

**HB 3001**

**SB 3001**

**6/8/08**

**SPECIAL**

**SESSION**

**DOCUMENTS**

# AGIA Training Strategic Plan



Alaska Department of Labor and Workforce Development  
Commissioner Click Bishop  
June 6, 2008

“This gasline will fuel our homes, our economy and careers for Alaskans - for generations.”

Governor Sarah Palin  
2008 State of the State Address





## Gasline Workforce Goal

Alaskans are trained and ready for a gas pipeline and other natural resource development jobs—and these jobs are made available to Alaskans.



# Workforce Development Process

- Identify skills gaps
- Minimize gaps through career awareness, effective labor exchange, job center network, accessible training services



*Result: Alaskans meet the needs of Alaska employers for legacy jobs and long term careers.*

# Training System at a Glance

## Secondary Education

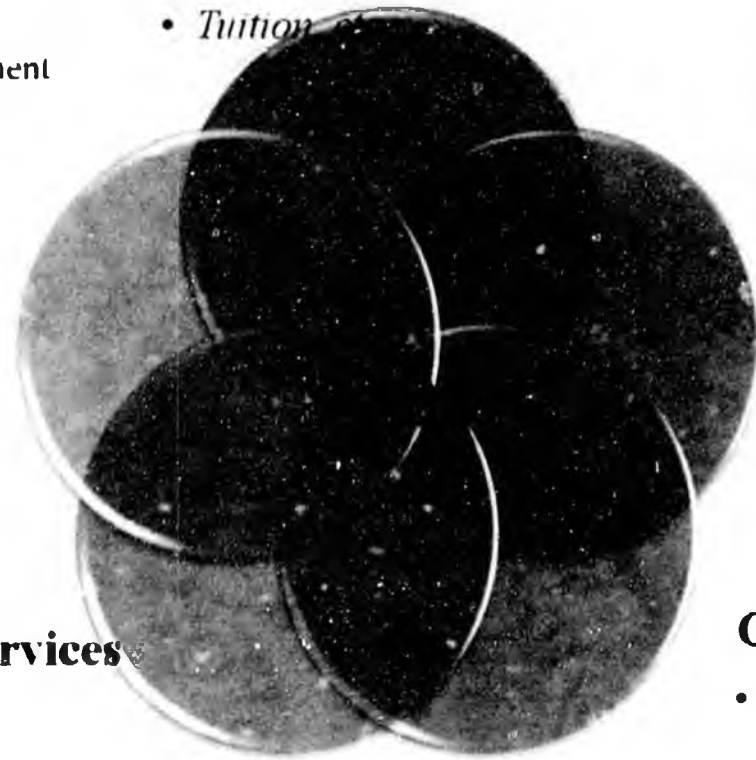
- Education & Early Development
- High Schools
- Adult Basic Education
- Youth First
- Construction Academies
- College Ready Work Ready

## Employment Services

- Job Center Network
  - Counseling
  - Job Training Referral

## Funding

- *Federal*
  - Workforce Investment Act
  - Denali Training
  - Pipeline Training
- *State*
  - STEP
  - TVEP
  - GF
- *Tuition*



## Postsecondary Education

- University of Alaska
- AVTEC
- Regional Training Centers
- Private Training Providers

## Grantees

- Competitive Selection

# Challenges

- Economic Cycles
- Ebb and flow of workers
- Awareness—not just professional positions but high paying blue collar jobs
- Cost and accessibility of training
- Job barriers—drug free, driver's license, employability skills, transferrable certification



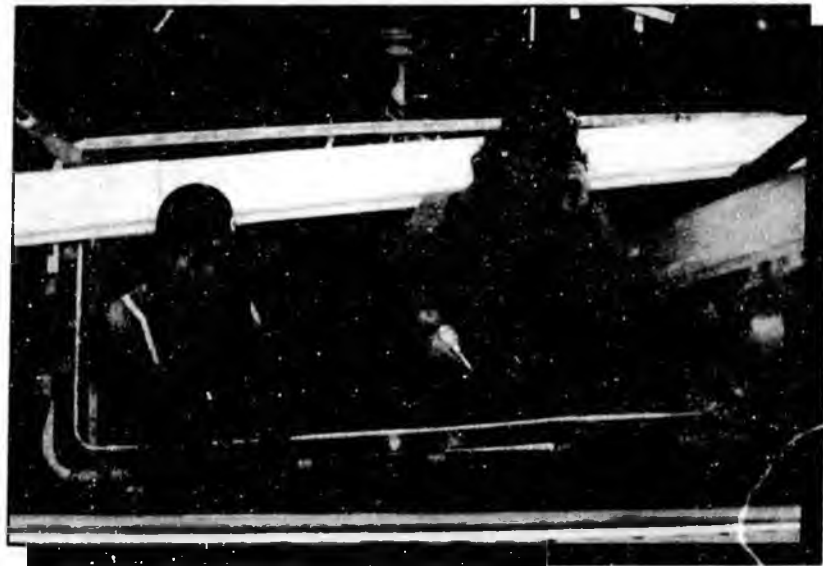
## Four AGIA Strategies

- Increase awareness of and access to careers in natural resource development
- Develop comprehensive career and technical education system
- Increase registered apprenticeships and on-the-job training opportunities
- Increase training for operations, technical and management workers



# 1. Increase Awareness of and Access to Careers in Natural Resource Development

- Job awareness program
- One stop information on jobs and training
- Received funding in FY 09 budget to develop training web site and improve on-line job service



## 2. Develop Comprehensive Career and Technical Education System

- Career pathways and skill standards
  - FY 09 Budget includes coordinator
- Work Keys DEED/DOLWD partnership
  - FY 09 funding in DEED
- K-12 career planning and counseling
  - Alaska Youth First funded
- Integrated system for youth and adults
  - Construction academies funded
- Coordinate existing training programs



### 3. Increase Registered Apprenticeships and On-the-Job Training Opportunities

- Increase job training for entry level jobs
- Increase apprenticeships in construction
- Employer incentives for apprenticeships and OJT
  - Funding received to support apprenticeships and OJT—targeted federal grant and general fund



## 4. Increase Training for Operations, Technical and Management Workers

- Expand programs for critical jobs
  - FY 09 for UAA engineering program expansion
- Recruit more Alaska high school grads
- Better articulation between job training and management programs
- Help workers keep pace with technology and skill upgrades



# Our Focus

- Current skills gap
- Legacy and long-term jobs



# Identifying the AGIA Skills Gap

Working with industry partners, DOLWD:

- Identified 113 AGIA occupations
- Used existing occupational supply and demand data to help identify potential gaps



# Alaska's AGIA Skills Gap

- Current gap: In 2006 nonresidents accounted for more than 16% of the workers in the AGIA identified occupations
- Future gap: More than 37% of individuals working in AGIA occupation were 45 years old or older in 2006





## AGIA Occupational Data

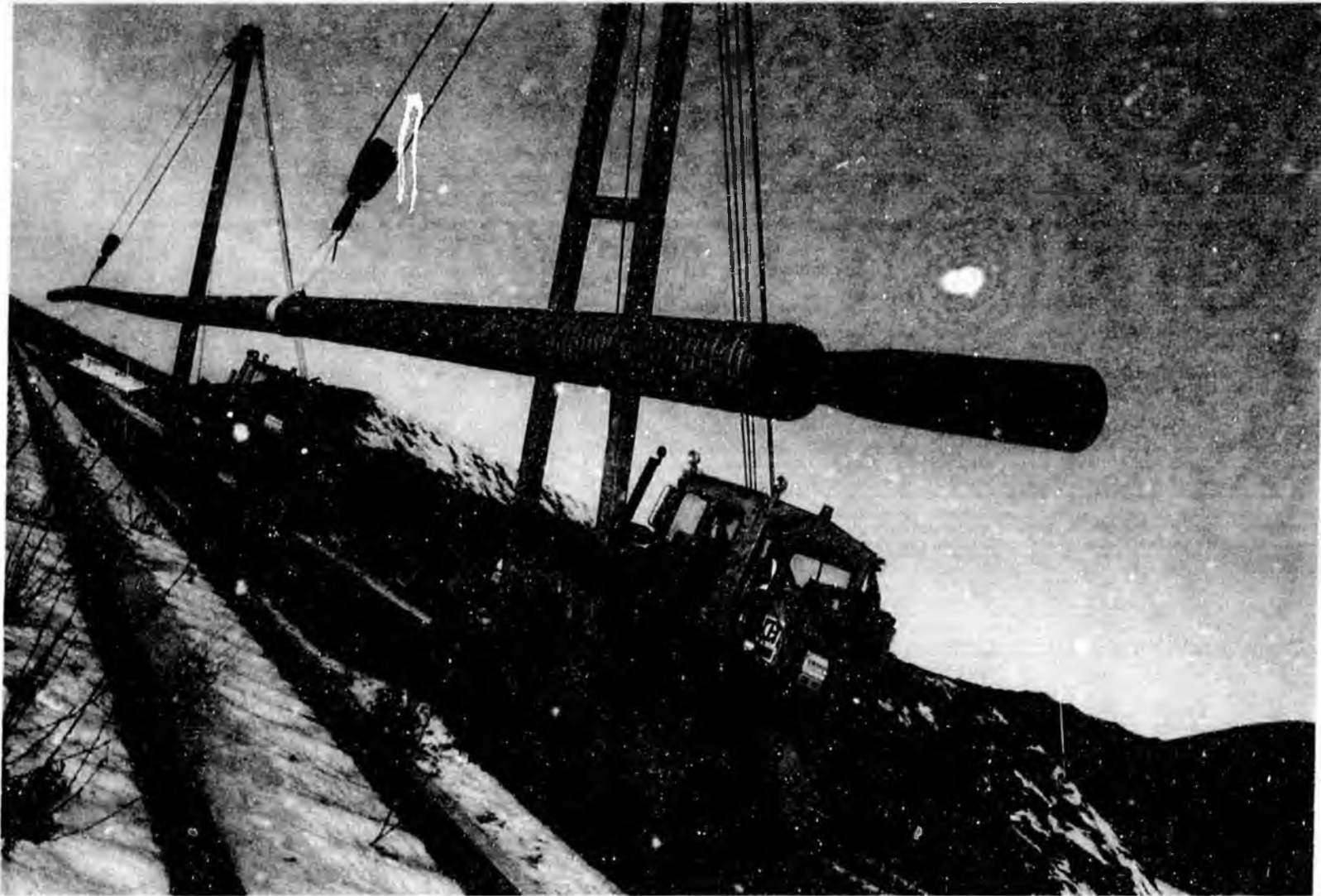
Carpenters	17.0%	34.6%	\$26.33
Civil Engineers	12.4%	43.9%	\$36.64
Electricians	24.2%	32.7%	\$31.47
Operating Engineers and Other Construction Equipment Operators	18.3%	49.9%	\$28.10
Surveyors	18.1%	45.2%	n/a
Truck Drivers, Heavy and Tractor- Trailer	13.6%	48.8%	\$21.66
Welders, Cutters, Solderers, and Brazers	34.8%	40.4%	\$25.05

## For More Information

- Web: [labor.state.ak.us](http://labor.state.ak.us)
- Click on: AGIA Training Strategic Plan

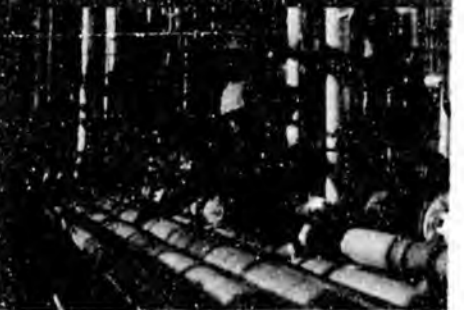


# Modeling of Short- and Long-Term Employment Generated by Construction and Operation of an Alaska Natural Gas Pipeline Project



## Employment projections generated for ...

- **Construction Phase** of the pipeline and installation of compressor stations, Gas Treatment Plant and LNG facility
- **Operation Phase** of the pipeline and related facilities (compressor stations, GTP and LNG plants)
- **Exploration and Development** work on the North Slope spurred by operation of natural gas pipeline



# Sources of Data/Model Used

- Sources of Data

- Cost data from TC Alaska AGIA Application and other information provided to the State
- Data generated by State's consultants
- Information from Division of Oil and Gas

- Model Used

- IMPLAN
- Cost driven
- Uses Alaska-specific labor factors



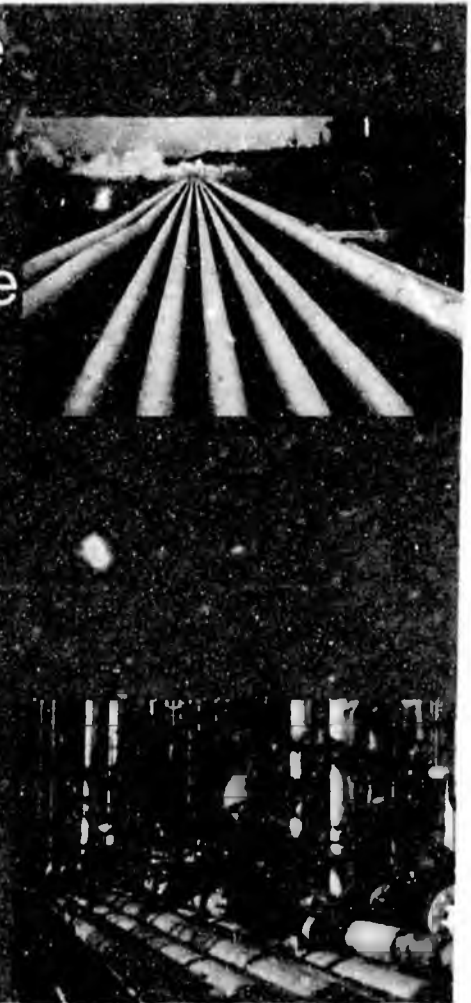
## Construction Phase Assumptions

- Gas Treatment Plant and LNG facility will be built Outside
- Major equipment and materials purchased Outside
- Labor force in Valdez constrained by size of camp



## Construction Phase Employment Results

- Any natural gas pipeline project will create thousands of short-term construction jobs
- Largest number of construction jobs will be available during a brief peak period
- LNG option
  - 16,000 jobs in peak year
  - Longer 'peak' period due to LNG installation
- TC Alaska/Producer Pipeline
  - 15,000 jobs in peak year



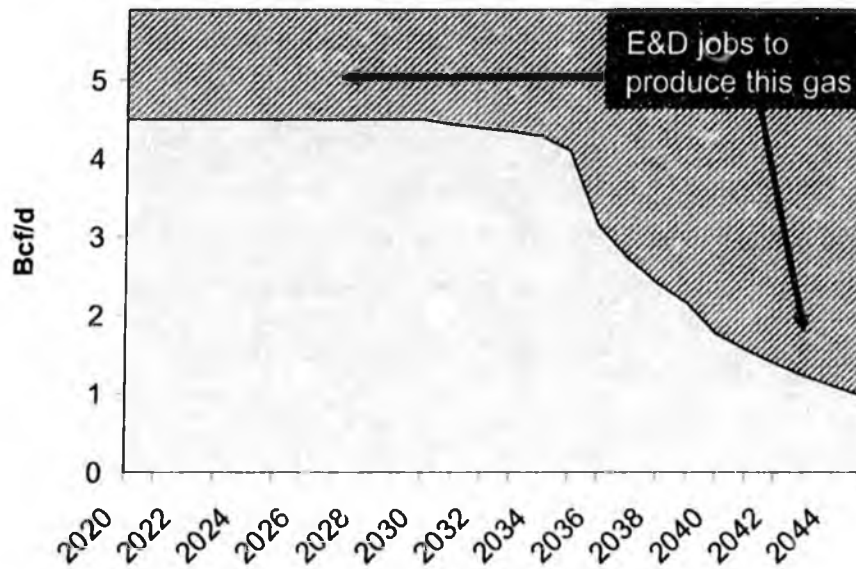
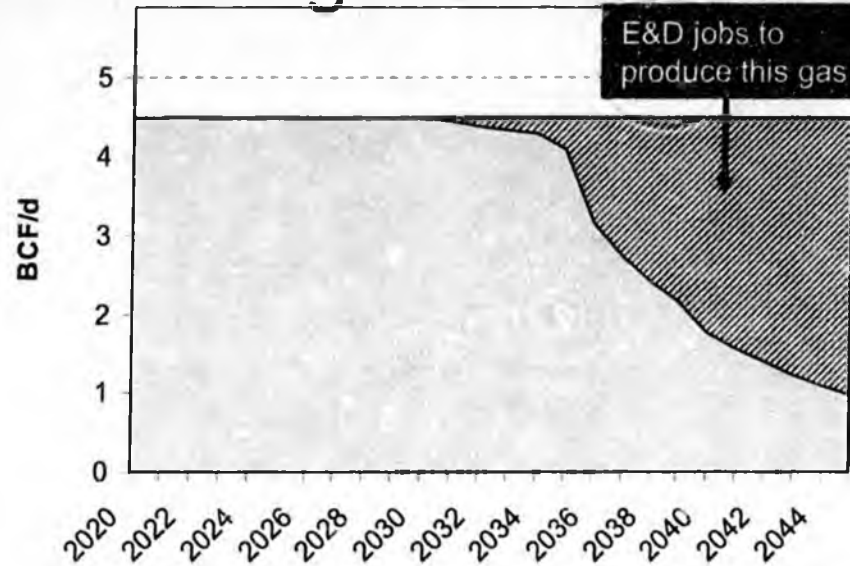
## Operations Phase Employment Results

- TC Alaska or Producer Pipeline: ~200 operations jobs in Alaska
- LNG option: ~600 operations jobs in Alaska
  - ~400 jobs at LNG plant in Prince William Sound



# E&D Employment:

## How we generated our results—Scenarios



- Non-Open Access Pipeline
  - No capacity expansion
  - No new natural gas production (or E&D work) until current fields fall off plateau
- TC Alaska Scenario
  - Capacity expansions as demanded + Reasonable tariffs = Favorable explorer economics = E&D rush

# E&D Employment: How we generated our results—Assumptions

- New production facilities will be constructed in Alaska
- Fields will be brought on-line to keep the pipeline full at a given assumed capacity
  - 5.9 bcf/d for TC Alaska Scenario
  - 4.5 bcf/d for Non-Open Access Pipeline Scenario



## Results: E&D Employment

- TC Alaska

- Approximately 72,000 E&D jobs in the 2015 to 2045 timeframe
- Jobs may be created as early as 2015



- Non-Open Access Project

- Approximately 47,000 E&D jobs in the 2015 to 2045 timeframe
- Job creation may be delayed as late as 2026



## Results: E&D Employment

- Timing of E&D job creation is a function of a pipeline's characteristics
  - Open Access = Jobs Sooner
  - Non-Open Access = Job Creation Delay
- Creating new natural gas basin-related jobs sooner is important ...
  - Offset job losses likely to occur as existing oil fields decline
  - Maintain existing skill sets and talent pool in Alaska



# AGIA

*The Alaska Gasline Inducement Act*

## Legal Issues Affecting Producer Participation

Spencer Hosie  
Hosie McArthur LLP

Allan Van Fleet  
Greenberg Traurig LLP

# Duty to Develop and Market

- State of Alaska – Producer Agreement
- Lease Provisions
- Alaska Common Law
- “Move It or Lose It”
- AGIA Solution

# Antitrust/Market Manipulation

- State and Federal Antitrust Laws

- Federal Energy Market Manipulation Laws

# Antitrust Statutes

- Sherman Act §§ 1-2
- Federal Trade Commission Act § 5
- Alaska Restraint of Trade and Monopolies Act, AS §§ 45.50.562-596
  - Prohibit exclusionary conduct to maintain monopoly power
  - Prohibit joint action to withhold supply from the market

# Standard Oil Monopoly



# 1910: Broken into "Seven Sisters"



Standard Oil of New  
Jersey (Esso)



Royal Dutch Shell  
(Anglo-Dutch)



Anglo-Persian  
Company (APOC)



Standard Oil Co. of  
New York (Socony)



Standard Oil of  
California (Socal)



Gulf Oil



Texaco

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## Fuels Markets

To help clients control a critical and potentially volatile component of the energy equation, ICF International assesses and forecasts natural gas, petroleum, and coal markets worldwide using deep industry expertise and proprietary models and databases. Our analyses and valuations have supported the financing of more than US\$10 billion in gas assets.

ICF's gas area expertise was augmented in January 2007 with the [acquisition of Energy and Environmental Analysis \(EEA\)](#), a national leader in gas market analysis.

- [Natural Gas Market Analysis](#)
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### WHAT'S NEW


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**Evaluating Natural Gas Gathering Facilities.** On behalf of an interstate pipeline, ICF International estimated the value of a nonjurisdictional gathering pipeline system. The analysis used the EADSS™ to examine the implications of possible new production coming on line, gas market prices on different connecting pipelines, and competition from nearby gathering systems. The analysis showed the expected stream of revenues and the high and low values associated with project uncertainties.

**Pacific Northwest Gas Storage Strategy Study.** ICF International used EADSS™ to evaluate strategies for purchasing or releasing transportation capacity and purchasing gas storage capacity. The work was performed for the owner of a gas-fired generator and thus

**Alaskan Pipeline.** For producers on the Alaskan North Slope, ICF International evaluated the effect of Alaskan and MacKenzie Delta gas on U.S. and Canadian gas markets, prices, and pipeline flows. We evaluated various scenarios to assist the producers in understanding the implications of different assumptions and configurations for bringing frontiers supplies into the

market.

TOP 

# Market Manipulation Statutes

## Energy Policy Act of 2005

- Gives FERC new enforcement powers over natural gas and electricity markets
- FERC imposed \$200 million penalty in one pending case; nearly \$100 in another (in addition to disgorging unjust profits)

# Market Manipulation Statutes

## • The Energy Independence and Security Act of 2007

- Prohibits any manipulative or deceptive device or contrivance in connection with purchase or sale of crude oil or gasoline or petroleum distillates
- Authorizes FTC to prescribe regulations

# FTC Advance Notice of Proposed Regulation

- Identifies “Potential Practices” that may constitute market manipulation
- Seeks comments “on the circumstances, if any, under which a firm’s decision regarding supplying a market (including whether to reduce, increase, or maintain unchanged the amount it supplies) should be considered manipulative or deceptive.”

## FTC Advance

### Notice of Proposed Regulation

Regulated petroleum pipelines may not allow new shippers a share of a pipeline's capacity when historical shippers seek to transport more petroleum products than the pipeline is capable of transporting. The Commission seeks comment on whether pre-announcements that pipelines are approaching capacity constraints may be a conduit for market manipulations or deceit . . . ."

## FTC on BP in Alaska North Slope

FTC required BP to divest ARCO's ANS holdings to Phillips (now ConocoPhillips)

"the Commission had reason to believe that BP occasionally had exported ANS crude oil to the Far East in order to increase spot prices for ANS crude oil on the West Coast and that BP benefitted from those higher spot prices because of its status as a merchant marketer."

# COMPETITION LAW 360

## **ConocoPhillips Subpoenaed By CFTC In Oil Probe**

**By Elaine Chow, *Portfolio Media, New York***  
*(June 3, 2008)*--Oil giant ConocoPhillips Co. revealed on Monday that it was subpoenaed in December by the U.S. Commodity Futures Trading Commission as part of the agency's ongoing investigation into possible price manipulation in the crude oil market.

# U.S. Commodities Futures Trading Commission

- Is investigating possible fraud in trading of crude oil futures contracts
- ConocoPhillips has been subpoenaed – not charged with any wrongdoing
- Is concerned generally with particular trader transactions, rather than wholesale withholding product from the market