



## Sustainable Fisheries Alaska Region

# Pacific Cod Trawl Cooperative (PCTC) Program Compliance Guide

August 2023

This Small Entity Compliance Guide satisfies the Small Business Regulatory Enforcement Fairness Act of 1996 that requires a plain language guide to assist small entities. If you are required to comply with the regulations, you should consult and rely on the actual regulatory text. We cite the Code of Federal Regulations (CFR) throughout this document, and provide citations for specific regulations for your reference. These regulations are available online at the electronic CFR [website](#), which is updated more frequently.

Pacific Cod Trawl Cooperative (PCTC) Program regulations can be found under Title 50, Part 679. More information about the PCTC Program can be found on the [Alaska Region website](#).

**The regulations in the CFR take precedence if a discrepancy occurs between them and the information in this guide.**

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## Introduction

### General Program Overview

The Pacific Cod Trawl Cooperative Program (PCTC Program or Program) assigns Pacific cod harvest quota to qualifying groundfish License Limitation Program (LLP) license holders and qualifying processors ([88 FR 53704, August 8, 2023](#)). The Program is a limited access privilege program for the harvest of Pacific cod in the Bering Sea and Aleutian Islands Management Area (BSAI) trawl catcher vessel (CV) sector. Under the Program, participants holding quota share (QS) form harvesting cooperatives in association with a processor to harvest the annual harvest privilege of Pacific cod.

### Who should read this guide?

- PCTC Program Cooperative representatives
- PCTC Program QS permit holders
- Persons harvesting BSAI Pacific cod on a catcher vessel using trawl gear during the A or B seasons
- Persons processing Pacific cod harvested by a catcher vessel using trawl gear in the BSAI during the A or B seasons

## Initial Allocations of PCTC Program QS

### Am I eligible for PCTC Program QS?

- The QS pool of harvesters and processors who are potentially eligible for QS will be available on the Alaska Region [website](#).
- Qualification is based on catch history and processing history for harvesters and processors of BSAI Pacific cod during the qualifying years.
- If you made targeted Pacific cod landings during the qualifying years, you may be eligible for PCTC Program QS.

Participants	PCTC Program initial QS pool in units	Qualifying Years	Regulatory Text
Pacific cod (Holders of LLP Licenses with no transferable AI endorsement)	Σ highest 10 years of BSAI Pacific cod catch history in metric tons in the PCTC Program Official Record as of December 31, 2022 for LLP license holders.	2009-2019  (dropping the lowest year)	50 CFR 679.130(i)(1)
Pacific cod (Holders of LLP licenses with transferable AI endorsements)	Σ highest 15 years of BSAI Pacific cod catch history in metric tons in the PCTC Official Record as of December 31, 2022 for holders of LLP licenses with transferable AI endorsements.	January 20, 2004 - September 13, 2009 2009-2019  (dropping the lowest year)	50 CFR 679.130(i)(2)
Pacific cod (All processors)	Σ highest 10 years of BSAI Pacific cod processing history in metric tons in the PCTC Official Record as of December 31, 2022 for that BSAI Pacific cod for eligible processors.	2009-2019  (dropping the lowest year)	50 CFR 679.130(i)(4)

## How do I apply for QS?

- The National Marine Fisheries Service (NMFS) mailed an initial QS application package to all potentially eligible LLP license holders, AI endorsement holders, and processors. Applications can also be found at the NMFS Alaska Region [website](#).
  - NMFS sent an Application for PCTC Program QS to the address on record at the time the application period opened.
- The application package includes summary data of the PCTC Program Official Record relevant to your LLP license used in calculating the initial QS.
- The amount of QS NMFS has determined you are eligible to receive is included in your application package.
- After reviewing the application package, complete the Application for PCTC Program QS and submit it to NMFS.
  - Applications must be submitted by **October 10, 2023**.
  - Applications can be submitted electronically or by mail. Follow instructions on the application form.
- For more information on the application process, please see 50 CFR 679.130(h).

## What if I didn't receive an application package in the mail?

- Applications are available on the Alaska Region [website](#) and interested persons can also contact NMFS' Restricted Access Management Division to request an application package.
  - Phone: (800) 304-4846 (option #2)
  - Email: RAM.Alaska@noaa.gov
- For more information about the required contents of an application, please see 50 CFR 679.130(h)(3).

## What if I don't agree with the data in my Official Record?

- In the Application for PCTC Program QS, you will indicate if you agree with NMFS' calculation of catch history or processing history in the PCTC Program Official Record.
- Pursuant to 50 CFR 679.130(h)(4), if you disagree, submit supporting documentation regarding your catch history along with your application for QS.
- NMFS will determine whether such documentation is sufficient to amend the PCTC Program Official Record.
  - If not, NMFS will inform you that the submitted documentation was insufficient and provide you with a 30-day evidentiary period to provide sufficient evidence to support your claims.
  - After the 30-day period, NMFS will make its final decision about the PCTC Program Official Record and issue an initial administrative determination (IAD).
  - If you disagree with the IAD, you may appeal NMFS' decision through the NOAA National Appeals Office according to the procedures found at [15 CFR part 906](#).

## What happens when my application is approved?

- If you are an LLP license holder, NMFS will assign QS units to your LLP license or your transferable AI endorsement (50 CFR 679.130(i)).
- If you are an eligible processor (Federal processor permit (FPP) or Federal Fisheries Permit (FFP) holder), NMFS will issue you a PCTC Program QS permit with a specified number of QS units (50 CFR 679.130(i)(4)).
  - For a catcher/processor (CP) named on an LLP with a BSAI Pacific cod trawl mothership endorsement, NMFS will calculate an at-sea processing sideboard limit,

expressed as a percentage of the aggregate PCTC Program annual cooperative quota (CQ) that will apply to each LLP license with a BSAI Pacific cod trawl mothership endorsement and notify the LLP holder upon issuance of initial allocations (50 CFR 679.133(b)(2)).

- Once PCTC Program QS is assigned, the QS units are attached to the associated LLP license or processor's PCTC Program QS permit and can be used when the participant annually joins or associates with a cooperative.

### How is QS assigned if multiple LLP license holders have shared catch history?

- If multiple LLP licenses authorized catch by a vessel (meaning the LLP had the appropriate area endorsements at the time of landing), the LLP license holders submit to NMFS an agreement specifying the amount of shared catch history to designate to each LLP license with the Application for PCTC Program QS.
- In the absence of an agreement, the owner of the vessel that made the catch will designate qualifying catch history to each LLP license.

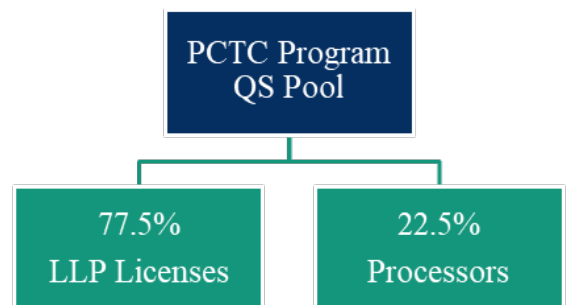
### Once QS is issued, can I transfer my initial QS?

- Under the PCTC Program, QS holders may transfer QS concurrently with the transfer of the LLP license, AI endorsement, or processor's PCTC Program QS permit that the QS is assigned to.
- Generally, PCTC Program QS is non-severable from the LLP license, AI endorsement, or processor's PCTC Program QS permit except in situations where an ownership cap would be exceeded upon transfer. See 50 CFR 679.130(g)(5) for regulations specifying non-severability and exceptions and see 50 CR 679.133(a) for regulations specifying ownership and use caps.
- The initial allocation process has a one-time 90-day transfer window to allow transfers of QS between non-exempt American Fisheries Act (AFA) LLP licenses under certain conditions to honor private contracts and agreements associated with harvest of the AFA non-exempt BSAI Pacific cod sideboard limits.
- You may transfer (sell) your LLP license and the associated QS or PCTC Program QS permit.

## PCTC Program Cooperatives

### What is a PCTC Program cooperative?

- The PCTC Program requires the formation of annual harvester cooperatives in association with an eligible processor to receive benefits from QS (50 CFR 679.131(a)(1)(i)).
- The combined QS of cooperative members and associated processors yields an exclusive harvest privilege for PCTC Program cooperatives, which NMFS issues as CQ each year (50 CFR 679.131(a)(1)(ii)).
- The PCTC Program requires at least three LLP licenses with PCTC Program QS and at least one licensed processor with a PCTC Program QS permit in each cooperative (50 CFR 679.131(j)(3)).
  - There are no limitations on the number of LLP licenses that may join a single



cooperative, the number of processors a cooperative can associate with, nor on the amount of QS a single cooperative can control.

- There are also no limitations on the number of cooperatives that may form but each LLP license can be assigned to only one cooperative.

### **What is required in the annual cooperative application?**

- To receive a CQ permit each year, a cooperative representative must submit an Application for PCTC Program CQ by November 1 of the year prior to fishing under the CQ permit. The Application can be found on the Alaska Region [website](#).
- The application must:
  - Identify the LLP license holders in the cooperative and associated processor,
  - Identify the vessels on which the CQ issued to the PCTC Program cooperative will be used,
  - Include a copy of the cooperative agreement or contract, and
  - Include a copy of the inter-cooperative agreement. The inter-cooperative agreement must establish how the cooperatives intend to harvest the AI CQ set-aside in years when it applies and ensure harvests in the BS do not exceed the minimum set-aside as specified at 50 CFR 679.132(a)(4)(i). For the calendar year 2023, NMFS will allow each cooperative to submit the inter-cooperative agreement prior to December 31, 2023.
  - More information about the requirements of the cooperative application can be found at 50 CFR 679.131(a)(4).
- NMFS will process the Application for PCTC Program CQ and, if approved, issue CQ permits and apportioned amounts of annual A and B season Pacific cod, crab, and halibut Prohibited Species Catch (PSC) limits to the cooperative (50 CFR 679.131).
- For the 2024 fishing season, NMFS will issue CQ permits to cooperatives based on the QS held by cooperative members at the time of CQ issuance. Any ongoing appeals, or QS transfers allowed under the 90-day transfer window for AFA non-exempt CVs will apply to subsequent fishing years.

### **Can the structure of a PCTC Program cooperative change?**

- Annually, a cooperative representative may modify the list of member LLP License holders, harvesting vessels, and associated processors without penalty using the Application for PCTC Program CQ.
- During the PCTC Program fishing season, LLP holders and vessels may not change cooperatives and cooperatives may not change their processor associations. A processor's association with a cooperative does not limit who may process PCTC Program CQ.
- If an LLP license is sold or transferred during the season, the LLP license and QS remains with the cooperative for the duration of the calendar year.
- An LLP license holder may leave a cooperative, but any CQ derived from the QS held by that LLP will remain with that cooperative for the duration of the calendar year (50 CFR 679.131(j)(1)).

## Ownership and Use Caps and Transfer Limits

### Are there limits on owning QS and using CQ?

- The PCTC Program includes ownership and use caps to prevent a person, vessel, or processing facility from harvesting, processing, or controlling an excessive amount of QS.
- There are four types of ownership or use caps under the PCTC Program that apply to harvesters and processors (50 CFR 679.133(a)):

Ownership Caps	Use Caps
5% of harvester-issued QS (per person)	Harvest 5% of the annual CQ (per vessel)
20% of processor-issued QS (per person)	Process 20% of annual CQ (per company)

- The PCTC Program includes legacy exemptions for persons over these ownership and use caps at the time of implementation. These exemptions allow participants to maintain levels of historical participation rather than forcing divestiture at the time of implementation.

### Can I transfer the PCTC Program QS that is assigned to my LLP license or AI endorsement?

- LLP licenses, transferable AI endorsements, and the PCTC Program QS permits are all transferable. However, QS is non-severable from these permits (with a few exceptions, see below).
- LLP licenses or transferable AI endorsements:
  - QS cannot be separated from an LLP license or transferable AI endorsement.
  - However, for LLP licenses with transferable AI endorsements, QS is assigned to the AI endorsement and moves with the AI endorsement.
  - Transfer of an LLP license or AI endorsement results in the transfer of any PCTC Program QS associated with the LLP license or transferable AI endorsement.
- Processor-held QS:
  - The QS is assigned to the PCTC Program QS permit.
  - If a processor allows their FPP or FFP to expire, they are no longer eligible to use their QS, but they can still transfer their PCTC Program QS permit.
- NMFS will not approve transfers if the transfer causes a person to exceed any ownership or use caps.

Type of Transfer	Who can use this transfer?	Timing	Regulatory Text	Where is the application?
Transfer of LLP License or transferable AI endorsement	LLP license holders	Annual (QS stays in cooperative designated on November 1 application each year)	<a href="#">50 CFR 679.4(k)(7)</a>	<a href="#">Alaska Region Website</a>
Transfer of Processor-held PCTC Program QS Permit	Processors	Annual (QS stays in cooperative designated on November 1 application each year)	50 CFR 679.130(j)(3)	<a href="#">Alaska Region Website</a>



### **When can PCTC Program QS be severed from the associated LLP license or a processor's PCTC Program QS permit?**

- QS assigned to non-exempt AFA LLP licenses can be fully or partially transferred during the limited 90-day transfer provision (50 CFR 679.130(i)(5)(ii));
- QS assigned to LLP licenses with a transferable AI endorsement can be transferred along with the AI endorsement to another LLP license that meets the criteria for a transferable AI endorsement (endorsements cannot be stacked on a single LLP);
- Upon transfer of an LLP license that received an initial allocation of QS in excess of the ownership cap due to a legacy exemption, the amount of QS over the cap may be severed from the license (and divided to one or more buyers) at the time of transfer; and
- QS can be separated in any transfer of processor-held QS if necessary to prevent any transferee from exceeding an ownership or use cap.

### **Can a cooperative transfer CQ?**

- Yes, a cooperative may transfer CQ during the fishing season.
- A cooperative can transfer all or part of its CQ to another cooperative for harvest subject to the limitations imposed by the use caps.
- Transfers of CQ are for a single year's annual allocation only. The underlying QS remains with the LLP license or PCTC Program QS permit holder.
- To initiate an inter-cooperative transfer, a designated representative of each cooperative must agree to and complete a CQ transfer on [eFish](#).
- NMFS will allow post-delivery transfers of CQ, but they must be completed prior to August 1, after the close of the B season.
- A transfer of CQ is not effective until approved by NMFS.
- More information on CQ transfers can be found at 50 CFR 679.131(i).

## **PCTC Program Specifications**

### **How much Pacific cod can I harvest under the PCTC Program?**

- The CQ permit indicates the metric tons of Pacific cod a cooperative can harvest during A season (January 20-April 1) and B season (April 1-June 10).
- NMFS will issue CQ for A and B seasons separately, with total CQ issued to all cooperatives in each season equal to the directed fishing allowance (DFA) (50 CFR 679.131(b)(4)(iii)).
- The CQ permit also specifies the metric tons of apportioned halibut PSC limit (50 CFR 679.131(c)), and the number of each species of crab PSC limit (50 CFR 679.131(d)) that the cooperative may use during the fishing year.
- Vessels named in a PCTC Program cooperative are prohibited from beginning a fishing trip for PCTC Program Pacific cod if the total amount of unharvested PCTC Program Pacific cod on a CQ permit currently held by that cooperative is zero or less (50 CFR 679.7(m)(5)(ii)).
- PCTC Program cooperatives are prohibited from having a negative balance in a PCTC Program CQ account after the end of the calendar year for which a PCTC Program CQ permit was issued (50 CFR 679.7(m)(5)(iii)).

### **What is the AI CQ Set-Aside?**

- The AI CQ set-aside is a delivery requirement that is designed to provide benefits and stability to fishery-dependent fishing communities in the AI when an Aleutian Island



shoreplant is operating.

- During years in which the City of Adak or the City of Atka notifies NMFS of their intent to process Pacific cod, cooperatives are required to collectively set-aside an amount of CQ calculated by NMFS for delivery to an Aleutian Islands shoreplant (50 CFR 679.132(b)(5)(i)).
  - The AI CQ set-aside is 12 percent of the PCTC Program A season CQ and is in effect during the A and B seasons. If the AI non-Community Development Quota (CDQ) DFA is below 12 percent of the PCTC Program A season CQ, then the AI CQ set-aside will be set equal to the AI non-CDQ DFA and is in effect during the A and B seasons. (50 CFR 679.132(a)(4)).
- Pursuant to 50 CFR 679.131(a)(4) and 50 CFR 679.132(b)(5), each year, a representative of each cooperative must submit an inter-cooperative agreement to NMFS that describes:
  - How the AI CQ set-aside will be administered by the cooperatives,
  - How the cooperatives intend to harvest the set-aside, and
  - How cooperatives will ensure that CVs less than 60 feet in length overall assigned to an LLP license with a transferable AI trawl endorsement have the opportunity to harvest 10 percent of the AI CQ set-aside for delivery to an Aleutian Island shoreplant.
- When the AI CQ set-aside is in effect, it remains in effect during the A and B seasons until NMFS publishes a notice in the Federal Register informing the cooperatives the AI CQ set-aside has been removed.
- The AI CQ set-aside may be removed in two scenarios: if all notices of intent are withdrawn or if NMFS determines the Aleutian Islands shoreplants will not process the entire AI CQ set-aside (50 CFR 679.132(c)(4) and (5)).

#### **Who can harvest Pacific cod during C season (June 10 - Nov 1)?**

- The PCTC Program does not apply to the Pacific cod trawl CV C season (June 10 - Nov 1), which will remain as a limited access fishery.
- The C season apportionment remains a limited access fishery open to all trawl CVs with LLP license endorsements to harvest Pacific cod in the BS and/or AI with trawl gear.

#### **Are there halibut and crab PSC limits?**

- Annually, each PCTC Program cooperative will receive an apportionment of the applicable halibut and crab PSC limits (50 CFR 679.131(c) and (d)). The specific amount apportioned to each cooperative for the A and B season combined is based on the percentage of total BSAI Pacific cod CQ allocated to each cooperative.
- NMFS will monitor PSC use at the sector level and cooperatives are responsible for managing PSC limits at the cooperative level.
- Cooperatives are prohibited from:
  - Fishing under the PCTC Program if a halibut PSC limit is reached for the cooperative, or
  - Fishing in a crab bycatch limitation zone if a crab PSC limit is reached in that relevant area.
- PSC limits may be transferred between cooperatives to cover any overages or to allow a cooperative to continue harvesting Pacific Cod CQ (50 CFR 679.131(e)).
- PSC used by PCTC Program cooperative CVs will be deducted from the PCTC Program PSC limits when they are fishing under the authority of a PCTC Program CQ permit.
  - Any amount of the PCTC Program PSC limit remaining after June 10, the end of the PCTC Program fishing season, will be reallocated to the BSAI Pacific cod trawl CV

limited access fishery in the C season (50 CFR 679.131(c)(3) and (50 CFR 679.131(d)(3)).

### **Where do I find information about sideboard limits?**

- If an LLP license is sideboarded, it will be listed on the LLP license. For more information about amounts of the sideboard limits, please reference the [Groundfish harvest specifications](#).
- A sideboard limit is not a guaranteed amount of catch but instead it is a limit for a fishery that they may participate in when directed fishing is open until a CV reaches the relevant species sideboard limit or the total allowable catch is closed to directed fishing, whichever happens first.
- The PCTC Program changes the Gulf of Alaska groundfish sideboard limits and halibut PSC sideboard limits for all non-exempt AFA CVs and associated LLP licenses ([50 CFR 679.64\(b\)](#)).
- The North Pacific Fishery Management Council (Council) included cooperative provisions to discourage QS holders from leasing their CQ under the Program as a condition of benefitting from sideboard exemption.
  - The Council directed that each cooperative's annual report provide information on CQ leasing activities and any penalties issued and harvest of CQ resulting from processor-held QS.
  - Additionally, NMFS requires cooperatives to include information about the cooperative's plan to monitor CQ leasing activities and the use of CQ derived from processor held QS within the cooperative, in the Application for PCTC Program CQ.

### **How are at-sea processing sideboard limits impacted by the PCTC Program?**

- There is a sideboard limit on the amount of CQ that can be processed by a CP designated on a groundfish LLP license with a BSAI Pacific cod trawl mothership endorsement.
- Each eligible CP acting as a mothership can process up to 125 percent of the eligible CP's processing history.
- This at-sea processing sideboard limit is permanently assigned to the LLP license and applies to the processing activity of any associated vessel. Due to confidentiality, this sideboard limit is issued to the LLP license holder who is prohibited from receiving deliveries over the sideboard limit. The CP owner and operator are responsible for coordinating with delivering CVs to ensure that the at-sea processing sideboard limit is not exceeded.
- Each year upon issuance of CQ, this processing sideboard limit will be calculated for each applicable LLP.
- For more information on sideboard limits, see 50 CFR 679.133(b).

## **Recordkeeping, Reporting, Monitoring, and Enforcement**

### **Are cooperatives required to submit annual reports?**

- The Council has requested that the designated representative of each cooperative submit a voluntary annual PCTC Program cooperative report.
- The Council requests that each cooperative report include:
  - CQ leasing activities and any penalties issued
  - Harvest of CQ resulting from processor-held QS
  - Cooperative membership

- Cooperative management; and
- Performance including implementation of the AI CQ set-aside when in effect.

**What are my requirements for reporting?**

- For more information about reporting requirements, see 50 CFR 679.134.

	Required Reporting			
Catcher Vessels	Daily logbook for trawl gear			
Motherships and Catcher/Processor designated on an LLP license with a BSAI Pacific cod trawl mothership endorsement and is acting as a mothership	Product Transfer Report	Mothership trawl gear electronic logbook (Daily Trip Report) in eLandings / seaLandings	Mothership Landing report via eLandings / seaLandings	Daily Production Report for landings of PCTC Program CQ via eLandings / seaLandings
Shoreside Processors and Stationary Floating Processors	Product Transfer Report	Processor Check-in/Check-out	Landing Report via eLandings	Shoreside Production Report via eLandings
All Processors*	Pacific cod Ex-vessel Volume and Value Report (for each reporting period for which the PCTC Program processor receives PCTC Program CQ) via eFish			

\*All shoreside processors, designated on a Federal Processor Permit, and motherships, designated on a Federal Fisheries Permit, that receive deliveries of unprocessed Pacific cod, including those not participating in PCTC Program.

**Am I required to have a Vessel Monitoring System (VMS) onboard?**

- Catcher vessels assigned to a PCTC Program cooperative or that are subject to sideboard limits must use functioning VMS equipment at all times when operating in a reporting area off Alaska during the A and B season (50 CFR 679.134(f)(5)).
- Vessels with an FFP that operate in a Federal reporting area when the vessel is authorized to participate in the Atka mackerel, Pacific cod, or pollock directed fisheries and the vessel’s authorized species and gear type is open to directed fishing.
- More information on VMS can be found on the Alaska Region [website](#).

**Do I need to carry an observer on my vessel?**

- All CVs harvesting PCTC Program CQ and making deliveries to a shoreside processor are in the full observer coverage category, which requires:
  - Observer coverage on 100 percent of its fishing trips, except for CV deliveries of unsorted codends to a mothership (50 CFR 679.51(a)(2)).
  - Providing a functional and operational computer with NMFS-supplied software installed to facilitate the electronic entry of observer data collected on board the vessel (50 CFR 679.51(e)(1)(iii)).
    - At the time of program implementation, AFA CVs are required to provide communications equipment necessary to transmit observer data to NMFS on a daily basis. Starting **September 7, 2026**, non-AFA CVs must comply with

requirements for at-sea observer data transmission.

- Observer coverage requirements for trawl CVs participating in the BSAI trawl limited access fisheries during the C season have not changed.
  - Vessels wishing to participate in full coverage in the C season must still opt-in consistent with regulations at [50 CFR 679.51\(a\)\(4\)](#).
- Participating motherships are required to have at least two observers aboard the mothership, at least one of whom are required to be endorsed as a lead level 2 observer.
- More information on observer requirements can be found at [50 CFR 679.51](#).
- More information on the North Pacific Observer Program can be found on the Alaska Region [website](#).

## Cost Recovery

### How do I pay cost recovery fees?

- In the PCTC Program, NMFS will assess a fee on the ex-vessel value of PCTC Program Pacific cod harvested by cooperatives in the BSAI. Halibut and crab PSC are not subject to a cost recovery fee because PSC cannot be retained for sale and, therefore, does not have an ex-vessel value.
- NMFS will use the BSAI Pacific cod Ex-vessel Volume and Value Report to calculate standard prices for Pacific cod and total ex-vessel value for the PCTC Program.
- NMFS will inform each cooperative of the fee percentage applied to the current year's landings and the total amount due (fee liability). The fee liability letter will be provided to each cooperative by no later than August 1 and fees are due on August 31, each year.
- Each cooperative is responsible for paying cost recovery fees electronically in U.S. dollars through the Alaska Region [website](#).
- Annually, NMFS will prepare a cost recovery report. Those reports can be found on the Alaska Region [website](#).
- Please see 50 CFR 679.135 for more information on cost recovery fees.

### What happens if I do not pay my cost recovery fees?

- Failure to pay cost recovery fees on time will result in NMFS not approving a cooperative's application for a CQ permit the following year until full payment of the fee is received by NMFS.
- More information can be found at 50 CFR 679.135(d).