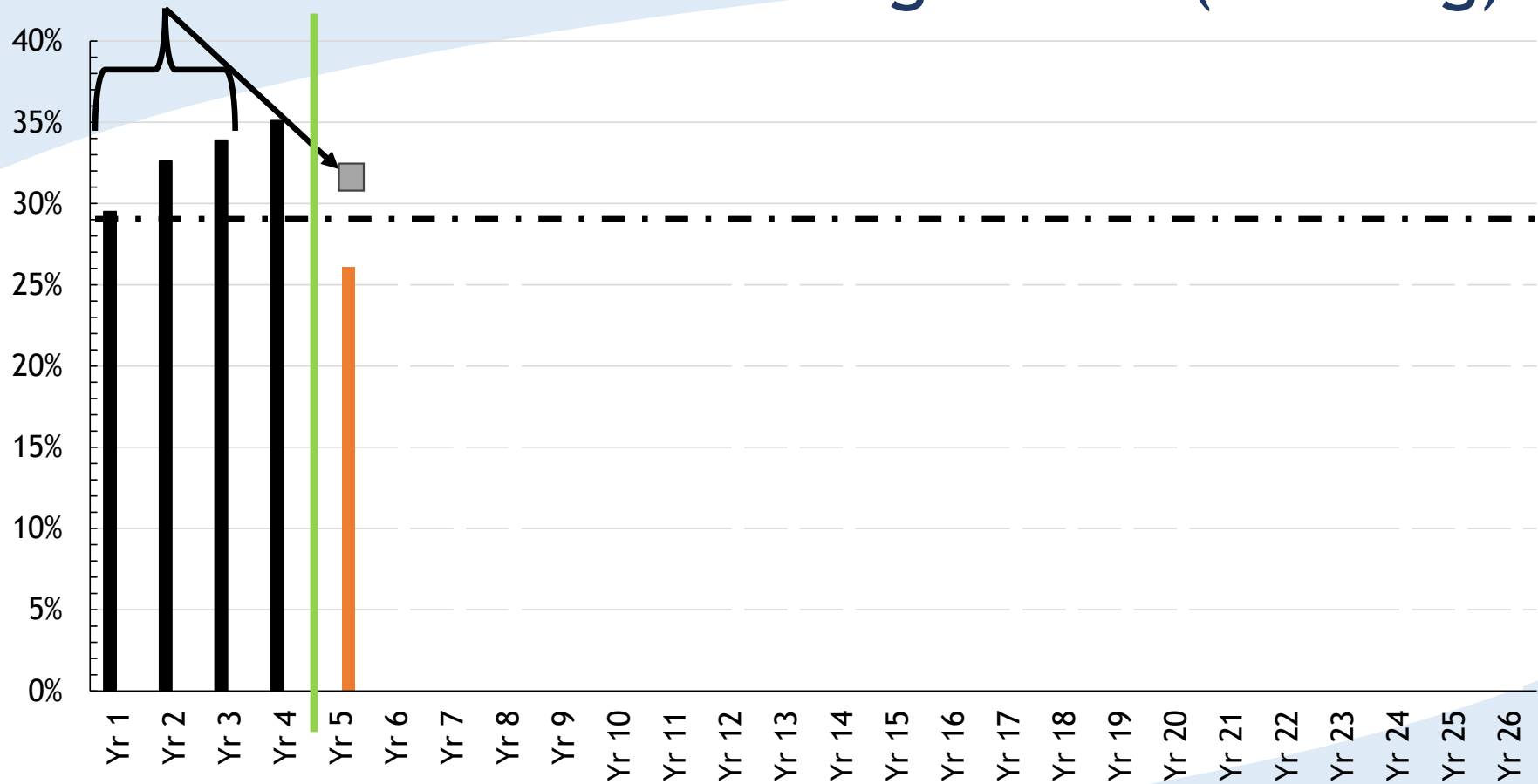
Low Gear-Switching Levels (<29%) - Generic QP



Moderate Gear-Switching Levels (33% Avg)



Moderate Gear-Switching Levels (33% Avg)



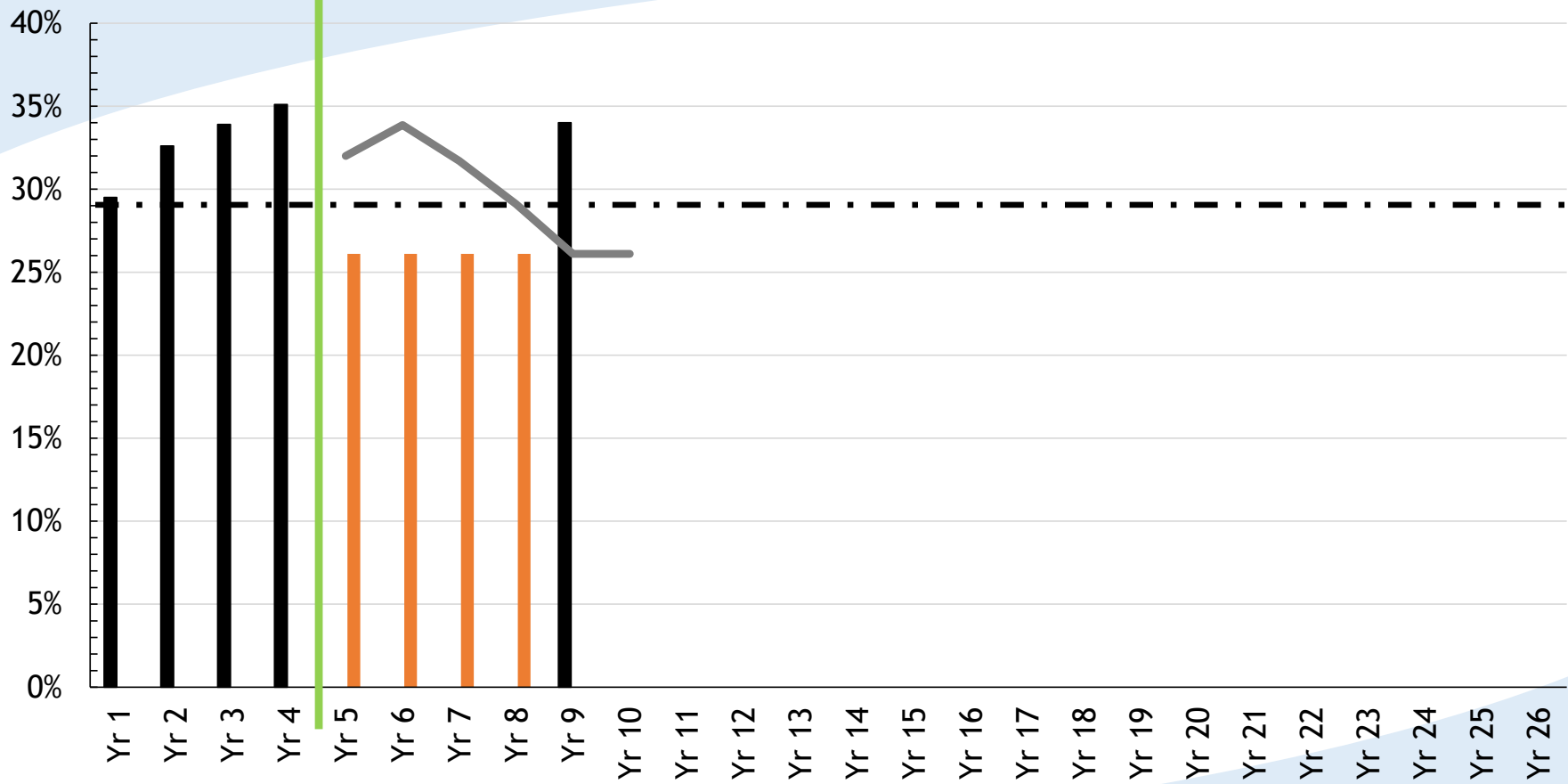
Gr-Sw Level-- Years in which SQ QP are issued.

Gr-Sw Level-- Years in which gear-specific QP are issued.

Three-Year Average With 1 Yr Implementation Lag



Moderate Gear-Switching Levels (33% Avg)



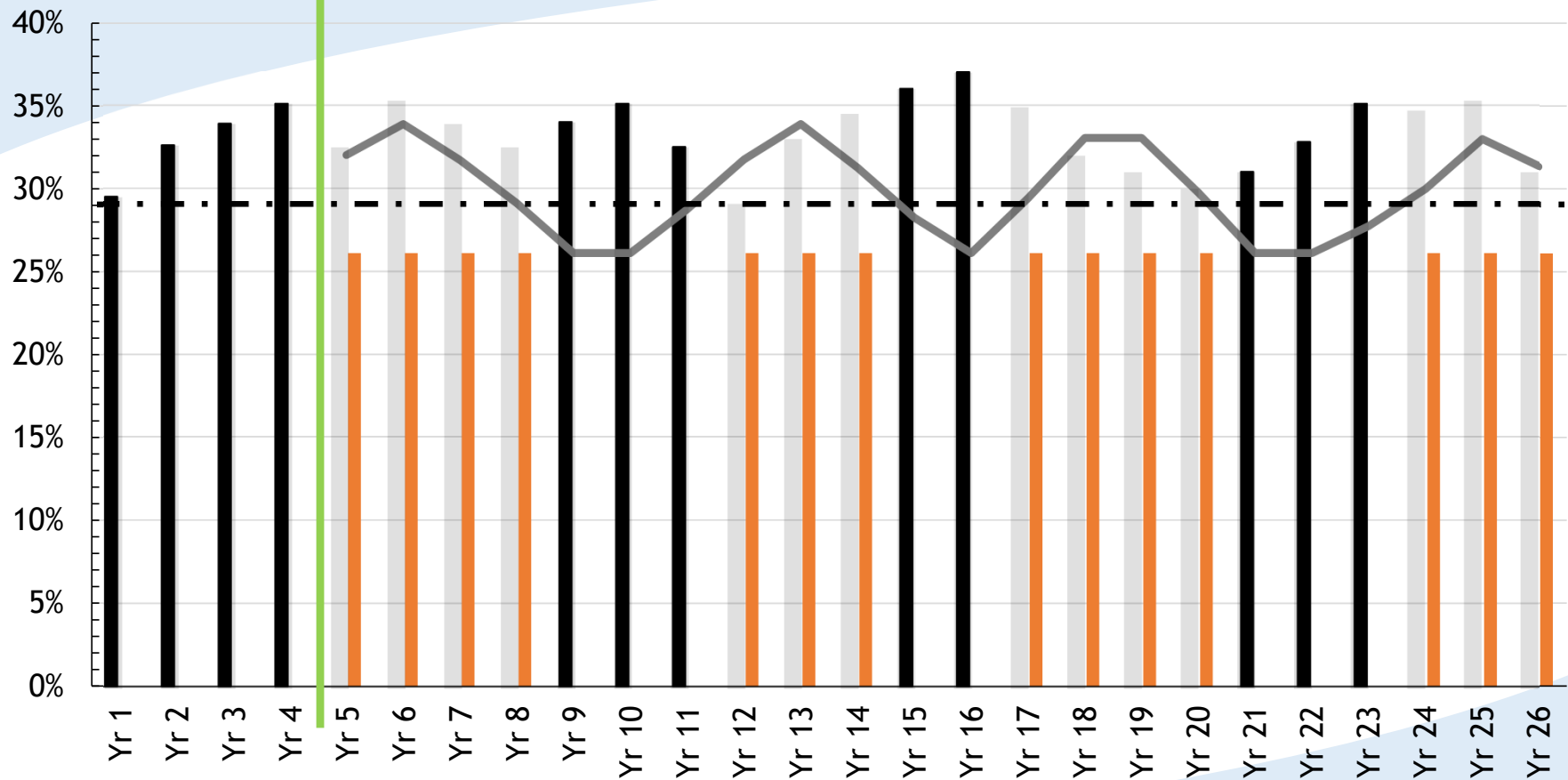
■ Gr-Sw Level-- Years in which SQ QP are issued.

■ Gr-Sw Level-- Years in which gear-specific QP are issued.

— Three-Year Average With 1 Yr Implementation Lag



Moderate Gear-Switching Levels (33% Avg)



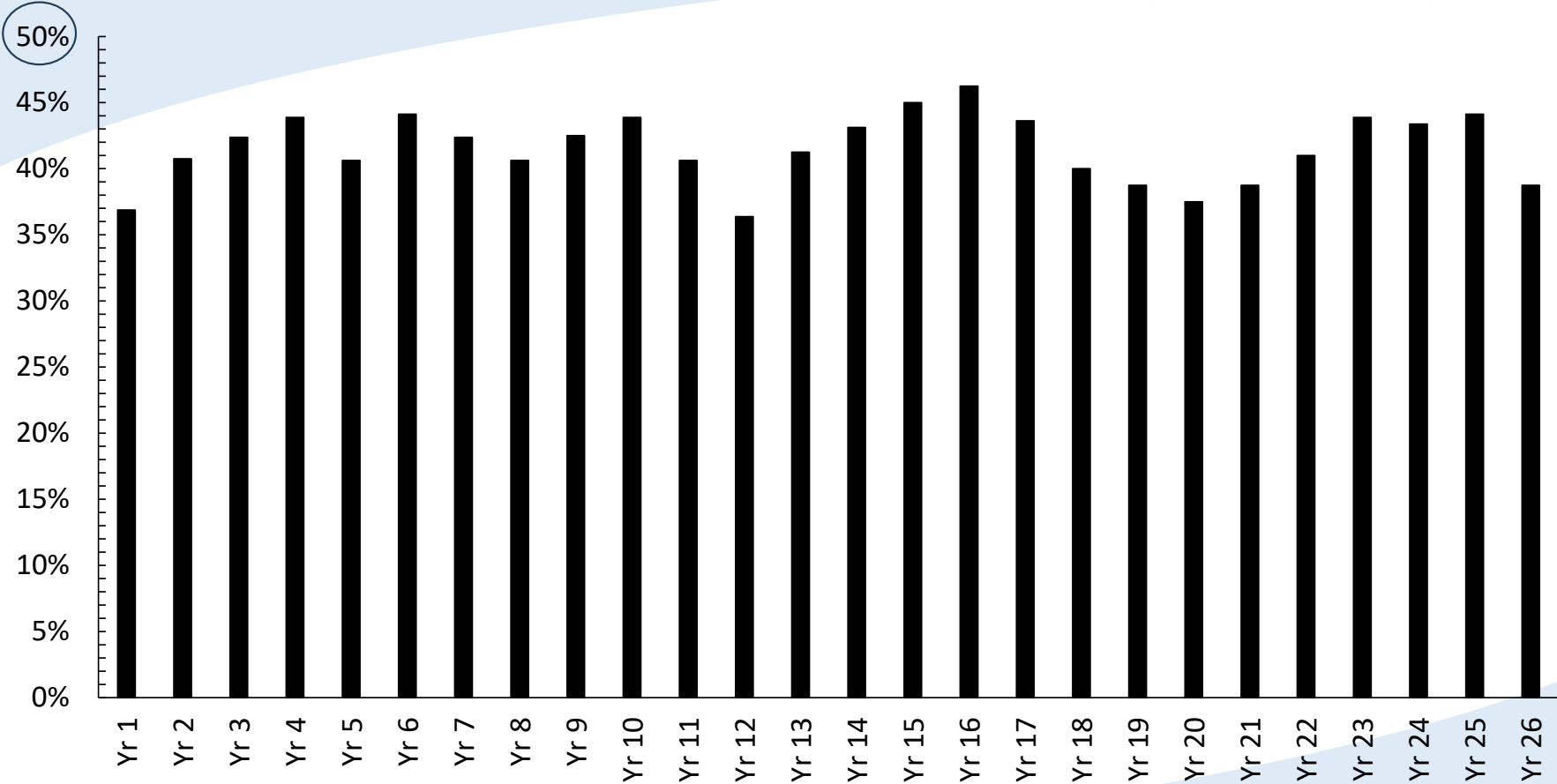
■ Gr-Sw Level-- Years in which SQ QP are issued.

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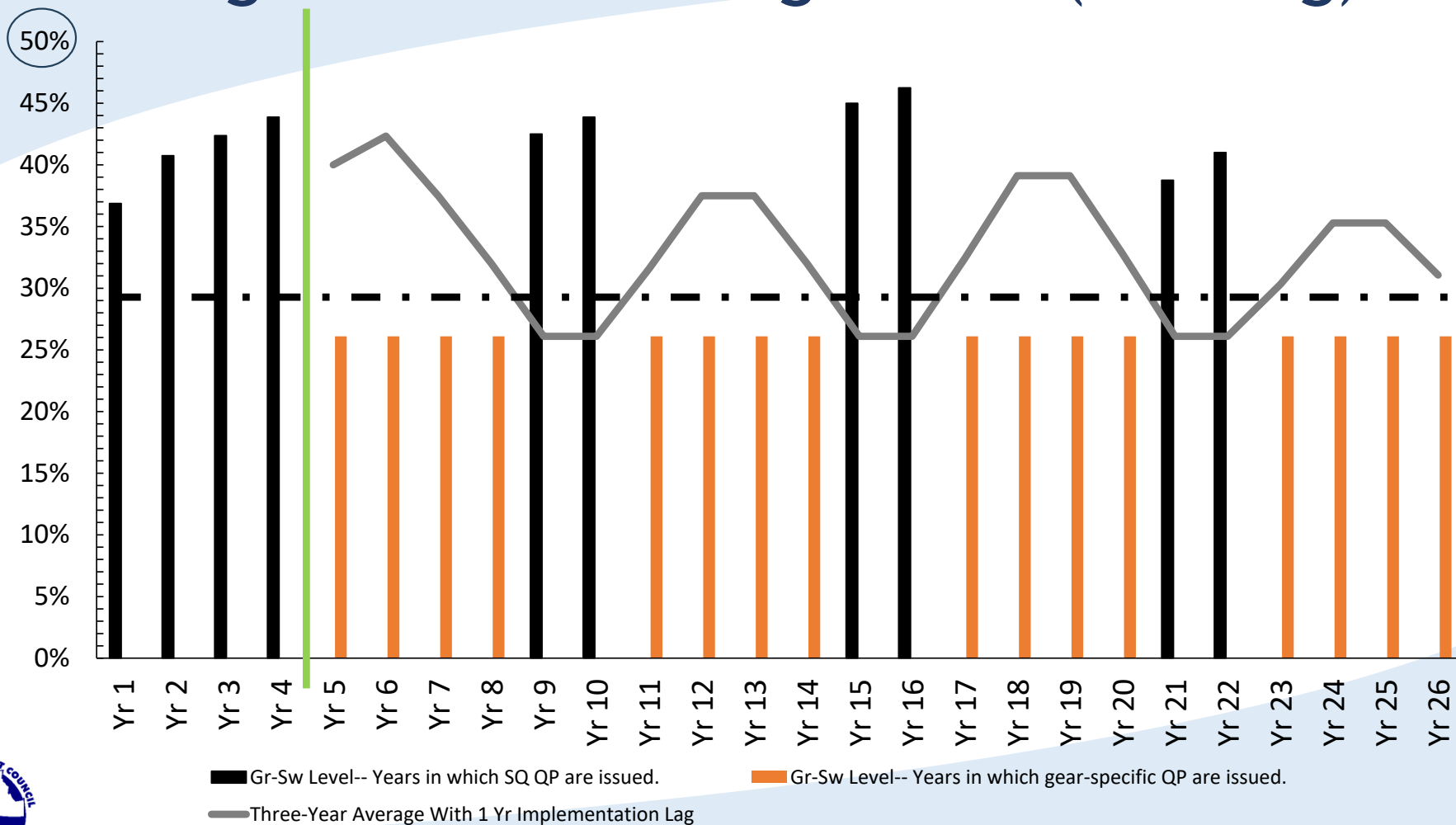
— Three-Year Average With 1 Yr Implementation Lag



High Gear-Switching Levels (42% Avg)



High Gear-Switching Levels (42% Avg)



Gear-switching Level Suboption Retrospective Evaluation



Retrospective Evaluation of GS Level Criteria

ACL	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	
5,000	2011-2014 gear-switching data apply to 2015 and 2016 avgs Yellow indicates a change caused by the suboption.				Gen	Gen	Gen	Gen	Gen	Gen	Gen	Gen	Gen	Gen	Gen	
6,000					Gen	Gen	Gen	GSp	GSp	GSp	Gen	Gen	Gen	Gen	Gen	Gen
8,000					Gen	Gen	Gen	GSp	GSp	GSp	GSp	Gen*	Gen	Gen	Gen	
10,000					Gen	Gen	Gen	GSp	GSp	GSp	GSp	Gen*	Gen	Gen	Gen	
GS %	3 of 4 years <29%				32.6	33.9	35.1	32.5	35.3	25.4	19.0	23.3	22.2	n/a	n/a	



PPA - Gear Specific QP



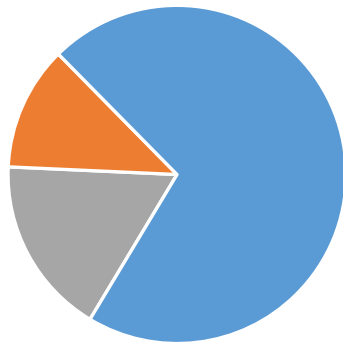
PPA Qualification

- Legacy participant- as of and since control date
 - Owned LEP w/ 30,000 lbs of GS landings for 3+ years (2011-CD)
 - Owned sablefish N QS
- 11 permits met landings criteria
 - 4 estimated to have been leased (vessel owners wouldn't qualify)



PPA - Gear-Specific QP Analysis

	Legacy Participants	Non-Legacy Participants
Number of Entities (2023)	18	201
Number of QSAs (2023)	13	113
Ratio	100%	Standard Ratio



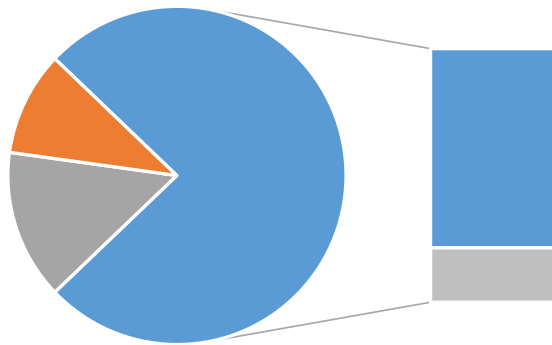
Standard Ratio=
 19.4% Any-Gear
 80.6% Trawl-Only



■ Non-legacy ■ Legacy ■ Trawl Only

PPA - Gear-Specific QP Analysis

	Legacy Participants	Non-Legacy Participants
Number of Entities (2023)	18	201
Number of QSAs (2023)	13	113
Ratio	100%	Standard Ratio



Standard Ratio=
 19.4% Any-Gear
 80.6% Trawl-Only



■ Non-Legacy ■ Legacy ■ Trawl-Only ■ Any-Gear

Process for Modify Gear Switching Limitation in Future

- ACL Trigger
- Change ratio (in gear-specific years)
 - Modify standard ratio
 - Modify ratio provided to legacy participants
 - Issue trawl only QPs for any-gear QPs
- Both would require a regulatory/poss FMP amendment



Impacts of PPA (Compared to Alt 2 and No Action)



Impacts of Alt 2

- High likelihood of attainment of any-gear QPs owned by legacy participants, lower for non-legacy
- Limited ability to secure long-term access to any-gear QP (generic QS)
- QS prices driven by mix in value of trawl/any gear QP
- Any-gear QP highly dispersed- likely to result in redistribution of GS activity among communities



Differences Between PPA & No Action/Alt 2

Generally,

Generic QP Years - Like No Action

Gear-Specific QP Years - Like Alt 2

PPA Differences Relate to:

Investments- Gear Specific QP Year Compared to Alt 2

GS- more incentivized to acquire QS

Twl- negative influence

Costs (Administrative)- Generic QP Year Compared to No Action

Higher due to legacy status tracking



Council Action - This Meeting

1. Select FPA, including
 - final preferred options and
[PPA: trigger(s)]
 - resolution of outstanding issues
[PPA: legacy expiration—e.g. nonprofits].
2. Adopt FMP language.
3. Provide other guidance on the alternatives and process, as needed.

