PROPOSAL & SUBMITTER’S RATIONALE

- Increase 10% IFQ rollover cap for underages
  - To 30% for 2020 – rolling into 2021
  - To 20% for 2021 – rolling into 2022
  - Back to 10% for 2022 and beyond

- **Rationale:** Public health emergency is negatively affecting IFQ markets that were already at a low state for a variety of reasons; pushing harvest to the future might mitigate economic loss (E. Rosvold, 4/26/20)

- Regulation change
- ✗ FMP change
- ✗ Requires IPHC action
To date, 2020 ex-vessel prices reported by an Alaska broker are lower (page 7)
- Halibut: $3.25 - $4.50/lb.
- Sablefish: varies by size; middle range (3-4 lb. fish) $1.50 - $2.10/lb.
2020 IFQ landings through early May lag previous years
Normally, IFQ fisheries are highly utilized

Underages are used by many but do not amount to a large % of TAC

- Proportion of TAC rolled over as underage: Halibut ~2-3%  Sablefish ~2.5-4%
- Proportion of IFQ accounts with underages (annually): Halibut ~50%  Sablefish ~60%

Underages have always been greater than overages (1995-2019)
REGULATORY PROCESS CONSIDERATIONS

- NMFS IFQ rollover is managed within the annual catch limit for each IFQ species

  \[
  \text{Year 2 Harvest} + \text{Year 1 Rollover} \leq \text{Year 2 Catch Limit} \quad \checkmark
  \]

- National Standard 1 Guidelines already include ways to carry forward unharvested sablefish (in addition to 10% IFQ rollover provision)

- Duration is important because the proposal spans years – MSA provides two paths:
  - Rule can be in effect for up to 180 days (plus additional 186)
  - Rule for public health emergency can be in effect as long as emergency persists according to DHHS
  - Unclear whether either/both/neither would extend through 2022 IFQ year
REGULATORY PROCESS CONSIDERATIONS

- NMFS RAM manages 1,000s of accounts that need administrative adjustments (Table 4, p.7)
  - RAM annually issues pounds, applies underage/overage adjustments, prorates pounds from inseason transfers and returns them to the correct account, etc.
- Back-end programming to implement rollover change would require weeks of dedicated work
- Affects Cost Recovery accrual; 2019 CR was at the 3% cap so cost impact would likely fall on agency
IMPACTS

- Potentially preserves some value from IFQ fisheries worth $150M-$200M in recent years (gross ex-vessel) – expected to be lower in 2020
  - Consider whether this action would further depress 2020 effort if signaled now, and how that exacerbates uncertainties RE: management of 2021 IFQ fishery
- At maximum, a 30% 2020 rollover adds 4.8M lbs. of halibut and 9.5M lbs. of sablefish to 2021 IFQ accounts (Table 3, p.6)
  - Consider risk of exceeding 2021 catch limits
    - Projected exceedance would affect Catch Sharing Plan between sectors; Projection is challenging due to fishery, market, and public health uncertainty
    - Reaching annual catch limit would close IFQ fishery (unprecedented)
POTENTIAL COUNCIL ACTION

Should emergency action be recommended?

• Does the proposal provide substantial benefits that are not available through existing IFQ rollover or NS I Guidelines?
• Could the action influence participants’ behavior in 2020?
• What are the foreseeable potential impacts on the 2021 and 2022 IFQ fisheries?
  • Greater harvest opportunity
  • Annual catch limits could be exceeded
• What cannot be known about 2021 and 2022?
  • Status of public health emergency
  • Market for IFQ species
**CONTRIBUTORS**

<table>
<thead>
<tr>
<th>Name</th>
<th>Organization</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mike Fey</td>
<td>AKFIN</td>
</tr>
<tr>
<td>Suja Hall</td>
<td>NMFS RAM</td>
</tr>
<tr>
<td>Alicia Miller</td>
<td>NMFS SF</td>
</tr>
<tr>
<td>Kurt Iverson</td>
<td>NMFS SF</td>
</tr>
<tr>
<td>Stephanie Warpinski</td>
<td>NMFS SF</td>
</tr>
<tr>
<td>Glenn Merrill</td>
<td>NMFS SF</td>
</tr>
<tr>
<td>Tom Meyer</td>
<td>NOAA GC</td>
</tr>
<tr>
<td>Ian Stewart</td>
<td>IPHC</td>
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Non-contributors…