

State energy sector hums along amid transformation

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There were about 95,800 jobs in a variety of energy-cluster private industry sectors during 2015. That was a 3% increase over 2014 levels.



(Photo: DTE)

The switch is still turned on for Michigan's energy-related economy with hiring expected to grow even as oil and natural gas prices remain low and companies shed jobs in other parts of the country.

According to the latest figures from the state's Bureau of Labor Market Information and Strategic Initiatives, there were about 95,800 jobs in a variety of energy-cluster private industry sectors during 2015. That was a 3% increase over [2014 levels](#). This outpaced the 1.5% job growth rate in 2015 among all industries in the state.

Nationally, it has been a rougher time for many places more dependent on oil and natural gas companies.

Nearly one out of every four job cuts across the country, or 98,733 jobs lost, in the year to date have come from the ailing energy sector, which is slowly stabilizing, experts say. At the same time, with cheaper prices, household expenditures on gasoline and other energy goods declined 23.9 percent in 2015, according to the [federal Bureau of Economic Analysis](#).

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“Heavy job cutting in the energy sector defined the first half of the year. But, each quarter has seen the number of overall job cuts decline, as this sector stabilized and the economy continued to improve,” said John Challenger, chief executive officer of [Challenger, Gray & Christmas](#), which issued the jobs report last week.

Fortunately for Michigan, it's not an outsized industry here that determines the state's fate.

Michigan's oil production peaked in 1979 with 35 million barrels, according to state officials. The most recent figure was around 7 million, according to state officials. For geological reasons, fracking has not taken hold here as it has in some states like Oklahoma and Ohio, said Valerie Brader, the chief of the Michigan Agency for Energy.



Valerie Brader is the Executive Director of the Michigan Agency for Energy. (Photo: State of Michigan)

Jim McTevia, the managing member of McTevia & Associates who specializes in turnarounds and business crisis management, says Michigan oil and gas producers have been "creative and resilient, with more efficient production and that is why those surviving will survive."

The greatest change for Michigan continues to be on the change-over from coal-fired plants to natural gas plants, a transformation expected to last year and generate construction jobs in the short term.

Utility officials describe the changes going on in the sector as a once-in-a-generation technological transformation. The nation's power generation infrastructure transferred largely to coal from

oil. Michigan used coal for 46.4% of its net electricity generation in 2015, according to federal figures. Michigan's three nuclear power plants, with four reactor units, provided 25.7% of the state's net electricity.

Spurred by new federal environmental regulations, the ongoing shift is now to renewable energy sources and natural gas. Michigan's 25 coal-fired plant units are scheduled to close by 2020. The state's utilities expect about \$15 billion in spending over the next 10 to 15 years on new power facilities, sparking thousands of construction jobs.

But the number of positions needed to run those new gas-powered facilities will likely drop and even fewer employees are needed to run a solar facility or wind farm. Workers however may find new positions in other areas of the utility or energy sector, Brader said.

Still in Michigan, the largest utilities say they plan to hire more workers as a generation of older employees prepares to retire. State officials projected energy jobs to increase at a substantial clip – 8.8% - between 2012 and 2022.

At DTE Energy, the Detroit-based utility with 10,000 employees, the company hired more 800 people last year with more than one third of those people coming from skilled trades.

"We're still growing," said Irene Dimitry, DTE's vice president of strategic business planning. The company, she said, plans to open a new wind and solar facility in the state by early next year, upping the utility's commitment to renewable energy

The company expects to maintain the same level of hiring this year.

"We'd define a 'hot job' to be those in the electrical business area, such as cable mechanics, subsystem operators, electrical maintenance journeyman, and line workers," DTE spokeswoman Stephanie Beres said. "In addition, gas distribution positions are also jobs where hiring is expected."

The utility has had a tough time finding workers to serve as instrument and controls technicians, system supervisors, and supervising operators.

"Many of these positions are a 24-hour operation with extensive experience required and heavy control room experience preferred," Beres said. "Many of these positions are recruited from military positions, with the Navy being a primary source of candidates."

Earlier this month, Consumers Energy said it would add 50 journeyman line workers by the end of the year to emergencies, enhances system reliability and restores electric service following storms. The utility provides natural gas and electricity to 6.7 million of the state's 10 million residents in all 68 Lower Peninsula counties.

"Increasing our electric lines workforce is part of our promise to Michigan to work every day to deliver the energy customers need whenever they need it," Cathy Hendrian, Consumers Energy's vice president of human resources, said in a news release.

Today, according to a report earlier this year from the trade association Michigan Energy Innovation Business Council. Michigan is No. 1 among a dozen Midwestern states for jobs related to clean energy vehicle jobs. The state came in second overall in terms of the number of renewable energy jobs.

It's not just the biggest players taking the lead in clean energy, either. Roughly 77% of clean energy businesses in Michigan have less than 25 employees, according to the report.

Among the bigger utilities, Consumers Energy earlier this year opened its second solar power plant — an 8.5-acre array of solar panels at Western Michigan University that produces electricity for Michigan homes and businesses. The energy provider also operates two wind farms, one near Lake Michigan and one in the Thumb, and contracts to buy energy generated by wind, landfill gas, anaerobic digestion and hydroelectric generation.

"We're a different kind of company — leaving our environment better than we found it every day," Patti Poppe, Consumers Energy's president and CEO said earlier this year. "New renewable energy sources are vital to Michigan's future."

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