

Addendum to C1 Active Participation Requirements for Crab Crew Shares December 2023

This addendum clarifies the possible interpretations for the application of **Alternative 2, Option 2**. The language for this alternative is as follows:

Alternative 2 - Modify the CVC QS and CPC QS recency requirement

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Option 2: Authorize the Regional Administrator to suspend the CVC QS and CPC QS active participation requirement in years when the combined Bristol Bay red king crab (BBR), Bering Sea snow crab (BSS), Western Bering Sea Tanner crab (WBT) and Eastern Bering Sea Tanner crab (EBT) crab combined total allowable catch (TAC) is below a certain threshold. If the TAC threshold is not met, NMFS would not count this year for C share holders that did not provide evidence of active participation. Threshold options:

Sub-option 1: 25 Mlb

Sub-option 2: 15 Mlb

Sub-option 3: 10 Mlb

Alternative 2 is intended to modify the C share active participation requirements to be more responsive to situations when there are diminished opportunities for crew positions in the BSAI CR Program fisheries.

Under current regulations, C share holders are not required to demonstrate active participation every year. The accounting for Individual Fishing Quota (IFQ) withholdings is considered on a three-year cycle and the accounting for quota share (QS) revocation is considered based on a four-year cycle. Therefore, there may be different ways to ‘suspend’ active participation requirements as referenced in the Option 2.

The Initial Review Draft Analysis¹ highlighted three different methods for the suspension of active participation requirements. This list considers how an exemption could be implemented by NMFS if the combined TAC threshold was not met. The methods described include:

Method 1 ‘Restart’: NMFS could consider C share holders “active” in the years where the threshold is triggered.

- This option is essentially wiping the slate clean and restarting the 3-year rolling requirement after the threshold is triggered. If threshold is triggered often, active participation requirements would rarely be enforced.

Method 2 ‘Extra Year’: NMFS could refrain from withholding or revoking any C shares in the season following a threshold being triggered.

- This is similar to the implementation of the July 15, 2022 emergency rule. No C shares were withheld or revoked for the 2022/23 season, but active participation continued to be accounted for on a rolling basis, including during the 2022/23 year. This provided C share holders an additional year to demonstrate the active participation requirements but did not *de facto* consider them to be active during the 2022/23 year. If they were in a position to have their IFQ withheld in 2022/23 (but did not due to the emergency rule)

¹ Initial Review Analysis: <https://meetings.npfmc.org/CommentReview/DownloadFile?p=bab0c358-862e-4891-a4d4-6f956c539aae.pdf&fileName=C3%20Crab%20Crew%20Shares%20Analysis.pdf>

and they did not demonstrate active participation that year or divest, they would be in a position to have their QS revoked in 2023/24.

- If C share holders were unable to be active during the years triggered by the threshold, this would provide them one additional year after the threshold (the first year at a higher TAC for example) to achieve the active participation requirements.
- Similar to implementation of the 2022 emergency rule, there could be situations where IFQ is not withheld in a season following a low combined TAC, but with continued inactivity, QS could be revoked in the season that follows.

Method 3 ‘Skipped Year’: NMFS could exclude the years in which a threshold is triggered from the 3-year evaluation.

- This option would rely on the years prior to and after the threshold being triggered to demonstrate active participation.

The current analysis considers Alternative 2, Option 2 as applied using the 2nd method described- the ‘extra year’ method. Specifically, Alternative 2, Option 2 is interpreted as - ‘if the TAC threshold is not met, NMFS would not count this year for C share holders that did not provide evidence of active participation’ *in the following year*. This is similar to the process that took place under 2022/23 emergency action and would provide the C share holders one additional year when the combined TAC is above the threshold to demonstrate active participation. However, it could also lead to situations where QS may be revoked, without being withheld in the prior year, as occurred for some C share holders in 2023/24. This application of Option 2 is demonstrated in the hypothetical scenarios in Table 3-10 in the analysis (page 48) and repeated below (Figure AD-2).

In contrast, using method 3 – the ‘skipped year’ - applies a slightly different accounting process for Alternative 2, Option 2. This method would only count years in which the combined TAC is above the threshold *or* that C share holder submitted evidence of active participation. Essentially the accounting would skip years in which evidence was not provided and the combined TAC was below the threshold identified. In contrast it with method 2, under method 3 IFQ would be *more likely to be withheld* before QS is revoked. This accounting would result in the hypothetical scenarios presented in Figure AD-3 below.

Based on the scenarios provided, the main difference here is for the accounting for C share holders 2. Under Figure AD-2, all IFQ is issued in 2026/27 regardless of active participation status due to the low combined TAC in the 2025/26 season. However, participation in 2025/26 is still accounted for later down the line, resulting in C share holder 2 having their IFQ withheld in 2028/29. Under this method, Option 2 provided them an additional year to demonstrate participation (2026/27); however, when they were not active in 2026/27 either, this accounting system means their IFQ would be withheld in 2028/29.

Alternatively, in Figure AD-3 C share holder 2’s participation from the year 2025/26 is not counted in 2026/27 or in later accounting of active participation, unless that C share holder provide evidence of active participation in that year. In this case C share holder 2 would not have their IFQ withheld until 2029/30. This m

Method 3 for suspending active participation requirements for C share holders under conditions of low combined TAC is less stringent and likely more in line with the Council’s current language for Alternative 2, Option 2. The Council may clarify if this is the intended application of Alternative 2, Option 2.

For comparison, the application of method 1 – the restart method - is illustrated in Figure AD-1. While the accounting for method 1 and method 3 demonstrate the same results for C share holders 1, 2 and 3 in the hypothetical scenarios presented, in general restarting the accounting for active participation requirements the first year after the combined TAC threshold is met would enforce the active

participation requirements in method 1 less often than method 3. If there is a stretch of higher TAC years, these requirements would apply. If the combined TAC threshold is consistently or occasionally not met, active participation requirements would rarely be enforced.

All possible methods would be administratively complex to monitor and enforce. The exemptions that may result from Option 2, add complexity which may make it more difficult for C share holders to understand their current status and comply with the regulations. Of the 3 methods, method 1 would be the least complex for accounting.

While the analysis focused on the application of Alternative 2, Option 2 using the method 2 described above, any of these applications are covered within the range of impacts considered in the prepared analysis. Method 2 is the most stringent and more likely to result in withholdings or revocations. Impacts of this version of Option 2 are characterized in the analysis in terms of current C share holders, market implications and monitoring and enforcement. Method 1 is the least stringent and more likely to have impacts similar to Alternative 3; which would remove the requirement to demonstrate continued active participation. Impacts of removing the requirement to demonstrate continued active participation (Alternative 3) are also characterized in the analysis in terms of current C share holders, market implications and monitoring and enforcement. Therefore, the implications of using method 1 or method 3 described in this addendum are covered within the range of expected impacts described in the analysis.

Crab year	Amend 31 requirements became effective			Beginning July 1, 2018 RAM may withhold IFQ		Beginning July 1, 2019 RAM may revoke QS		Emergency rule- no IFQ withheld no QS revoked		If final rule become effective Dec '24; QS reissued and requirement restart			Beginning July 1, 2028 RAM may withhold IFQ		Beginning July 1, 2029 RAM may revoke QS	
	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	
C share holder 1	A	A	0	A	0	0	0	0	QS revoked		Reissued; A	0	A	A	0	
C share holder 2	A	A	A	A	A	0	0	0	IFQ withheld; 0	QS revoked	Reissued; 0A	0	0	0	IFQ withheld; 0	
C share holder 3	A	A	A	A	A	0	0	0	IFQ withheld; A	0A	0A	0	A	0	A	
Is the combined TAC below the threshold?										YES; year not counted	YES; year not counted	NO; accounting restarts	NO	NO	NO	

Figure AD-3 Hypothetical C share holder scenarios under Alt 2, Option 1 AND Option 2- METHOD 1 Restart

A = active, 0 = inactive; BBR= Bristol Bay red king crab; BSS = Bering Sea snow crab; QS = quota share; IFQ = Individual Fishing Quota; RAM = Restricted Access Management
'Crab years' are from July 1- June 30.

Crab year	Amend 31 requirements became effective			Beginning July 1, 2018 RAM may withhold IFQ		Beginning July 1, 2019 RAM may revoke QS		Emergency rule- no IFQ withheld no QS revoked		If final rule become effective Dec '24; QS reissued and requirement restart			Beginning July 1, 2028 RAM may withhold IFQ		Beginning July 1, 2029 RAM may revoke QS
	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
C share holder 1	A	A	0	A	0	0	0	0	QS revoked		Reissued; A	0	A	A	0
C share holder 2	A	A	A	A	A	0	0	0	IFQ withheld; 0	QS revoked	Reissued; 0	0	0	IFQ withheld; 0	QS revoked
C share holder 3	A	A	A	A	A	0	0	0	IFQ withheld; A	0	0	0	A	0	A
Is the combined TAC from the previous year below the threshold?											Yes, 2024/25 TAC lower than threshold. No IFQ withheld no QS revoked	Yes, 2025/26 TAC lower than threshold. No IFQ withheld no QS revoked	No, 2026/27 TAC greater than threshold. Participation evidence required.	No, 2026/27 TAC greater than threshold. Participation evidence required.	No, 2026/27 TAC greater than threshold. Participation evidence required.

Figure AD-1 Hypothetical C share holder scenarios under Alt 2, Option 1 AND Option 2 - METHOD 2 Extra year (included in the analysis as Option 2)

A = active, 0 = inactive; BBR= Bristol Bay red king crab; BSS = Bering Sea snow crab; QS = quota share; IFQ = Individual Fishing Quota; RAM = Restricted Access Management
'Crab years' are from July 1- June 30.

Crab year	Amend 31 requirements became effective			Beginning July 1, 2018 RAM may withhold IFQ	Beginning July 1, 2019 RAM may revoke QS	no BBR		Emergency rule- no IFQ withheld no QS revoked	If final rule become effective Dec '24; QS reissued and requirement restart				Beginning July 1, 2028 RAM may withhold IFQ	Beginning July 1, 2029 RAM may revoke QS	
	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
C share holder 1	A	A	0	A	0	0	0	0	QS revoked		Reissued; A	0	A	A	0
C share holder 2	A	A	A	A	A	0	0	0	IFQ withheld; 0	QS revoked	Reissued; 0 (not counted)	0	0	0	IFQ withheld; 0
C share holder 3	A	A	A	A	A	0	0	0	IFQ withheld; A	0	0 (not counted)	0	A	0	A
Is the combined TAC below the threshold?										YES	YES	NO	NO	NO	NO

Figure AD-2 Hypothetical C share holder scenarios under Alt 2, Option 1 AND Option 2- METHOD 3 Skipped year

A = active, 0 = inactive; BBR= Bristol Bay red king crab; BSS = Bering Sea snow crab; QS = quota share; IFQ = Individual Fishing Quota; RAM = Restricted Access Management
'Crab years' are from July 1- June 30.