



GEAR SWITCHING RANGE OF ALTERNATIVES

(From September 2021 Motions)

Two Part Presentation—Objectives

Part 1: *Understand basics of alternatives.*

Part 2: *Understand the nature of issues that need to be addressed.*

Council Process

- *Sept 2017 – Adoption of Control Date (9/15/2017)*
- *Spring 2018 – SaMTAAC Convened*
- *June 2020 – SaMTAAC Final Report*
- *Nov 2020 – Apr 2021 – Council Decides on 29% Max*
- *Sept 2021 – ROA Adopted*
- *June 2022 – Council Check-in & Guidance on ROA*

OVERVIEW OF ALTERNATIVES

Part 1

Scope of Action and Definitions

Scope

- Trawl IFQ Program
 - *E.g., prior to Sept 15, 2017 (control date) also means after January 1, 2011*
- Trawl Limited Entry Permits
 - *E.g., gear switching endorsements for “permits” would be for trawl LE permits.*
- Sablefish north of 36° N. lat.
 - *E.g., QS and QP means sablefish north QS and QP*

Terms

Gear switching = use of non-trawl gear in the trawl IFQ program

Current = at time of implementing allocations & designations (e.g. “current owner”)

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

Adaptive Management Program (AMP)

- 90% of non-whiting QS allocated to *trawl permit owners*
- 10% of non-whiting QS “provided” for *AMP*
- AMP QP – pass-thru to QS owners
 - Someone owning 1.0% of the QS receives ~1.1% of the QP



Action Alternatives

Overview of Council Alternatives

Alt 1.

Gear Specific QS
(Trawl-Only and Any-Gear)

Gear Switching Requires
Trawl LEP + Any -Gear QP

Gear Switching History Consideration:
100% Any-Gear QS

Qualifying for History Consideration:
QS Owned on Control Date
History of Vessel Ownership

Alt 2.

Gear Switching Endorsement
(Individualized Annual Gear Switching Limits)

Gear Switching Requires
Trawl LEP

Gear Switching History Consideration:
Gear Switching Endorsement

Qualifying for History Consideration:
History of LEP and/or Vessel Ownership
and Possibly QS Ownership

Alternative 1: Gear Specific QS

Basics: Northern Sablefish QS Types



Trawl-Only QS

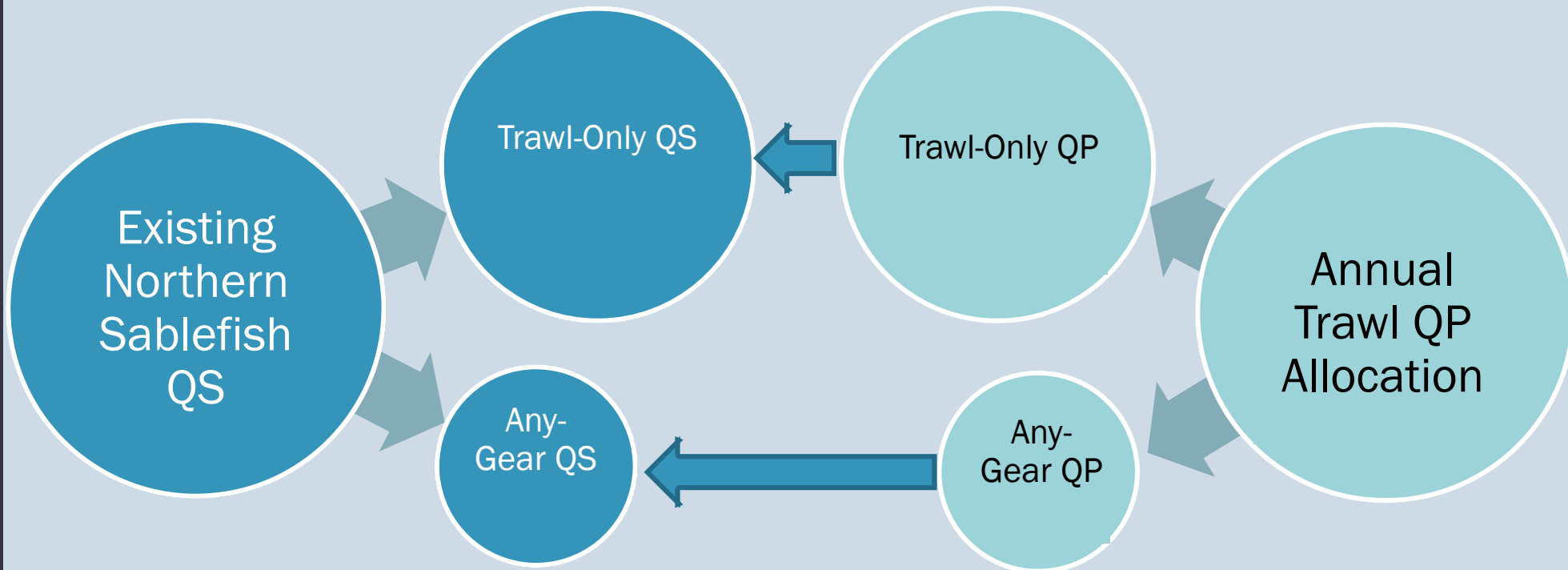
Any-Gear QS
(i.e. status quo)

Maximum Any-Gear QS = 29%

Implementation QS Conversion and Annual QP Issuance

One-Time QS Conversion

Annually Issued QP



Conversion Process

QS Owners (90% of QS)

1. Classification of Current QS Owners and QS

➡ A. QS Owners as of Control Date:

Categorize Owners into Participant Classes and
Identify Amount of QS Owned on Control Date

➡ B. Excess QS and New Owners:

Identify QS in excess of amount held on control date and new QS owners

2. Apply conversion formulas based on A and B => *Any-gear QS and Trawl-only QS*

AMP QS (10% of QS)

3. Convert based on identified split => *Any-gear QS and Trawl-only QS*

Final Step

4. Combine and Adjust QS Owner QS and AMP QS

Conversion 1.A:

QS-Owner — Participant Classifications



Gear
Switching
Participant

- Ownership of vessel while it gear switched (2 options).

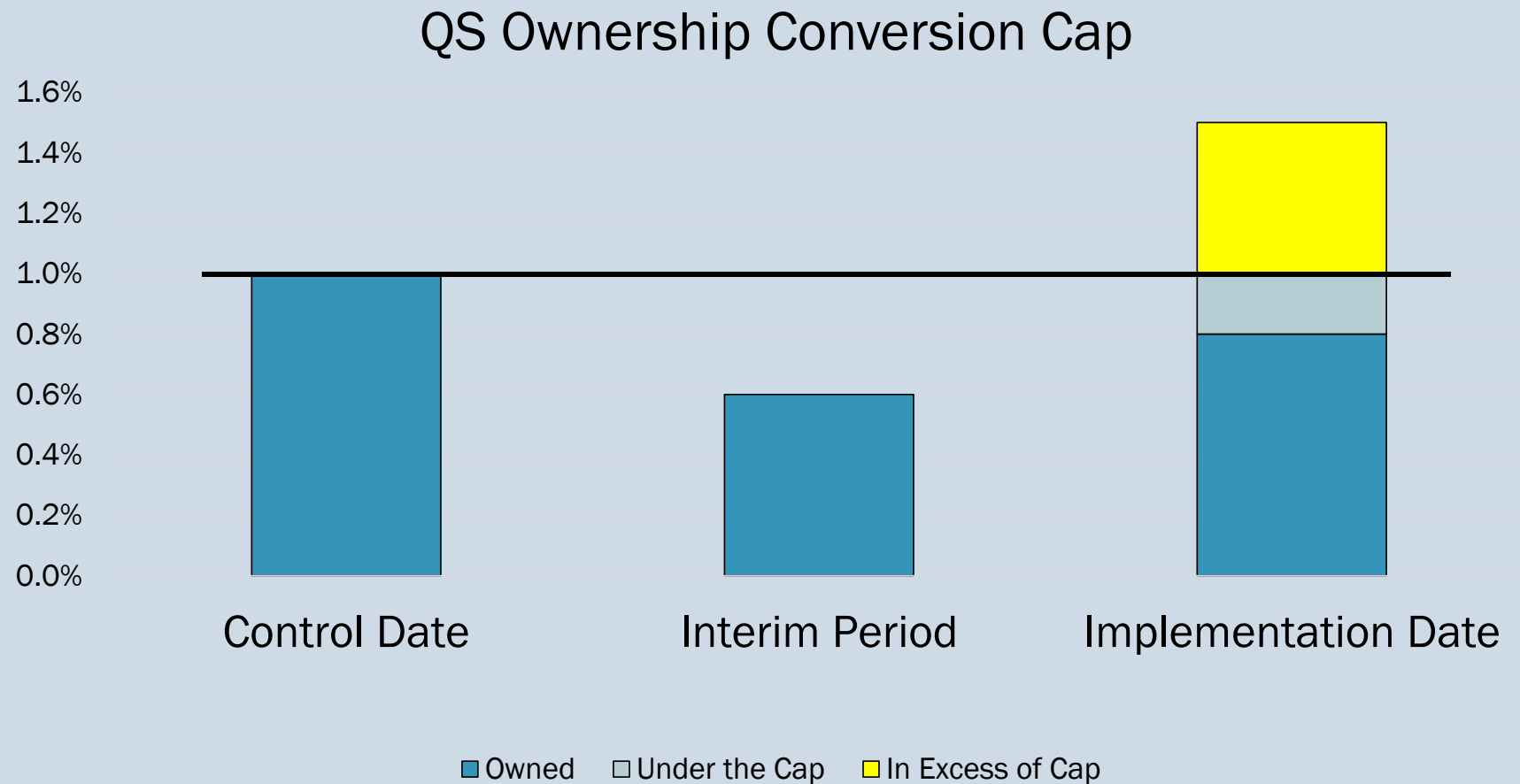
IFQ
Participant

- Opt 1: Not a gear switching participant
- Opt 2: Ownership of a vessel while it made a bottom trawl landing of sablefish.

Other
Participant

- Neither
- GS participant nor
 - IFQ participant

Conversion 1.B: QS in Excess & New QS Owners



Conversion Process

QS Owners (90% of QS)

1. Classification of Current QS Owners and QS

☒ A. QS Owners as of Control Date:

Categorize Owners into Participant Classes and
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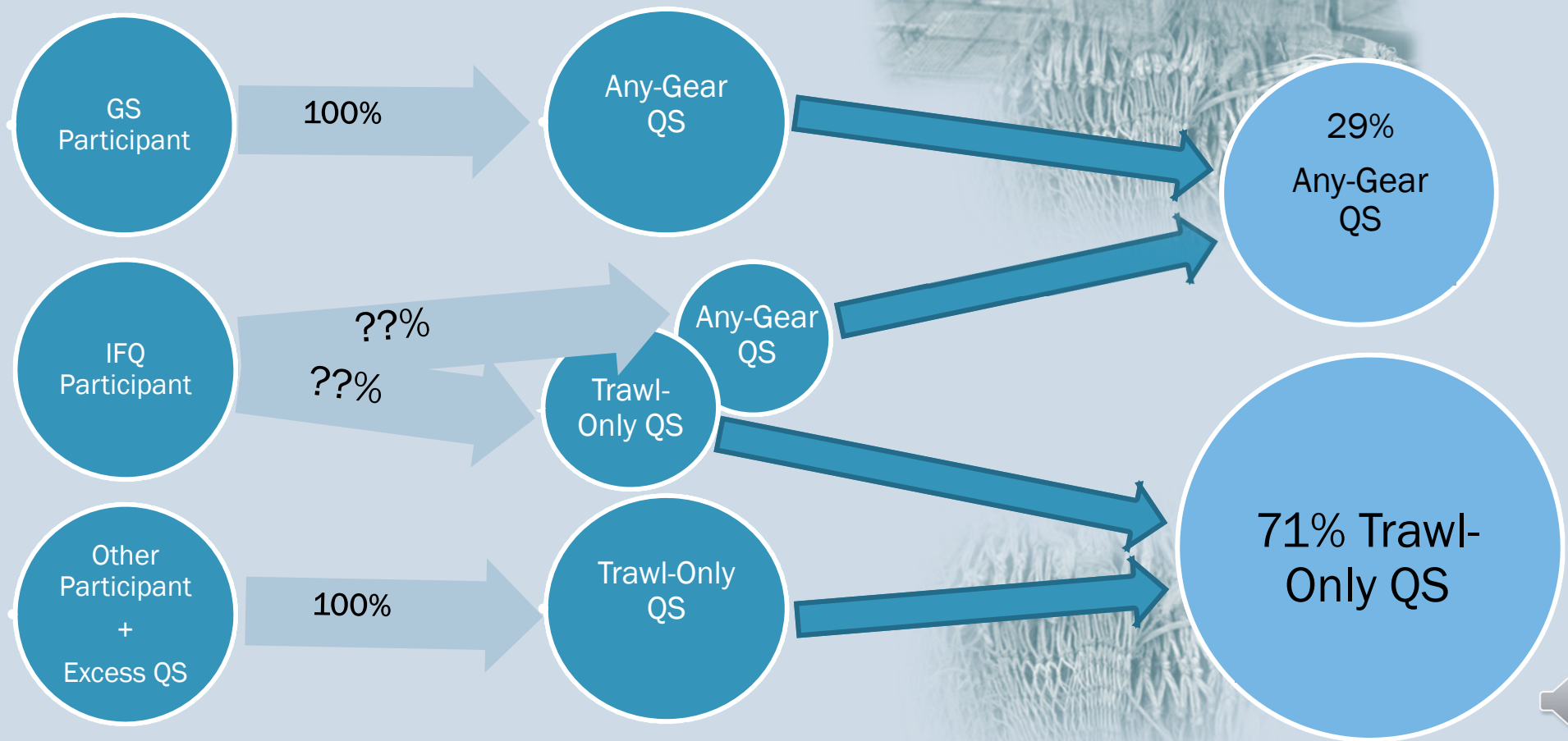
AMP QS (10% of QS)

3. Convert based on identified split => Any-gear QS and Trawl-only QS

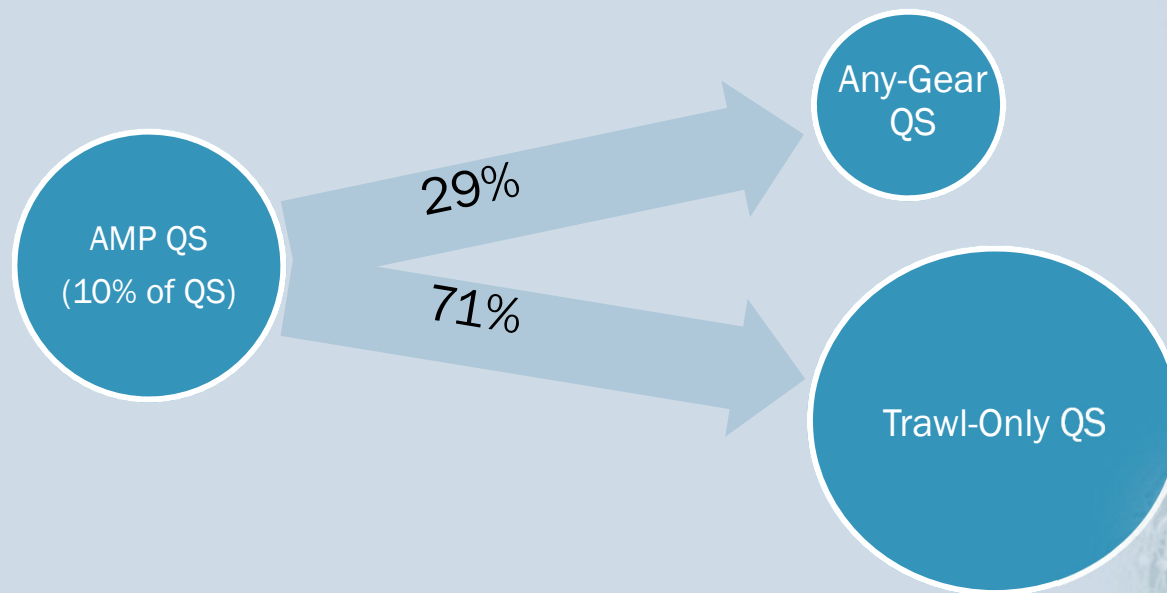
Final Step

4. Combine and Adjust QS Owner QS and AMP QS

Conversion 2: QS Owner Rates (29%/71% example)



Conversion 3: AMP Conversion Rates (29%/71% example)



Conversion Process

QS Owners (90% of QS)

1. Classification of Current QS Owners and QS

☒ A. QS Owners as of Control Date:

Categorize Owners into Participant Classes and
Identify Amount of QS Owned on Control Date

☒ B. Excess QS and New Owners:

Identify QS in excess of amount held on control date and new QS owners

☒ 2. Apply conversion formulas based on A and B => *Any-gear QS and Trawl-only QS*

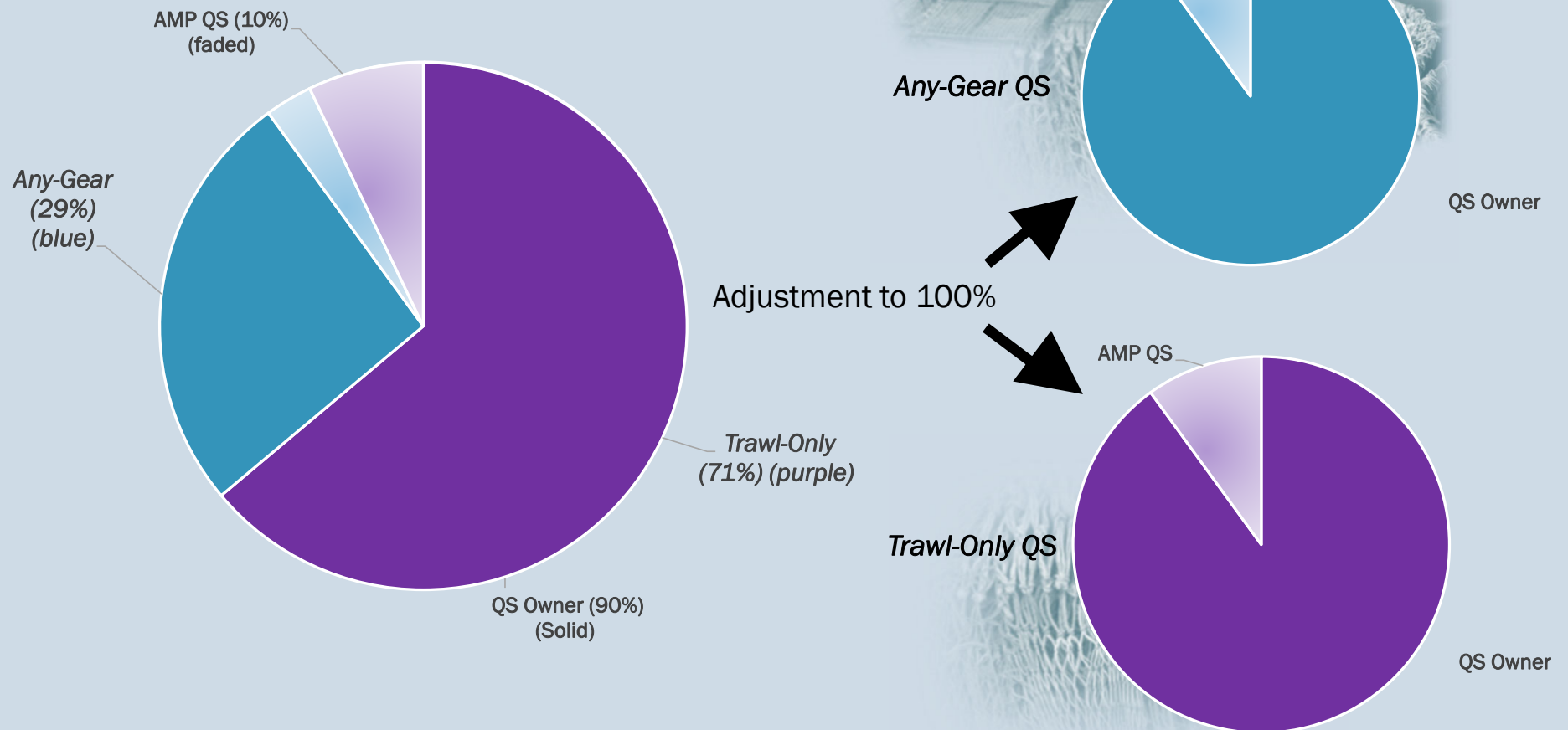
AMP QS (10% of QS)

☒ 3. Convert based on identified split => *Any-gear QS and Trawl-only QS*

Final Step

4. Combine and Adjust QS Owner QS and AMP QS

Conversion 4: Combination & Adjustment (29%/71% example)



Conversion Process

QS Owners (90% of QS)

1. *Classification of Current QS Owners and QS*

☒ A. QS Owners as of Control Date:

Categorize Owners into Participant Classes and
Identify Amount of QS Owned on Control Date

☒ B. Excess QS and New Owners:

Identify QS in excess of amount held on control date and new QS owners

☒ 2. *Apply conversion formulas based on A and B => Any-gear QS and Trawl-only QS*

AMP QS (10% of QS)

☒ 3. *Convert based on identified split => Any-gear QS and Trawl-only QS*

Final Step

☒ 4. *Combine and Adjust QS Owner QS and AMP QS*

Annual QP Split Options

QS Split for conversion from QP split option

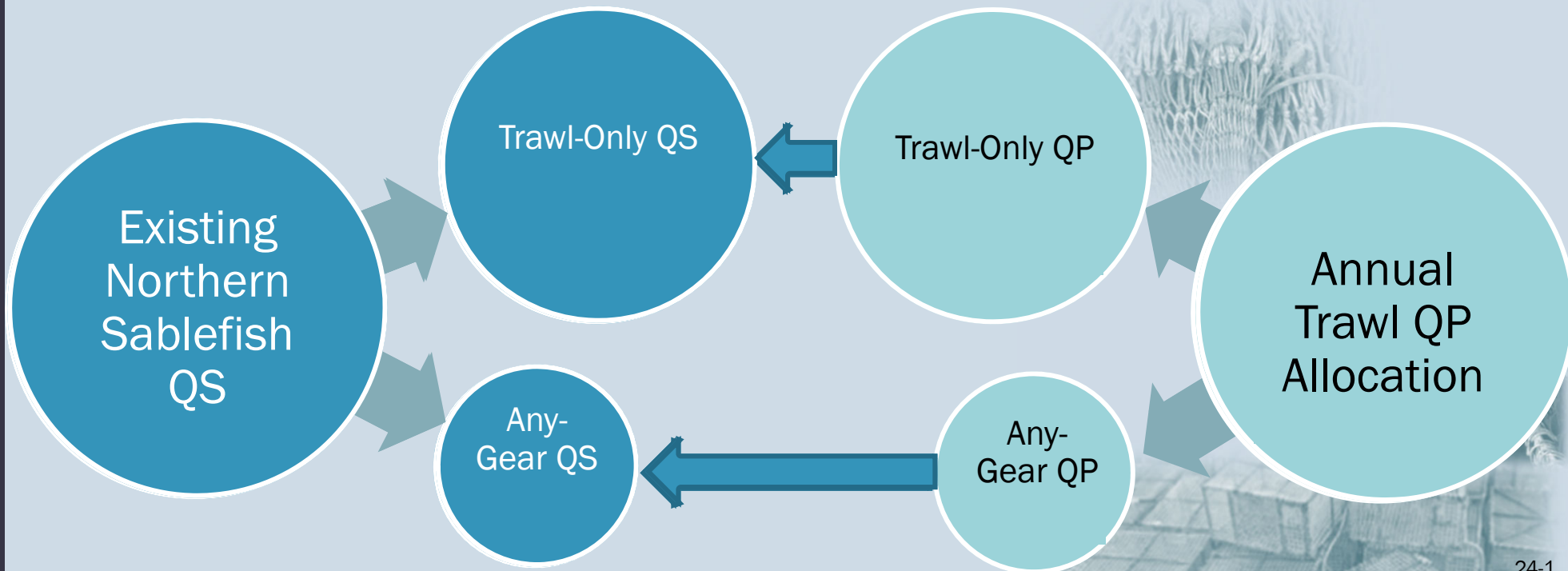
- QP Allocation Split Option 1: 29% Any-gear QP / 71% Trawl-only QP
- QP Allocation Split Option 2: 29% but not more than 1.8 million lbs Any-gear QP
Remainder Trawl-only QP

QS Split under QP Split Option 2,
base on QP split that would apply for the year of conversion.

Changing Annually Issued QP

One-Time QS Conversion

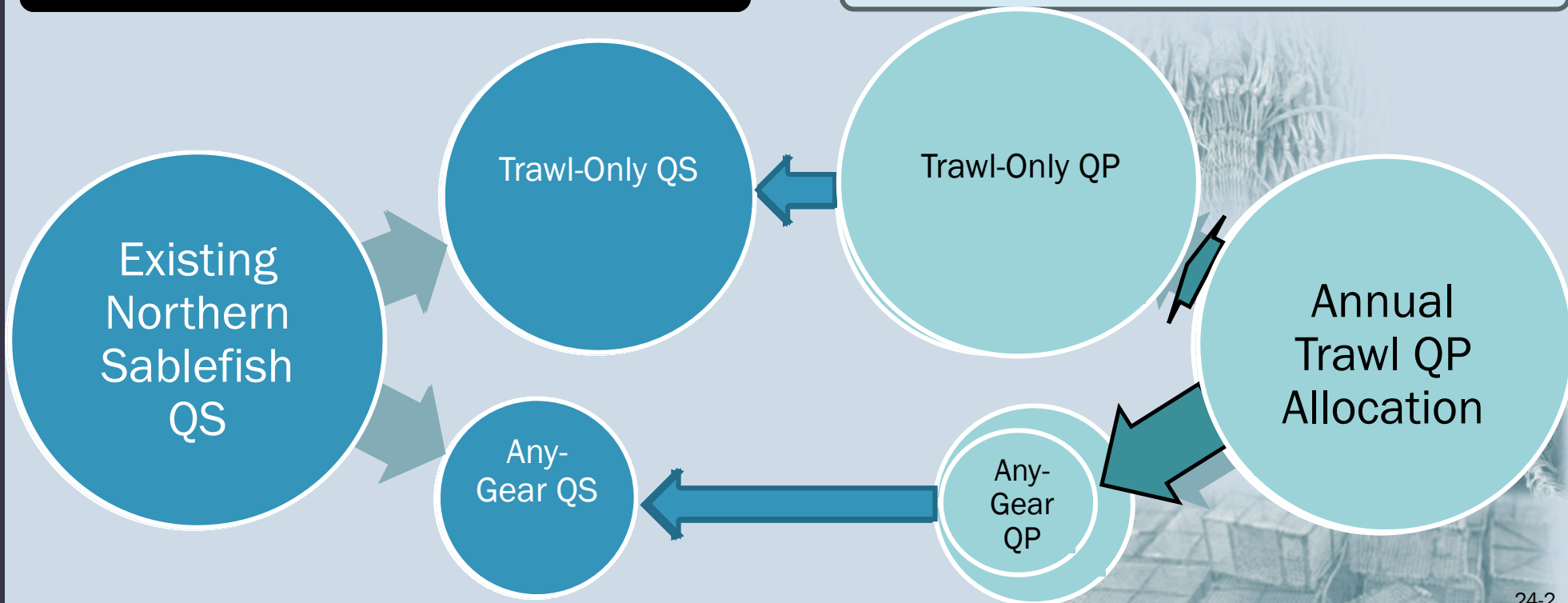
Annually Issued QP



Changing Annually Issued QP

One-Time QS Conversion

Annually Issued QP



QS Owner Participant Classifications: Options and Criteria

- Gear Switching Participant -- own vessel when it gear switched:
 - Option 1: *one landing* prior to Sept 15, 2017
 - Option 2: *30,000 pounds* per year for *3+ years prior* to Sept 15, 2017



- IFQ Participant --
 - Option 1: Any QS owner that *does not qualify as a gear-switching participant*
 - Option 2: QS owner owns a vessel when it made *one sablefish bottom trawl delivery* in the any of the two calendar years prior to conversion.



- Other Participant -- *All other QS owners* (only applies for IFQ Participant Option 2)



Alternative 2: Gear Switching Endorsements

Basics: Gear switching endorsements



Gear Switching Endorsement Implementation



Who receives an endorsement?

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

Endorsement Implementation

- Endorsement Qualification Options
 - *Permit Qualifier*
 - *Vessel Qualifier (designate permit)*
- Gear-Switching Limit Options
 - *Permit Based*
 - *Vessel Based*

Endorsement Implementation: Qualification

■ Endorsement Qualification Options

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

- Option 1: **Current** ownership* of qualifying **permit/vessel**
- Option 2: Option 1 + QS ownership as of 9/15/17
- Option 3: Option 2 + ownership of **vessel/permit** as of 9/15/17

Gear Switching
History Required

*Current ownership =
time of implementation.

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)

Nomenclature: Qualification and Limits Options

- Six endorsement **qualification** options
- Six endorsement gear switching **limit** options

- Qualification Options: **Q prefix**
 - *Permit Qualifier (3 options) -P*
 - Q-P1, Q-P2, Q-P3
 - *Vessel Qualifier (3 options) -V*
 - Q-V1, Q-V2, Q-V3

- Gear Switching Limit Options: **L prefix**
 - *Permit Based (3 options): -P*
 - L-P1, L-P2, L-P3
 - *Vessel Based (3 options): -V*
 - L-V1, L-V2, L-V3

Non-Endorsed Permits

- Standard Gear Switching Limit Applies to Vessels:
10,000 lbs northern sablefish QP annually

Other Provisions

- What happens when **endorsed permits** register to a different vessel mid-year?
 - *Sequential fishing OK (up to the annual vessel limit, 4.5%)*
- What happens to endorsements when permits are combined?
 - *Resulting permit receives the endorsement with the larger limit*
- What happens if there are overages?
 - *Options*
 - “stop gear switching” OR
 - “stop gear switching” and comes off next year’s limit
- Are the endorsements indefinite or do they expire with transfer to a different owner?
 - *Options to cover either approach.*

Cross Alternative Contrasts

Cross Alternative Comparison – Those Receiving *Opportunities Based on Historic Gear Switching Activity*

Alt 1: Gear Specific QS

- 100% “conversion” to any-gear QS
- Able to expand any-gear QS ownership up to the control limit
- Able to expand activity, up to the annual vessel limit.

Alt 2: Gear Switching Endorsement

- Gear switching limit for the endorsement based on average historic catch, QS owned, or some mix of the two
- Expand activity through sequential permit registrations

Cross Alternative Comparison – *New Entrants*

Alt 1: Gear Specific QS

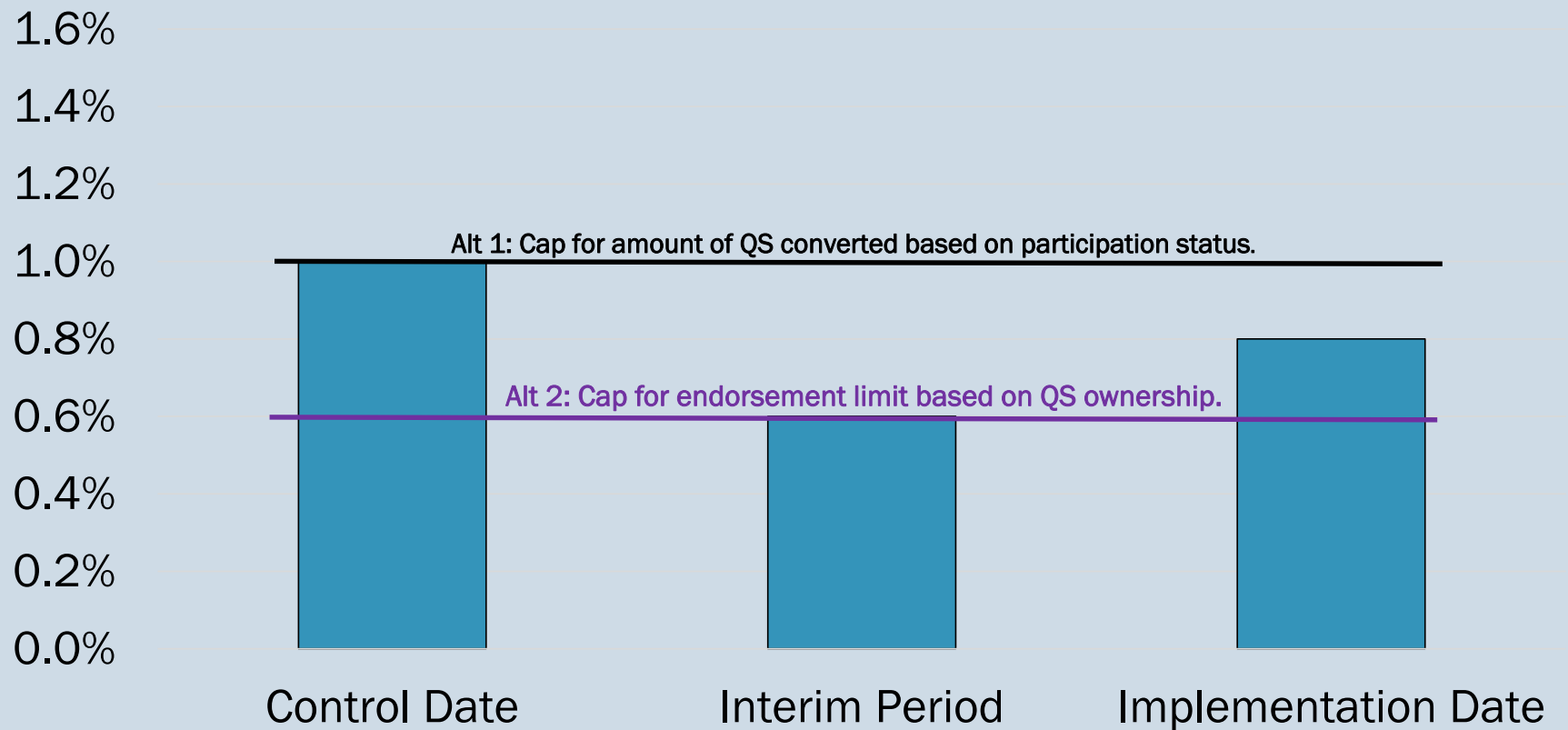
- New entrants can gear switch to same level as legacy participants

Alt 2: Gear Switching Endorsement

- New entrants can gear switch up to 10,000 lbs
- Option: If gear switching endorsements transfer to new owners, along with the permit, then new entrants can acquire



QS Ownership Caps



Area of Complexity (Overview)

Allocations Based on Past Ownership

- Previous system – who owns a qualifying asset at **time of implementation**
 - *License Limitation (Amendment 6) – Vessel with history*
 - *Sablefish Endorsement (Amendment 9) – Permit History*
 - *Tiered LE Fixed Gear Permits (Reg Amendment) – Permit history*
 - *Trawl Catch Shares (Amendment 20) – Permit history*
- Alternative 1:
 - *Vessel ownership at time of gear switched landings (prior to 9/15/2017, the control date).*
 - *QS ownership as of control date.*
 - *Vessel ownership at time of bottom trawl landings (two years prior to implementation; IFQ Participant Option 2)*
 - *QS ownership at time of implementation.*
- Alternative 2 (depends on options):
 - *Vessel or permit ownership as of implementation (Option 1 qualifiers and Option 1 gear switching limits).*
 - *QS ownership as of control date (Option 2 and 3 qualifier)*
 - *QS ownership as of and since the control date (Option 2 and Option 3 gear switching limits)*
 - *Permit or vessel ownership as of control date (Option 3 qualifier)*

***The Challenge – Addressing changing composition of ownership groups
between the time of historic activity and the time of implementation.***