

**PROFESSIONAL BACKGROUND OF
DAVID B. PATTON, PH.D.**

EDUCATION

Ph.D., Economics, George Mason University
Areas of specialization: Industrial Organization, International Finance

M.A., Economics, George Mason University

B.A., Economics, New Mexico State University
Minor in Mathematics

EMPLOYMENT

President, Potomac Economics, 2001 – present

Serve as Market Advisor for the New York ISO and ISO New England, responsible for assisting in monitoring the markets to identify and remedy market design flaws and market power concerns.

Lead and direct Potomac Economics' activities in its role as Independent Market Monitor for the Midwest ISO. Responsible for developing and performing the market monitoring function in the Midwest ISO region.

Oversee Potomac Economics' activities in its role as Independent Market Monitor for the ERCOT electricity market. Responsible for establishing and overseeing a market monitoring team that evaluates the current ERCOT market and provides advice regarding the development of the nodal electricity markets in Texas.

Provide expert testimony, analysis, and advice for clients on competitive issues in the electricity and natural gas industries, including mergers, market power and antitrust issues, competitive market design, and transmission pricing.

Director of Energy Practice, Capital Economics, 1997 – 2001

Provided expert advice and testimony to clients in cases involving transmission pricing, wholesale electric market design, mergers, market power, and antitrust matters.

Assisted electric utilities in developing regional transmission organizations by providing expert advice regarding transmission pricing, congestion management, market development, and market monitoring.

Retained by the New York ISO to service as the Independent Market Advisor regarding the development and monitoring of the wholesale electricity market.

Senior Economist, Office of Economic Policy, Federal Energy Regulatory Commission, 1995 – 1997

Developed transmission open access policies, including power pool, ISO, and comparability requirements in FERC's Open Access Rule (Order 888).

Developed the analytical framework in FERC's Merger Policy Statement for assessing the competitive effects of electric and natural gas utility mergers.

Responsible for analysis of transmission and ancillary service pricing issues associated with restructuring of the electric utility industry.

Director of Buildings Policy, Office of Energy Efficiency and Renewable Energy, U.S. Department of Energy, 1992 – 1995

Responsible for development of U.S. policy related to the energy efficiency of housing and commercial buildings. Managed data and analysis programs to estimate the effects of energy efficiency policies and programs.

Staff Economist, Office of Policy, Planning and Analysis, U.S. Department of Energy, 1989 – 1992

Responsible for development and assessment of energy policies in President Bush's National Energy Strategy and federal legislation, including the Energy Policy Act of 1992.

REPORTS AND ANALYSES

New York ISO. Prepared expert testimony and rebuttal testimony in 2007 regarding market power in the New York City capacity market.

Midwest ISO. Prepared Market Power Study in 2007 evaluating market power issues in the proposed Ancillary Services Markets in the Midwest and proposing mitigation to address the market power concerns.

Public Utility Commission of Texas. Provided expert testimony and rebuttal testimony in 2005 regarding the proposed design of the nodal energy markets to be implemented in 2009.

Midwest ISO. Prepared Annual State of the Market Reports for 2004 through 2006 that review the performance of the New York electricity markets, including recommending improvements to the operation and design of the markets.

- Public Utility Commission of Texas. Prepared an assessment of the operation of the current ERCOT market in 2004, which provides detailed recommendations to address a number of issues identified in the report.
- Midwest ISO. Prepared quarterly reports regarding the effectiveness of market power mitigation from 2004 to 2007. Also prepared expert testimony supporting filings to renew the mitigation measures.
- ISO New England. Prepared Annual Reports for 2003 to 2006 that analyze the performance of the nodal electricity markets implemented in New England in March 2003.
- Public Utility Commission of Texas. Prepared Annual Reports for 2003 to 2006 that evaluate the ERCOT electricity markets. The reports provide recommendations for improvements to the existing zonal markets.
- ISO New England. Prepared a report evaluating the market operations during the first six months of the new multi-settlement wholesale electricity markets in New England.
- New York Independent System Operator. Prepared Annual Reports for 2001 through 2006 that review the performance of the New York electricity markets, including recommending improvements to the operation and design of the markets.
- Midwest ISO. Prepared annual reports for 2002 through 2004 evaluating the sale and utilization of electricity transmission capacity in the Midwest, the results of the wholesale market, and the potential for market power problems in the future.
- ISO New England. Prepared annual reports for 2001 and 2002 analyzing withholding and market power in the New England electricity markets.
- Midwest ISO. Prepared a report and affidavit assessing the potential for locational market power associated with transmission constraints in the Midwest.
- Midwest ISO. Assessed the economic efficiency and potential risks associated with the configuration of the RTO's in the Midwest.
- ISO New England. Prepared a report analyzing the pricing in New England's energy and ancillary services markets, and recommending changes in a number of market rules and procedures.
- New England Power Pool. Developed and negotiated a market power monitoring and mitigation plan with the NEPOOL, the State Commissions, and the New England Independent System Operator.

- TransConnect LLC. Provided expert advice and analysis to a group of transmission owners seeking to form an independent transmission company regarding an incentive pricing proposal to promote efficient operation of the transmission network and investment in new investment in transmission facilities.
- New York Independent System Operator. Provided an annual report for 2000 assessing the competitive performance of the New York wholesale electric markets and providing recommendations for modifying the market rules.
- New York Independent System Operator. Developed a market monitoring program to identify and remedy market design and market power issues. Providing ongoing advice regarding the markets' performance.
- Northern States Power. Advised client on alternative transmission pricing and service proposals associated with the development of an independent transmission company.
- FirstEnergy Merger (Ohio Edison Company / Centerior). Advised client on competitive issues related to the merger and on market power mitigation alternatives.
- Exxon and British Petroleum. Prepared economic analyses of wholesale gasoline prices in the California market.
- Northern States Power/Wisconsin Electric Power merger (Primergy). Advised FERC regarding competitive issues associated with the merger.
- Electricity and Transmission Pricing in Electric Utility Industry. Analyzed alternative auction and bilateral contracting regimes for FERC.
- Ameren Merger (Union Electric/ Central Illinois Public Service). Advised FERC regarding competitive issues associated with the merger.
- American Electric Power / Central & Southwest Merger. Negotiated market power mitigation commitments with FERC staff on behalf of client.
- PJM Power Pool. Analyzed the generation and transmission pricing aspects of restructuring proposal for FERC.
- Fannie Mae/U.S. Department of Energy. Developed partnership to use loan and mortgage products to improve the energy efficiency of U.S. housing.
- Freddie Mac. Analyzed the issues related to liquidity and risk in the mortgage finance and asset-backed securities markets.

Gas Pipeline Analysis. Submitted a competitive analysis of a potential natural gas pipeline acquisition to the Federal Trade Commission.

Midwest Natural Gas Market. Submitted a competitive analysis of Midwest pipeline and storage capacity to the U.S. Department of Justice regarding a civil antitrust investigation of a natural gas marketing joint venture.

SELECTED PUBLICATIONS AND PRESENTATIONS

“Comments of the Midwest ISO Independent Market Monitor”, presented at a Technical Conference hosted by the Federal Energy Regulatory Commission regarding market monitoring policies, April 2007.

“Potential Market Power in the Midwest ISO Ancillary Services Markets”, presented to Midwest ISO Markets Committee and the Federal Energy Commission in Fall 2007.

“Load Pockets and Local Market Power”, presented at a Technical Conference hosted by the Federal Energy Regulatory Commission, February 2004.

“Electric Power: Generating Controversy”, with R.A. Sinclair, Industry Studies, 3rd edition, Larry Duetsch, editor, New York: M.E. Sharpe (2003).

“Market Configuration and Coordination in the Midwest”, presented to the Energy Bar Association, October 2003.

“Market Monitoring Roles and Responsibilities”, presented at the National Association of Regulatory Utility Commissioners’ 2003 Winter Meeting, Committee on Electricity, February 2003.

“Lessons Learned from Market Monitoring in North American Electricity Markets”, presented at the World Bank Electricity Forum, February 2003.

“Setting Efficient Wholesale Electricity Prices During Periods of Shortage”, presented to the Electric Power Supply Association, October 2002.

“Development of Competitive Wholesale Markets in the Northeast”, presented to the National Association of Regulatory Utility Commissioners’ Winter Meeting, February 2002.

“Detecting and Mitigating Market Power in Deregulated Electric Markets”, presented at the Market Monitoring Conference hosted by the American Antitrust Institute, December 2001.

“Monitoring Wholesale Electric Markets”, presented to the MIT Energy and Environmental Policy Workshop, December 2001.

- “The Role of Market Monitoring in Competitive Electric Markets”, presented to the Energy Bar Association, November 2001.
- “Summer 2001 Assessment of the New York Electric Markets”, presented to the Board of Directors and Management Committee, October 2001.
- “Assessing the Competitive Performance of Electricity Markets”, presented at the Market Monitoring and Mitigation Workshop hosted by the Edison Electric Institute, June 2001.
- “Transmission Pricing Issues”, presented to the EEI Transmission Pricing Workshop, May 2001.
- “Developing Efficient Incentives for A Transco”, presented to the Electric Power 2001 Conference, March 2001.
- “Managing and Pricing Congestion in Competitive Electric Markets”, presented to the Energy Bar Association, February 2001.
- “Monitoring Deregulated Electric Markets”, FERC Market Monitoring Conference, November 2000.
- “Defining an Appropriate Role for Market Monitoring in a Deregulated Electric Industry”, Association of Power Exchanges and International Electric Industry Conference, October 2000.
- “Defending Innovative Pricing Proposals for Regional Transmission Organizations”, Edison Electric Institute Members’ Workshop -- Developing Incentive Rates: Applications and Problems, July 2000.
- “Cost Shifting and Other RTO Pricing Issues”, EEI – Energy Daily Incentive Transmission Ratemaking Conference, July 2000.
- “Innovative Pricing Workshop: Developing and Defending Proposals for Regional Transmission Organizations”, Infocast Transmission Pricing Conference, May 2000.
- “Addressing Market Power in Deregulated Electric Markets”, presented at the 2000 Spring Meeting, Antitrust Law Section of the American Bar Association, April 2000.
- “Evaluating Investment Opportunities in Emerging Competitive Power Markets”, presented at Lehman Brothers’ Competitive Generation Conference, March 2000.
- “RTO Monitoring of Competitive Electric Markets”, presented at the Annual Energy & Project Finance Conference, February 2000.

- “Monitoring Competitive Electric Markets”, presented at 1999 Mid-Year Meeting of the Federal Energy Bar Association, November 1999.
- “Merger Review and Analysis”, presented at Antitrust Issues in Competitive Electric and Natural Gas Markets sponsored by Howrey and Simon, September 1999.
- “The Role of Regional Transmission Organizations in Emerging Competitive Electric Markets”, *CCH Power and Telecom Law*, July 1999.
- “Transmission Congestion in Competitive Electric Markets”, presented at the Transmission Business Forum, July 1999
- “Designing Efficient Performance Based Rates”, Incentive Ratemaking Workshop conducted at Independent Transmission Company conference hosted by Infocast, April 1999.
- “Designing an Independent Transmission Company to Promote[?] Competition and Efficiency”, presented at Independent Transmission Company conference hosted by Infocast, April 1999.
- “Mitigating Market Power in a Deregulated Electric Utility Industry”, *CCH Power and Telecom Law*, May 1998.
- "ISOs as a Safeguard Against Market Power Abuse", presented at Independent System Operator conference sponsored by Howrey & Simon, May 1998.
- “Competitive Analysis of Electric Utility Mergers: An Evolving Standard”, *CCH Power and Telecom Law*, March 1998.
- "Key Transmission Issues for an Independent System Operator", presented to Desert Star Independent System Operator participants, August 1997.
- “FERC Perspective on Electricity Trading and Derivatives”, presented at Electricity Trading and Derivatives Strategies Conference hosted by Infocast, March 1997.
- “Market Power in Electricity: Analysis and Mitigation”, presented to National Association of Regulatory Utility Commissioners’ Winter Meeting, February 1997.

PROFESSIONAL ACTIVITIES AND AWARDS

American Economic Association
International Association of Energy Economists
National Association of Business Economists
U.S. Department of Energy, Commendation from Secretary of Energy, 1992
Phi Kappa Phi honorary society
Omicron Delta Epsilon, economics honorary society