Report: aging workforce in energy sector.

With the commission pushing for a high-tech energy market in its new policy strategy there is a clear need for qualified staff in the years to come. This paper investigates the composition of the workforce in European energy using the companies' published CSR reports. We conclude that the coming wave of retirements poses a serious problem for the sector.
EPSU calls on the Council to ensure that the future of the workforce is an integral part of the new Energy Strategy 2020. EPSU is concerned that a lack of qualified staff will have a serious impact on Europe's energy security, the quality of energy services and the prospects for ensuring a smooth transition to a low carbon society.

Background

In 2009 a report investigating the UK's energy sector concluded that there is an **ever growing gap between retirements and new recruits**. (Power People Report for the nuclear and the Energy and Utility council for the general power sector.) Statistics of the major European energy companies reveal that over the next 5-10 years up to a fifth or even a quarter of workers retires. In its recently published strategy report *"Energy 2020A strategy for competitive, sustainable and secure energy"* the Commission recognizes that "*the resources required in the next two decades for the development of these technologies are very significant, especially when seen in the context of the current economic climate*", but no mention is made of the personnel required to design, build and operate a high-tech energy market, despite efforts of the European social partners to draw attention to the employment and training issues and include it in the strategy(e.g. EPSU/EUROGAS Joint Statement). The only remark on employment issues can be found in the Communication on European energy infrastructure. But it limits the problem to the lack of skilled labor needed for operating 'smart grids'.

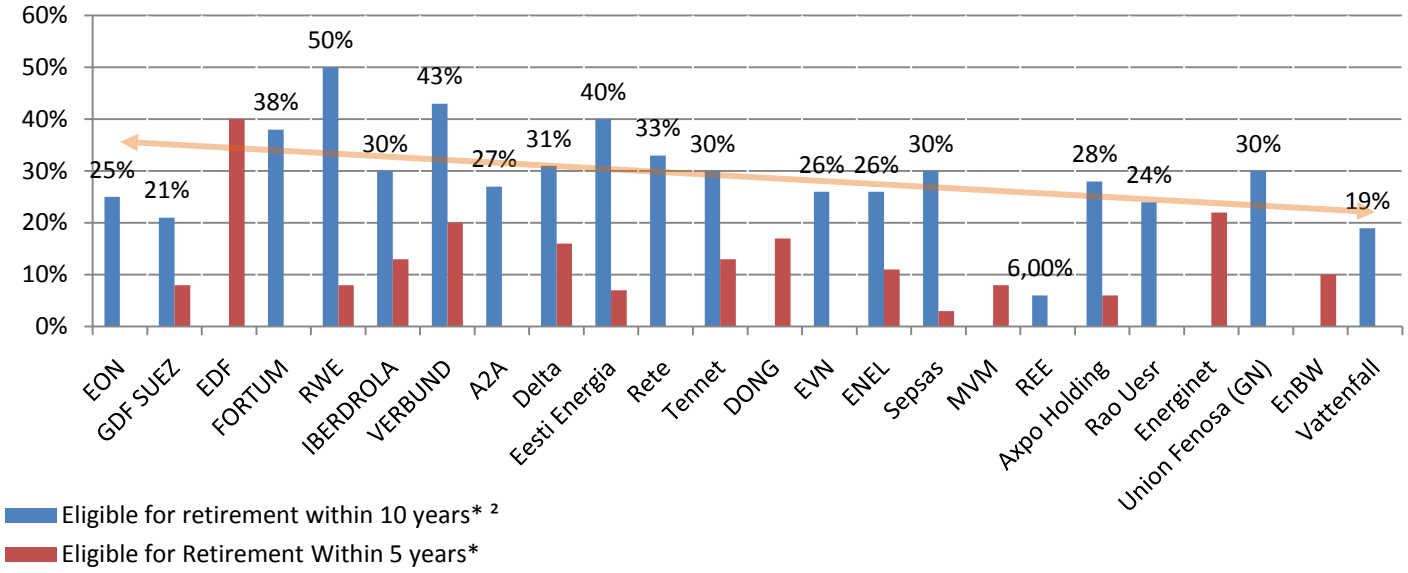
Corporate Social Responsibility

CSR reports present company information on environmental and social sustainability. The guidelines of the Global Reporting Initiative (GRI), first released in 1999, are the most widely used benchmark aiming to make *'disclosure on economic, environmental, and social performance become as commonplace and comparable as financial reporting, and as important to organizational success.'* GRI makes use of an extensive array of indicators on safety, health, pension schemes, etc. In 2009 a supplement was published, the '*Electricity Utility Sector Supplement*' (EEUS), adding several benchmarks important to the electricity sector. The European social partners for electricity have published a joint position on CSR emphasizing the importance of adequate CSR policies and recommending electricity companies to use GRI and the EUSS. Earlier this year SOMO (Stichting onderzoek en multinationale ondernemingen) and EPSU reported that '*while most companies have recognized international CSR standards there are still some that have not. Of the companies that do have CSR policies only a limited number endorses all recognized international standards. Fewer still report according to the EEUS. There is a gap between formal policies and proper implementation*.' (EPSU/SOMO REPORT)

Methodology

We investigated annual reports published by companies in the energy sector. Most adopted the GRI Guidelines (version 3, G3) with the EEUS, usually covering 2008-2009. The data we were looking for were situated under the GRI indicators ***EU15*** (Employees eligible for retirement in the coming years) or ***LA07*** (Social Indicators). Most companies had information on the age of their workforce; a minority included explicit numbers on coming retirements. Some companies utilized 'ISO' standards; others used national guidelines or did not adopt any standardized benchmarks.

Results



***(Assuming Average Retirement Age Is 60yrs.)**

[2] **(Including those eligible for retirement within 5 years)**

Roughly **20-30% of the workforce in the energy sector will have to be replaced** in the next 10 years. *Fortum* has to replace 38% of its staff by the end of the decade; *Tennet* will see 12% of its employees leave by 2015 and 30% by 2020. Companies like *Delta, Rete, Axpo, Sepsa, Union Fenosa* and *Iberdrola* are dealing with similar numbers.

Some will be hit especially hard. *RWE* will only lose 8% in the coming five years, but by 2020 will have to **replace about half of its personnel**. *Verbund* loses **20% by 2015** and no less than **43% by the end of the decade**, *Eesti Energia* **7% and 40%.**

The company facing the most immediate threat is **EDF:** they report that **40% of their staff will retire by 2015, particularly in nuclear**. It is unclear how they will manage to fill a generational gap this big.

Conclusion

The result of our limited survey underline that the electricity and gas sector are facing a big challenge as a large amount of workers retires. The Europeans Commission does not recognize this problem in its Energy Strategy 2020. It does mention the issue in its Infrastructure Package, but only in relation to smart grids. EPSU is concerned that a lack of qualified staff will have a serious impact on Europe's energy security, the quality of energy services and the prospects for ensuring a smooth transition to a low carbon society.

EPSU recommends that the European Commission (DG Energy) consider with the social partners what can be done to address the situation and how it can promote the work already done (Toolkit on Ageing & Demographic Change .for example. Stimulating apprenticeships and other training measures will assure that companies recruit and train and prepare Europe's future workforce.