
BSAI PACIFIC COD TRAWL CV COOPERATIVE PROGRAM

INITIAL REVIEW

SSC PRESENTATION



ROADMAP FOR PRESENTATION

- Brief history of action thus far
- Summary of strawman alternatives and background section
- An overview of the elements and options section
- An overview of effects section
- Brief overview of the Environmental Assessment section



HISTORY OF ACTION

- In December 2020, staff presented an initial review of the analysis
- Council modified purpose and need to include minimizing bycatch to the extent practicable and adjusted several elements and options (Sections 2.2 & 2.4 starting on page 30)
- Major changes to the document since Dec 2020 review are provided in Section 2.3.4 (starting on page 32)



SUMMARY OF STRAWMAN ALTERNATIVES

- Alternative 2a: Multiple cooperatives with processor QS but not gear conversion
 - Use 2014-2019 target catch with no drop for allocation (Option 2.2.1)
 - No minimum threshold percentage for eligibility (Element 2.1)
 - Only allocate A and B season, C-season would remain unallocated (Element 2.5)
 - Cooperatives would receive halibut or crab PSC apportionment (Element 3)
 - 10% halibut and crab PSC reduction (Option 3.2)
 - Allocate 15% of harvest shares to processors (Option 5.4.3)
 - 25% set-aside of BSAI A-season harvest for delivery to AI shoreplants (Option 6.1)
 - 5% harvester ownership and use cap (Option 8.1.1) with grandfather provision (Suboption 8.1)
 - 3% vessel use cap with grandfather provision (Option 8.2)
 - 15% processor ownership and use cap (Element 8.3) with grandfather provision
 - 20% processing facility cap (Element 8.4) with grandfather provision based on 2014-2019 history
 - No gear conversion (Element 14)



SUMMARY OF STRAWMAN ALTERNATIVES

- Alternative 2b: Multiple cooperative model
 - Use 2004-2019 target catch with drop 2 years for allocation (Option 2.2.3)
 - Allocate A, B and C season (Element 2.5)
 - Halibut would be apportioned to the trawl CV sector for Pacific cod fishery based on 2004 -2019 average halibut PSC usage (Suboption 3.1), but crab PSC would remain at the TLAS sector level
 - 35% halibut PSC reduction (Option 3.2)
 - No allocation of harvest shares to processors (Element 5.4)
 - Allocate the lesser 5,000 mt or 10% of BSAI trawl CV allocate to AI shoreplants (Option 6.2)
 - 10% harvester ownership and use cap (Option 8.1.1) with grandfather provision
 - 5% vessel use cap with grandfather provision
 - 10% processor ownership and use cap (Element 8.3) with grandfather provision
 - 30% processing facility cap (Element 8.4) with grandfather provision based on 2014-2019 history
 - Gear conversion included (Element 14)



DESCRIPTION OF FISHERIES

- This section provides the necessary background information for the RIR
 - Section includes the following background information:
 - Description of management of the BSAI Pacific cod fishery (Section 2.7.1 starting on page 48)
 - Management of BSAI trawl CV ICA (Section 2.7.2 starting on page 52)
 - Reallocations among gear types (Section 2.7.3 starting on page 54)
 - Overview of State water GHL fisheries (Section 2.7.4 starting on page 63)
 - Overview of License Limitation Program (Section 2.7.5 starting on page 68)
 - Overview of AI Pacific cod set-aside for AI shoreside processors (Section 2.7.6 starting on page 69)
 - Impacted sectors (Section 2.7.7 starting on page 72)
 - Product composition and flow of Pacific cod (Section 2.7.8 starting on page 102)
 - Community information (Section 2.7.9 starting on page 104)



ANALYSIS OF ELEMENTS AND OPTIONS

- This section includes a detailed analysis of the elements and options
- Table 2-2 starting on starting on page 45 provides a summary of new issues since December 2020 needing Council clarifications and concurrence of staff assumptions



ELEMENT 1 – COOPERATIVE STYLE

- Voluntary harvester cooperative with processor association
 - In December – the Council removed from consideration two cooperative model: AFA and non-AFA due to challenges associated with this cooperative style and how it would integrate with processors if allocated QS
- Voluntary harvester cooperatives selection includes two options for cooperative formation: 1) no limitation on numbers of LLP licenses or % of catch history; 2) 3 eligible LLP licenses
- Harvesters have unlimited discretion to choose any cooperative and may freely move among cooperatives annually



ELEMENT 2 – ALLOCATION TO LLP LICENSES

- Element 2.1 and 2.2
 - Eligibility is any LLP license that authorized that vessel's legal landings of targeted trawl CV BSAI Pacific cod during qualifying years
 - Targeted cod catch history during qualifying years would be assigned to the LLP license as QS
 - Trawl CV that hold valid LLP license to use trawl gear in the BSAI but have no QS, they can still harvest cod as incidental catch in other fisheries but cannot target cod in the BSAI
 - Element includes 3 different sets of years for eligibility
 - Table 2-79, 2-80, & 2-81 on pages 155-157



ELEMENT 2.2 – ALLOCATION TO LLP LICENSES

- Option 2.2.4 - Blend Allocation
 - Option intended to address BSAI cod AFA sideboard leases within AFA cooperatives via civil contracts
 - Would only apply to those eligible LLP licenses affiliated with AFA vessels restricted by BSAI cod sideboard limits
 - Blend option would not be applied to AFA sideboard exempt vessels and non-AFA vessels
 - LLP licenses on non-exempt AFA CVs at time of implementation would be allocated a portion of the trawl CVs QS using a blend of their AFA 1997 sideboard history and target cod during the qualifying years Options 2.2.1 -2.2.3
 - Blending processes uses either 50/50, 80/20, and 20/80 ratio



ELEMENT 2.1 – MINIMUM THRESHOLD

- In December, the Council included a new option that would apply a minimum threshold percent range of 0.25% to 1% by LLP license holder for eligibility to receive harvest shares
- Table 2-78 (page 153) provides the number of LLP licenses, average annual qualifying landings (mt), and the remaining LLPs allocation as a % of the original allocation at different minimum threshold percentages by LLP license holder and LLP license



ELEMENT 2.2 – ALLOCATION TO LLP LICENSES

- In December 2020, the Council included transferable AI endorsements on non-AFA trawl CV LLP licenses less than 60' to receive QS
- A transferable AI endorsement authorizes the vessel assigned to the LLP license to legally fish in the AI with trawl gear for cod even though the LLP license lacked an AI area endorsement
- Sept 14, 2009, AM92/82 awarded 8 AI endorsements to non-AFA trawl CV < 60' MLOA LLP licenses
 - These 8 LLP license met the eligibility criteria of harvesting at least 500 mt of cod in the AI parallel cod fishery during 2000 through 2006
- Tables 2-82 through 2-85 provide activity and average allocation distribution for each of the qualifying year options for these LLP licenses with transferable AI endorsements



ELEMENTS 2.3 - 2.6

- Element 2.3 addresses stacking of multiple eligible LLP licenses on a vessel
- Element 2.4 - provides direction that each license will be issued BSAI cod CQ based on its share of the BSAI cod QS and CQ would not be designed at the seasonal or subarea level
- Element 2.5 is an option that would only allocate A-season and B-season QS, leaving C-season (15%) as a limited access fishery
- Element 2.6 addresses management of groundfish species not allocated



ELEMENT 3 – PROHIBITED SPECIES LIMITS

- Element 3 would apportion halibut and crab PSC between trawl CV sector and the AFA C/P sector based on historic use during qualifying years
 - Option 3.1 Crab PSC would remain at the TLAS level
 - Option 3.2 would establish separate halibut and crab PSC limits for the trawl CV sector and reduce PSC limits by 10% to 35%
- First part of Element 3 provides background info for halibut and crab PSC for the trawl limited assess sector (TLAS) fisheries
- Tables 2-101 and 2-102 (starting on page 182) provides the percent of halibut and crab PSC apportioned to each sector using the 3 qualifying years
- Tables 2-103 and 2-104 provide estimated PSC limits for halibut and crab under different % reductions



ELEMENT 4 – GOA SIDEBOARDS

- In Dec 2020, the Council modified the proposed GOA sideboards to reduce added complexity and reduce management and enforcement burden
- Option 4.1 - All AFA non-exempt CVs and their LLPs will be sideboarded except for CGOA Rockfish Program based on GOA catch history during qualifying catch years from Element 2
- Table 2-112 (page 199) shows the new calculated sideboard limits for all non-exempt AFA trawl CVs which are lower than the existing sideboard limits
- Table 2-113 (page 200) provides the revised halibut PSC sideboard limits



ELEMENT 4 – GOA SIDEBOARDS

Option 4.2 - AFA GOA-exempt CVs and non-AFA CVs sideboard limits

- Would prohibit GOA sideboard exempt AFA CVs and non-AFA CVs from transferring BSAI cod catch history assigned to the LLP license as a condition of benefiting from GOA sideboard exemption
- Suboption 4.2.1 would authorize AFA GOA exempt CVs and non-AFA CVs to lease their BSAI cod QS while maintaining their GOA exemption if the LLP license has less than 200 mt, 400 mt, or 600 mt of QS
- Cooperatives would be required to monitor these GOA exempt CVs to ensure they do not lease their CQ unless authorized under Suboption 4.2.1



ELEMENT 4 – GOA SIDEBOARDS

Option 4.2 - AFA GOA-exempt and non-AFA CV sideboard limits

- Table 2-114 and Table 2-115 (page 202) provides vessel count and average percent of BSAI cod QS by qualifying year options for both groups of vessels
- Table 2-116 - 2-119 (page 203) provide vessel count and retained catch by GOA fishery for both groups of vessels (Tables 2-118 & 2-119 unfortunately provided the wrong group of vessels and will be revised in the next iteration)
- Table 2-120 and Table 2-121 (pages 205 & 206) show the number of GOA exempt and non-AFA CVs with less than 200 mt, 400 mt, and 600 mt of average allocation under each qualifying catch year options from Element 2



ELEMENT 5 – PROCESSOR AND COMMUNITY PROVISIONS

- Element 5.1 – Program would not create a closed processor class. (page 207)
- Element 5.2 – Establish a limitation on directed trawl CV Pacific cod deliveries to C/Ps acting as a mothership. (page 210)
- Element 5.3 – Limit the CVs that may deliver to the C/P sector. (page 212)
- Element 5.4 -- Allocate harvesting shares to processors based on their processing history during the qualifying period.



ELEMENT 5.1 - NO CLOSED PROCESSOR CLASS

- Any legally permitted shorebased, floating, or true mothership processor may take directed BSAI Pacific cod deliveries from trawl CVs. There is no previous participation requirement. From 10 to 12 processors in these categories took Pacific cod deliveries during the qualifying periods considered.
- Two C/Ps qualified to act as a mothership, as defined in BSAI FMP Amendment 120, may process directed BSAI Pacific cod harvested under the trawl CV sector apportionment.
- There are currently no options to limit True Motherships from entering the Pacific cod fishery or increasing their processing of Pacific cod, if the PCTC provides greater operational flexibility.



ELEMENT 5.2 – LIMIT THE AMOUNT OF PACIFIC COD THAT MAY BE DELIVERED TO C/PS ACTING AS A MOTHERSHIP

- Element 5.2 would establish a combined limit for the two qualified C/Ps. The limit would be calculated using the same qualifying years/criteria established under Element 2.
- Sideboard limits calculated using the processing history of the two eligible C/Ps would be confidential and may not be reported in this analysis or after the sideboards are implemented.
- Benefits of the cooperative program will be reduced or eliminated if the two firms compete to take deliveries before the limit is reached.
- Smaller C/P processing limits benefit the shoreside sector and have greater negative impacts on the C/P sector and the CVs that are owned by the C/P sector and the CVs that have limited ability to deliver shoreside.



ELEMENT 5.2 - C/P ACTING AS A MS SIDEBOARD LIMIT

- If the C/P firms cannot agree on how to divide the sideboard amount, it could result in a race to process the sideboard limit and reduce the benefits of the LAPP for those two firms.
- The likelihood of the two firms being able to come to an amicable agreement to divide the sideboard limit is not known.
- Firms that owns CVs (and LLP licenses) would want to be able to take deliveries from their CVs at approximately the same level of CQ assigned to their LLP licenses.
- The firm that contracts with CVs for deliveries and owns LLP licenses, would likely want to maintain those relationships and continue to take deliveries from CVs that delivered to them in the past.
- Independent CV owners whose vessel is not designed to efficiently deliver shoreside could be placed in a weak bargaining position when trying to obtain a market or may need to lease their CQ.



ELEMENT 5.2.1 – SEPARATE C/P PROCESSING LIMITS

- The two eligible C/Ps would have their own processing limit based on the greater of their processing history or the QS assigned to the LLP licenses they own 75%
- One firm would be issued a larger processing limit using processing history and the other a larger limit based on LLP licenses they own.
- Allowing the firm to select their best option would increase the overall limit relative to Element 5.2



ELEMENT 5.3: LIMIT THE NUMBER OF CVS THAT MAY DELIVER TO C/PS

- Option 1 would only allow CVs that are assigned to an LLP license that is 75% owned by a firm that owns an eligible C/P (as of December 31, 2019) to deliver to the C/P sector.
- As many as 10 LLP licenses were owned by three C/P firms that were legally qualified to act as a mothership on December 31, 2019 (the date was after the FR final rule notice was published but before the rule was effective). **(Table 2-126)**
- The total amount of targeted federal Pacific cod non-CDQ catch associated with those LLP licenses is greater than the amount of MS Pacific cod processing associated with the two eligible C/Ps.
- Development of Option 2 would be needed under Element 5.3 if the Council elects to provide offshore market opportunities for CVs not owned by eligible C/P firms as of December 31, 2019.



ELEMENT 5.4: HARVEST QS TO PROCESSORS

- Allocate a percentage of the available harvest quota to processors that took directed BSAI trawl CV Pacific cod deliveries during the qualifying years. The range considered is 0%, if the Council does not select this option, up to 30% of total available harvest.
- This Option only applies to BS processors if AI processors are granted an allocation under Element Option 6.
- Allocations will be based on the same criteria as established under Element 2 for harvesters.
- Processor owned CVs may only harvest or control an amount of CQ equal to that amount they would have brought into the cooperative absent a processor allocation.



ELEMENT 5.4: HARVEST QS TO PROCESSORS

- The analysis does not estimate an optimal allocation of the harvest shares to processors, because data are not available to make those estimates and the optimal division would likely vary annually.
- A review of literature on this issue was provided.
- The Pacific Council relied on an industry agreement to determine the division of shares in the shoreside whiting IFQ fishery (20% to processors).



ELEMENT 5.4: HARVEST QS TO PROCESSORS

Table 2-128

Processing Firms	2014-2019 All Seasons	2009-2019 All Seasons	2004-2019 All Seasons
Top 4 firms	72.1%	75.0%	75.5%
Firms 5 - 8	21.3%	19.6%	19.7%
Firms 9 - 12	6.3%	5.1%	4.3%
Bottom 4 to 6 Firms	0.4%	0.3%	0.5%
	2014-2019 A & B Seasons	2009-2019 A & B Seasons	2004-2019 A & B Seasons
Top 4 firms	71.7%	74.6%	75.5%
Firms 5 - 8	21.7%	20.0%	19.7%
Firms 9 - 12	6.3%	5.1%	4.3%
Bottom 4 to 6 Firms	0.3%	0.3%	0.5%



ELEMENT 5.4: HARVEST QS TO PROCESSORS

- Council must define what happens to the history of processors that are no longer defined as a person.
- No criteria for determining the successor in interest was ever developed on the West Coast. The Pacific Council discussed what constituted a business for the purpose of successor in interest. The Pacific Council did state that “transfer of physical assets alone should not be considered a basis for successor in interest. Business relationships such as transfer of the company name and customer base might be reasonable evidence of successor in interest.”
- The value of processing history in determining the sales price was also considered.
- Processors do not have a transferrable license so a new permit will be generated and the QS will be attached to that permit.



ELEMENT 5.4: HARVEST QS TO PROCESSORS

- Processors that do not receive an initial allocation or receive a small allocation of harvest shares may need to offer higher exvessel prices, better delivery terms, or other market incentives to make up for not being able to provide additional quota to attract harvesters.
- These firms may be at a competitive disadvantage which may make it more difficult (increase costs) for new processors to enter the fishery.
- However, new processors have been able to enter the whiting fishery where processors shares were issued on the West Coast.



ELEMENT 6 – ALEUTIAN ISLANDS PROCESSOR PROVISIONS

- Element 6.1 (cooperative set-aside) and Element 6.2 (AI processor allocation) are mutually exclusive and Element 6.2 may not be selected with Element 5.4 (processor allocations). The Council may wish to clarify its intent if Element 5.4 and Element 6.1 are mutually exclusive.
- Element 6.1 would establish a set-aside of 10% - 25% of the A-season trawl CV sector directed BSAI harvest that cooperatives would be allocated for delivery to AI shoreplants.
- Element 6.2 would establish an annual allocation of CQ to AI plant operators or an entity representing the community, equal to the lesser of 5.5% - 10% of the total BSAI trawl CV Pacific cod quota or 5,000 mt. during years the community notifies NMFS a plant will be operating in those communities.



Element 6: AI Processor Provisions

- The Council will need to request that NMFS reimplement regulations removed by vacating Amendment 113 and potentially add new regulations to make the element function as intended.
 - Define the term “Aleutian Islands shoreplant” in regulation.
 - Calculate and define the amount of the AI Pacific cod TAC available as a DFA and the amount that will be available as an ICA.
 - Limit the amount of A-season (from January 20 until April 1) Pacific cod that may be harvested from the AI by vessels that are not delivering CV trawl Pacific cod to the AI shoreplant to ensure the AI TAC is not taken before the cooperatives can finish delivering to the AI plant(s).
 - Require that either the City of Adak or the City of Atka annually notify NMFS of its intent to process AI Pacific cod during the upcoming fishing year in order for the AI CQ reserve to be effective in the upcoming fishing year.



Element 6.1: AI Processor Set-Aside

- Table 2-130 shows the set-aside amount that would have resulted considering A-season TACs from 2003-2020.
- There is currently no requirement that a specific amount of PSC is reserved for use in the AI fishery.
- A 10% set-aside would have ranged from 2,028 mt to 3,812 mt, with an average of 3,088 mt and a standard deviation of 525 mt.
- A 25% set-aside would have ranged from 5,069 mt to 9,493 mt, with an average of 7,721 mt and a standard deviation of 1,313 mt



Element 6.2: AI Processor Allocation

- Element 6.2 would allocate the lesser of 5,000 mt or from 5.5% to 10% of the annual CQ issued to either AI plant operators or an entity representing the community.
- NMFS would hold the underlying QS and only allocate annual CQ based on whether the community representative submitted a timely application indicating the plant would be operational and processing Pacific cod that year.
- The plant/community would then assign CQ to cooperative vessels to harvest AI Pacific cod and deliver the fish to the AI shoreplant.
- Adak or Atka may withdraw its intent to operate during the season and any unused quota would be reissued to the other AI shoreplant in years that two communities file an intent to operate or to the other LLP holders in years only one AI plant was active. There is no other reallocation timeline established if the AI plant is unable to use all of its CQ as there was under Amendment 113.
- If no AI community files an intent to operate for an upcoming fishing year the CQ derived from NMFS held QS is issued to other QS holders in the same proportion as their initial allocation.



Element 6.2: AI Processor Allocation

- Table 2-131 shows the AI plant/community allocation that would have resulted considering BSAI TACs from 2003-2020. The smaller of the percentage or 5,000 mt would be allocated.
- Because PSC is apportioned at the same percentage that CQ is allocated the AI plant would apportioned a pro-rata share of the PSC.
- A 5.5% allocation would have ranged from 1,507 mt to 2,833 mt, with an average of 2,295 mt and a standard deviation of 390 mt.
- A 10% set-aside would have ranged from 2,740 mt to 5,151 mt, with an average of 4,173 mt and a standard deviation of 710 mt



Element 6.2.3 - AI Small Vessel Provisions

- This provision would require the AI plant(s) to set-aside 10% to 50% of their allocation for harvest by trawl CVs that are <60' LOA.
- The 8 LLP licenses with the transferable AI endorsements are the only LLP licenses with a <60' endorsement. However, the downgrade provisions of the LLP license program would allow any LLP license with an AI trawl endorsement to be fished on a vessel <60' LOA.
- The vessels with the 8 transferable endorsements appear to have the harvesting capacity to catch the 50% set-aside based on past CPUE. The amount of Pacific cod available to them would be much larger than their combined initial allocation based on their own catch history as shown under Element 2.
- Providing the <60' trawl vessels with exclusive access to the AI processor allocation increases the small vessels market power and decreases the AI plants market power when negotiating delivery terms and conditions.



ELEMENT 7.1: TRANSFERS OF QS ASSIGNED TO LLP LICENSES

- QS based on catch history is assigned is to LLP groundfish licenses. Once assigned to the LLP license the QS may not be severed from the LLP license, unless the Council selects the 90-day option for AFA non-exempt vessels to transfer QS between LLP licenses.(page 236)
 - For LLP licenses with several AI trawl endorsement (<60'), the QS would be non-severable from the endorsement and could be transferred to LLP licenses that meet the size constraints placed on use of the endorsement. This could result in leasing of the endorsement, but the QS amounts associated with those endorsements is relatively small.
- Selling an LLP license transfers the QS along with the LLP license.
 - Any person eligible to purchase an LLP license may purchase an LLP license and the QS initially assigned to the LLP license.
 - A person may hold a maximum of 10 LLP groundfish licenses.
 - Ownership caps established under Element 8 could further limit the number of LLP licenses that may be held by a person.
- The option to allow transfers of QS for LLP licenses associated with the non-exempt AFA CVs during a 90-day window starting after publishing of final rule raises some questions
 - Final rules are not typically effective until 30 days after publication
 - Assumes individual QS units may only be transferred one-time
 - Transfer could be divided between more than one LLP license
 - NMFS will further develop a description of the transfer application and timing for next iteration



ELEMENT 7.2: HARVEST QS ISSUED TO PROCESSORS

- Element 7.2 creates a new permit for processors which processor allocations of harvest shares would be issued (**page 238**)
- NMFS would issue a BSAI Pacific cod processor harvest share permit to a processor and assign QS units to the permit. The permit would be durable for the life of the program.
 - QS would be non-severable (except in case of ownership cap)
 - Permit could be transferred with all QS if buyer meets the criteria set by Council
 - On annual basis, holder of permit would be issued CQ that could be transfer to a CV operator within a cooperative
 - CV operator could be affiliated with processing plant, but may not harvest more CQ then brought into cooperative based on CQ assigned to the LLP license
 - Permits assigned to shoreside processors can only be transferred to other shoreside processors
 - QS may only be severed if the buyer of a permit would exceed the ownership/use cap
 - Provision does not include any requirement that processor buying the permit intends to operate in BSAI or has any history processing trawl caught cod from BSAI
 - If Council wanted to ensure that QS was held and processed by shoreplants that have capability, it could consider requiring that permit is held by shoreside processor that has capacity



ELEMENT 7.3 AND 7.4: TRANSFERS OF CQ BETWEEN COOPERATIVES

- Element 7.3 addresses transfers of CQ between cooperatives, which may be transferred between cooperative with approval from NMFS as is done in other cooperative programs.
- Element 7.4 addresses post delivery transfers of CQ, which if a cooperative limit is exceeded, the cooperative may agree to a transfer with another cooperative to cover any harvest overages the transfers must be completed by the end of the year to avoid potential sanctions.



ELEMENT 8: OWNERSHIP AND USE CAPS

- Section 303A(c) of the MSA requires that the Council consider excessive consolidation in the harvesting and processing sectors to ensure that LAPP permit holders do not acquire an excessive share in the program by:
- A summary of ownership and use caps established for other fisheries is provided in table 2-107.
 - Harvester ownership and use caps (range 5%-10%) with grandfather provision (0 to 5 over cap depending on the option selected)
 - Vessel use cap (range 3%-5%) with grandfather provision (0 to 14 vessels have exceeded the cap at least one year from 2003-2019)
 - Processor issued harvest shares ownership and use caps (range 15%-20%) with grandfather provision.
 - Processing facility cap (range 20% - 30%) with grandfather provision



ELEMENT 9 – COOPERATIVE PROVISIONS

- Each cooperative would be required to file an annual cooperative application to receive annual allocation
 - NMFS recommends applications be submitted by Nov 1 to Regional Administrator
 - Provides time for RAM to process applications (AM80 are due Nov 1 and AFA are due Dec 1)
- Cooperatives are formed by qualified LLP licenses with QS
 - Each qualified LLP license may be assigned to one cooperative
 - A vessel designated on a qualified LLP license is a member of that license's cooperative
 - Vessels not designated on a qualified LLP license and not utilizing gear conversion may not join a cooperative
 - Cooperatives are intended for coordinating harvest activities of members and are not FCMA
 - Each cooperative will receive annual CQ of cod and apportionments of halibut and crab PSC (if halibut and crab PSC limits are first apportioned between the trawl CV and AFA C/P sectors)



ELEMENTS 10, 11, & 12

- **Element 10** – Share duration – is discussed in Section 2.8.10 (starting on page 264)
 - MSA Section 303A states that LAPP permit is limited to not more than 10 years, that will be renewed prior to expiration, unless revoked, limited or modified
 - NMFS would renew permits under the proposed action without Council initiating a formal analysis to reauthorized the program
- **Element 11** – Monitoring and Enforcement - is discussed in Section 2.7.11 (starting on page 256)
 - Abby is available online if there are questions concerning this section.
- **Element 12 – Reporting and Program Review** – is discussed in Section 2.8.12 (starting on page 271)



ELEMENT 13: COST RECOVERY

- Section 304(d)(2) of the Magnuson-Stevens Act authorizes and requires NMFS to recover the actual costs directly related to the management, data collection, and enforcement of any LAPP up to 3% of the exvessel value of the allocated species.
- To maintain consistency across cod trawl standard prices, to prevent a one-year lag, and to reduce staff time spent on calculating standard prices; NMFS recommends using existing cod ex-vessel volume and value reports which are component of Amendment 80 and CDQ groundfish cost recovery programs for the PCTC Program cost recovery



ELEMENT 14: GEAR CONVERSION

- Allows BSAI Pacific cod trawl CV CQ to be harvested using pot gear.
 - Trawl CVs that are members of the cooperative.
 - Allow pot CVs to be associated with the cooperative and harvest CQ.
- The vessel would not be required to have a pot gear endorsement on the LLP license, but the vessel would be required to have an area endorsement for the area (BS or AI)
- None of the trawl CV LLP licenses with an AI or BS area endorsement have a Pacific cod pot gear endorsement in the BS or AI.
- Based on the 2021 LLP license file, there are 50 CV LLP licenses that are endorsed to fish in the BS or AI for Pacific cod with pot gear. A total of 47 LLP licenses are only endorsed for the BS, two are endorsed for both the BS and AI, and one is only endorsed in the AI.
- Many more LLP licenses could utilize the provision because a specific gear endorsement is not required.



ELEMENT 14: GEAR CONVERSION

- The number of vessels that will use gear conversions provision is unknown
- It is assumed that most trawl CVs will continue to harvest their own CQ or lease it to another trawl CV
- Lease to vessels using pot gear may be most likely to occur when an initial CQ holder:
 - Also owns a vessel that fishes with pot gear
 - Has a close association with a vessel operator that used pot gear
 - Derives greater economic benefit from leasing to vessel using pot gear compared to a trawl CV
 - Has a small allocation that would not allow for trawl trip
 - Halibut PSC limits are anticipated to constrain the harvest of cod by trawl CVs



ELEMENT 14: GEAR CONVERSION

- Allowing quota holders to utilize pot gear may provide greater flexibility for cooperatives to reduce halibut PSC
- Table 2-143 and 2-144 provide summary of PSC mortality in the BSAI cod fishery for trawl CV and pot CV $\geq 60'$ sectors
- Table 2-145 provides annual and average bycatch rates of crab species for non-pelagic and pot gears
- Pot gear has a lower halibut mortality and rate, but higher crab mortality and the bycatch rate is higher
- No halibut PSC mortality is assigned to pot gear (currently exempt from halibut PSC limits). Pot gear DMR for halibut is calculated at 27%).
- Historical, crab PSC rates and total amounts are greater for pot gear than trawl gear used in the Pacific cod fishery. This was described in the background section of the analysis.



ELEMENT 14: GEAR CONVERSION

- The species composition of landings in the directed Pacific cod fishery differs between vessels using pot gear and vessels using trawl gear.
 - Pot gear tends to be more selective with the groundfish catch being almost all Pacific cod. The discard mortality rates of some species taken as incidental catch in the pot fishery is also lower than in the trawl fishery.
 - Trawl gear vessels tend to have higher incidental catches of flatfish and pollock, in the Pacific cod fishery.
- Gear conversion could have implications on where fishing occurs in terms of State or Federal waters, including potential interactions with vessels currently utilizing pot and HAL gear.
- Gear interactions may be greatest (based on past years distribution of Pacific cod) in the BS area North of Unimak Island where vessels focus their fishing effort when Pacific cod congregate.



SUMMARY OF EFFECTS OF ALTERNATIVES

- Information in this section is presented as a general summary of the impacts on various sectors
- Additional information and more detailed comparisons of impacts by alternative will be provided after the Council selects a PPA



SUMMARY OF EFFECTS OF ALTERNATIVES

■ Harvest participation and fishing practices

- Consolidation of the fleet size is likely under both strawman alternatives
 - Less under Alternative 2b than Alternative 2a given more restrictive ownership and use caps
- Harvest of the trawl CV allocation would likely increase, leading to higher gross revenue per vessel and per-vessel profits,
 - Alternative 2b would likely be greater relative to Alternative 2a since C-season cod is allocated to cooperatives
- Bycatch avoidance, ease in transferring harvest privileges, and potential use of pot gear, may lead to changes in the geographic distribution and timing of harvest
- Harvests will continue to be highly influenced by the timing and location of spawning aggregations
- Strawman alternatives will improve safety conditions
- Reallocations of cod from the trawl CV sector to other sectors would be reduced under alternative 2b relative to alternative 2a due to C-season allocation, gear conversion, and benefits of cooperative management



SUMMARY OF EFFECTS OF ALTERNATIVES

- **Bycatch (PSC and Groundfish)**
- Cooperative fishing would likely provide flexibility to avoid periods of high bycatch rates, changes in gear configuration, and elimination of night fishing
- Alternative 2a would reduce PSC by 10%, which is likely not to constrain the cooperatives
- Alternative 2b would reduce halibut PSC by 35%, which could constrain the cooperatives
- Rely on an ICA to account for incidental catch of BSAI Pacific cod while directed fishing for other non-Pacific cod groundfish fisheries
 - There is the potential that cooperative vessels could intentionally top off on incidental catch of Pacific cod while targeting other groundfish fisheries
 - If incidental catch of BSAI Pacific cod by cooperative vessels increases, there is the potential that the BSAI Pacific cod allocations to the cooperatives will be reduced to accommodate a larger ICA



SUMMARY OF EFFECTS OF ALTERNATIVES

■ Other Groundfish Fisheries

- Alternative 2a and 2b would revise current AFA non-exempt sideboard limits for all AFA non-exempt trawl CVs and LLP licenses
 - Revised GOA sideboard limits are lower than existing sideboard limit due to limited historical fishing by the non-exempt CVs
 - Some sideboard limits maybe insufficient for a directed fishery
- For exempt AFA and non-AFA CVs, both alternatives would exempt these sectors from GOA sideboard limits and as a result of this exemption they cannot lease their BSAI QS
 - Would rely on cooperatives to ensure they do not lease their BSAI Pacific cod CQ
 - Suboption to allow leasing of BSAI QS while also exempt from GOA sideboard limits
 - At 200 mt or less of BSAI QS, 8 LLPs would qualify to lease BSAI QS
 - At 600 mt or less of BSAI QS, 23 LLPs would qualify to lease BSAI QS
 - Despite the suboption, could still negatively impact individuals that do not participate in the GOA fisheries since they would be restricted from leasing their BSAI QS



SUMMARY OF EFFECTS OF ALTERNATIVES

■ Other Groundfish Fisheries

- Impacts of Alt 2a and 2b on existing participants in other TLAS fisheries is likely limited to mostly yellowfin sole
 - Holders of the 8 LLP licenses that authorize yellowfin sole deliveries that are also eligible for BSAI cod QS could utilize cooperative management to expand harvest of yellowfin sole
 - However, given both the trawl CV sector and AFA C/P sector will be cooperatively managed, the case for sideboards to protect historical harvest is not clear since both groups enjoy the advantage of cooperative management
 - The absence of an inshore market for BSAI yellowfin sole also makes the need for sideboard limits unnecessary at this time
- The Council may want to consider removing BSAI Pacific cod sideboard limits for the AFA CV sector as part of the PCTC Program since the trawl CV cod allocation will be fully allocated to cooperatives and an ICA



SUMMARY OF EFFECTS OF ALTERNATIVES

- **Impacts on Shorebased, Floating, and True Mothership Processors**
 - Increased cost for raw fish because harvests are allocated QS
 - Potential regional shifts in landings under the control of processors
 - Potentially increase in the processed value of bycatch species taken incidentally to the Pacific cod target fishery, because processors have more time to process the catch and better match production capacity to the amount of fish available
 - Lower cost of production in the Pacific cod fishery could occur due to better timing of deliveries, longer season length, and increased harvest and better utilization of processing capital to improve the Pacific cod production.
 - Consolidation could occur across shoreside processing firms or within firms, reducing total capital costs and improving technical efficiencies



SUMMARY OF EFFECTS OF ALTERNATIVES

■ Impacts on C/Ps

- Maintaining C/P endorsements to act as a MS will likely give these entities some certainty over delivery volumes, depending on agreements within that sector and the level of the processing limits are imposed on the sector.
- The amount of processing capacity in the fishery is expected to remain the same. The cost of processing Pacific cod may decline because of increased season length and the ability to participate so that deliveries are timed to better match production capacity.
- Improving the technical efficiency within this sector is dependent on whether the two firms are able to reach an agreement on how to divide any processing limits if a single processing limit is imposed. If a processing limit is established for each firm, the impacts will depend on how constraining the limit is for the firm.



SUMMARY OF EFFECTS OF ALTERNATIVES

- **Impacts on Consumers and Nation**

- The effects on consumers of the different PCTC program action alternatives are likely to be greater than the status quo but be very similar across LAPP options since they provide the opportunity to provide higher quality and more diverse products.
- The greatest change in net benefits to the Nation will result from the Council selecting a version of the PCTC to replace the current management structure that will increase both consumer and producer surplus (lower costs of production and greater product values - all else being equal).



SUMMARY OF EFFECTS OF ALTERNATIVES

■ Impacts on Safety

- Management of the BSAI trawl CV Pacific cod fishery under the PCTC Program is expected to extend the A-season season allowing vessel operators to fish under better weather conditions, reduce conflicts with other fisheries/gears, and reduce crowding on the grounds.
- The B-season (April 1 through June 10) and C-season (under Alternative 2b) could also be timed to fish when weather is better.
- The C-season (June 10 to November 1) would not be included under Alternative 2a of the PCTC Program, but effort during that season is relatively small and vessels could still time their fishing to avoid bad weather.
- A person's allocation will not be jeopardized by decisions to delay fishing to reduce safety risks
- Incentives may exist for persons to fish in inclement weather (i.e., market opportunities, delivery schedules, and operational cost savings).



SUMMARY OF EFFECTS OF ALTERNATIVES

- **Effects on Fishing Communities (Background)**
 - Fishing communities identified (Section 2.7.9, pg. 104)
 - Quantitative indicators of engagement and dependency, 2004-2019
 - Trawl CV ownership address communities
 - Within AK, trend of consolidation into Kodiak
 - Overall, large aggregations in Seattle MSA and Newport, OR
 - Limited EDR data on crew
 - CVs delivering to AI shoreside processors or BSAI CPs acting as motherships
 - Active LLP license ownership address community, plus CV ownership vs LLP license ownership and homeport community cross-walks including:
 - BSAI Pcod trawl \geq 60' CV non-transferable AI endorsed licenses
 - BSAI Pcod trawl $<$ 60' CV transferable AI endorsed licenses



SUMMARY OF EFFECTS OF ALTERNATIVES

■ Effects on Fishing Communities (Background)

- Fishing communities identified in Section 2.7.9 (Continued)
 - Quantitative indicators of engagement and dependency, 2004-2019 (Continued)
 - CDQ ownership interest in relevant BSAI trawl CVs
 - Ownership interest listing by CDQ group
 - Correspondence of CDQ group ownership interest with community of CV ownership, CV homeport, and community of LLP license ownership
 - Location of SBPR operation (and FLPR operation) communities
 - Unalaska/Dutch Harbor, Akutan, and Anchorage
 - Adak, King Cove, and Sand Point
 - <60' HAL and pot CV ownership address communities
 - HAL annual avg > 1 = Unalaska/Dutch Harbor (2.8) and Kodiak (1.1)
 - Pot annual avg > 1 = Unalaska/Dutch Harbor (3.9), Kodiak (5.5), Homer (1.9), Wasilla (1.1)



SUMMARY OF EFFECTS OF ALTERNATIVES

- **Effects on Fishing Communities (Background)**
 - Description of communities/community context of the BSAI Pcod trawl fishery (Section 2.7.9.2, page 135)
 - Alaska communities
 - Demographic overview and institutional summary
 - History, fishing engagement/dependency, relevant taxes
 - Unalaska/Dutch Harbor, Akutan, and Adak (most detail)
 - Kodiak
 - Sand Point and King Cove
 - Other Alaska communities, including CDQ communities
 - Pacific Northwest communities



SUMMARY OF EFFECTS OF ALTERNATIVES

■ Effects on Fishing Communities

- Alternative 1: Status Quo (No Action)
- Alternatives 2a and 2b
 - Several elements and options combination could function in part as community protection measures by limiting consolidation and stabilizing landings.
 - Under options 2.2.1 thru 2.2.3, CV and LLP license historical participation diversity increases with time depth.
 - Neither Option 2.2.4 nor the unnumbered suboption under Element 7.1, which could potentially serve to protect the interests of the CDQ groups with ownership interests in CVs that lease out their Pcod sideboard allocations, are a part of either Alternative 2a or Alternative 2b.



SUMMARY OF EFFECTS OF ALTERNATIVES

■ Effects on Fishing Communities

■ Alternatives 2a and 2b (continued)

- Important distinction between 2a and 2b is whether allocations to cooperatives would include C season (no under 2a and yes under 2b)
 - Potential change to historical pattern of annual reallocations from trawl CV sector to < 60' HAL and pot CV sector.
- Adak complicated processing ownership and operational history contributes to the importance of Element 6.
- Efficacy of consolidation limitation potentially important to support service sector.



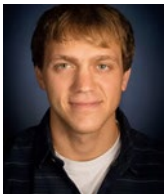
SUMMARY OF EFFECTS OF ALTERNATIVES

- **Effects on Fishing and Processing Crew**
 - Alternative 1: Status Quo (No Action)
 - Alternatives 2a and 2b
 - Vessel crew
 - A decrease in captain and crew positions is anticipated.
 - Crew earnings per remaining position would potentially increase.
 - Crew earnings could be adversely impacted if crew shares are adjusted to cover quota use costs.
 - Employment stability and working conditions/safety would potentially improve.
 - Processing crew
 - Processing would likely occur over a longer period, resulting in fewer positions needed to meet peak demands.
 - Overtime opportunities would still be available for processing crew unless processing firms change their basic approach to hiring and retaining workers.



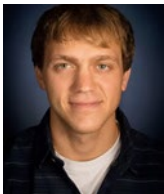
SUMMARY OF ENVIRONMENTAL ASSESSMENT

- Overall, the EA of the current alternatives did not identify any significant effects on the biological, physical, or human environment.
- The sections presented in this EA focus on Pacific cod (Section 3.2), incidental catch (Section 3.3), Prohibited Species Catch (PSC) (Section 3.4), and marine mammals (Section 3.5).



SUMMARY OF ENVIRONMENTAL ASSESSMENT

- *Pacific cod*
 - Not likely to alter Pacific cod stocks beyond what has already been considered.
- *Incidental catch*
 - Not likely to substantially alter incidental catch in the fishery.
 - May need to readdress depending on the gear conversion element.
- *Prohibited Species Catch*
 - Impacts on PSC species are not expected to be significant
 - May need to readdress depending on the gear conversion element.



SUMMARY OF ENVIRONMENTAL ASSESSMENT

- *Marine Mammals*
- Incidental Take
 - Action not expected to substantially alter incidental take in the fishery.
 - May need to readdress depending on the gear conversion element.
- Prey availability
 - Action unlikely to have significant impacts if no changes in seasonal allocation.
- Disturbance Effects
 - Action unlikely to have significant impacts.

