

**AGENDA C-9:
December 2014**

Initiate analysis for revising the allowances for placing small catcher/processors in the partial coverage category.

Purpose and Need Statement

Under the Restructured Observer Program, all catcher/processors are in the full coverage category unless they meet the requirements for an allowance to be placed in partial coverage. The placement of catcher/processors in full coverage enables NMFS obtain independent estimates of catch, at sea discards, and prohibited species catch (PSC) for catcher/processor vessels. In recognition of the relatively high cost of full coverage for smaller catcher/processors and the limited amount of catch and bycatch by these vessels, the Council recommended two limited allowances for placing a catcher/processor in partial coverage. Both of these allowances were based on vessel activity between 2003 and 2009.

Since implementation of the Restructured Observer Program, owners and operators of some catcher/processors have requested that the Council and NMFS revise these allowances to include vessels that began processing after 2009. First, the allowance for placing a catcher/processor in partial coverage should, at a minimum, be based on a measurement of ongoing production that shows that the catcher/processor processes a small amount of groundfish relative to the rest of the catcher/processor fleet. Second, the current regulations do not provide a way to move a catcher/processor placed in partial coverage into full coverage if production increases to a level deemed appropriate for full coverage.

This action would maintain a relatively limited exception to the general requirement that all catcher/processors are in the full coverage category, provide an appropriate balance between data quality and the cost of observer coverage; and establish a basis for placing catcher/processors into partial coverage that is not unduly difficult to apply and to enforce.

Alternatives

Alternative 1, No Action; maintain existing exemptions

Alternative 2, Revise the allowances for NMFS to place small catcher/processors into partial coverage. Under this alternative, the basic criterion for placing a catcher/processor in partial coverage is the vessel's production in the prior year or most recent year of production.

| Option | Measure | Threshold based on 10 th percentile approach | Threshold based on kernel density distribution approach |
|--|---------------------------|---|---|
| | | Pounds (metric tons) | |
| 1. | Average daily production | 11,000 (5.0) | 15,500 (7.0) |
| 2. | Average weekly production | 42,000 (19.1) | 79,000 (35.8) |
| 3. | Maximum daily production | 26,000 (11.8) | 44,000 (20.0) |
| 4. | Maximum weekly production | 94,000 (42.6) | 197,000 (89.4) |
| 5. | Annual production | 677,000 (307.1) | 2,665,000 (1,208.8) |
| Sources: Percentile based thresholds summarized from Table 4 in Appendix B of Discussion Paper (Nov. 28, 2014); kernel density based thresholds derived from Table 5 in Appendix B. Tonnage estimates based on rounded pound values reported in table. | | | |

Under this alternative, if a catcher/processor is required to have $\geq 100\%$ observer coverage because of the vessel's participation in a catch share program, the vessel would be ineligible for partial observer coverage under this action.

Notes to Analysts

The Analysis should evaluate whether the basic production criterion for placing a catcher/processor in partial coverage should be modified based on any of the following factors:

- Whether a catcher/processor is a hybrid vessel, that is, a catcher/processor operates as a catcher vessel for part of the year and a catcher/processor for part of the year;
- Whether the owner of a catcher/processor chooses partial coverage;
- Whether a catcher/processor uses particular gear;
- Whether a catcher/processor operates in a fishery with a PSC limit;
- Whether a catcher/processor is just starting or is resuming processing and therefore its production in the prior year was zero.