Pipeline Perspectives

Addressing the Challenge of Who Will Do The Work

By Eben M. Wyman

In 2014, the Distribution Contractors Association (DCA) and the American Gas Association (AGA) held a joint Utility Contractor Workshop to discuss ways to improve cooperation between gas utilities and contractors. While a primary focus was on the construction workload facing the industry and compliance operator qualifications (OQ), the discussion quickly led to the larger challenges facing the pipeline industry in terms of workforce capacity. It became clear that meeting the rising demand for qualified labor is daunting, and after a more robust discussion of workforce issues at the 2015 workshop, industry leaders agreed to participate in a new effort to address them.

DCA is now putting together a multi-industry coalition, titled "Who Will Do The Work?" to evaluate the workforce problems facing the energy construction industry over the next decade. Volatility in the industry is expected to continue to strain financial resources, leadership and personnel.

According to Continuum Advisory Group, a management consulting firm working with stakeholders in the construction and energy sectors, the oil and gas industry will continue to invest significant resources in gas distribution and pipeline infrastructure, from $45 billion in 2014 to $65 billion in 2020 and up to $80 billion in 2028. While this tremendous workload is a good problem for the industry to have, ensuring a full-bodied and qualified field, supervisory and management staff is a top priority.

It's important for industry leaders to recognize the economic demand and drivers behind the gathering, transmission and distribution markets. Continuum maintains that replacement funding, federal integrity requirements, low oil prices and pipeline capacity challenges, among other concerns, are leading gas utilities to implement aggressive pipe replacement programs leading to significant capital construction spending growth.

Meanwhile, pipeline operators, construction contractors, equipment manufacturers and labor unions are struggling to recruit and retain high-quality employees. Despite the promising career choices offered in the energy construction sector, the industry continues to battle stigma associated with "working construction" and parental wishes for young people to pursue a four-year college degree.

The industry also faces a significant gap between young and inexperienced workers and those that make up a "greying workforce." Many firms describe high percentages of their workforce being over 40 years old and a significant number of workers in their 20s and/or having less than five years' experience.

Industry leaders are doing what they can to bring quality people in and provide top-notch training. Many employers give special consideration to military veterans through programs that offer vets with skills needed in the energy construction industry. Pipeline operators and union contractors use apprenticeships that can lead to high-wage jobs with quality healthcare and pension benefits. Manufacturers donate equipment to entities that train workers to use it. Employers sometimes find that offering referral bonuses is a great way to bring in quality people.

However, attracting the right people is half the battle, and retaining quality personnel presents a separate challenge. Smart companies offer employee development programs that educate workers on how to advance their careers within the organization and the industry, and help them adapt to industry changes.

For example, many construction unions prepare local members for what can be a volatile market, economic downturns and related impacts on construction jobs. This and other proactive measures provide incentive for workers to stay with the company.

Controversies surrounding the "poaching" of employees can exacerbate workforce capacity problems. Contractors sometimes lure workers from their competitors, while utilities frequently hire personnel from their contractors after they are trained and "OQ compliant," at the expense of the contractor. To a certain extent, this is considered part of the cost of doing business, but most agree that the practice leads to unnecessary cost increases for utilities, pipeline firms and contractors.

Congress also recognized the challenges facing the energy workforce. Comprehensive energy bills are moving through the House and Senate, where both chambers are proposing provisions to ensure an effective "21st Century Workforce."

The House measure under consideration in the Energy and Commerce committee would require the U.S. Department of Energy (DOE) to collaborate with the energy and manufacturing industry and provide direct assistance to schools, community colleges, workforce development organizations, non-profits, labor and apprenticeship programs and other potential partners. The bill would also give special consideration for preparing displaced and unemployed workers to re-enter the energy and manufacturing workforce.

Meanwhile, legislation recently approved by the Senate Energy and Natural Resources Committee includes similar language, proposing to establish a "21st Century Energy Workforce Advisory Board" at DOE that would develop a strategy for the support and development of a skilled workforce to meet current and future energy sector needs. The bill would also authorize a three-year pilot program to award competitive grants for job training programs.

While passage of a comprehensive energy bill anytime soon is uncertain, it is encouraging to see lawmakers pay attention to energy workforce challenges.

The initial phase of DCA's new industry effort is now underway. DCA and other industry partners are identifying additional stakeholders that may be interested in participating. The group is also evaluating geographic "hot spots" where labor markets are particularly challenging. Once a wide-ranging coalition is established, the group will begin a long-term effort to address workforce challenges anticipated over the next 10 years.

The energy sector and the range of industries that work in it have served as key drivers to America's economic recovery since the downturn in 2008. Public and private sector leaders must do everything possible to ensure that we have the right people, and enough of them, to continue to make the most of the nation's energy and manufacturing renaissance.

Eben Wyman is principal of Wyman Associates, a government relations firm located just outside Washington, D.C. The firm represents a number of clients in the energy, water/wastewater and pipeline construction industries Contact him at *eben@wymanassociates.net.*