



Infrastructure Economic Consulting, LLC

Infrastructure Economic Consulting, LLC (IEC) helps private investors, multilateral organizations, governments and law firms, around the world navigate the economics of regulatory policies and international disputes in the energy and other infrastructure-related industries.

IEC is led by Carlos Pabón-Agudelo, a US-based regulatory economist with extensive experience providing policy analysis, advice, and international arbitration support to energy and other infrastructure-related clients in Latin America and around the world. Our firm provides advisory services on economic, regulatory, strategic, and business/financial matters and expert support in international disputes in regulated and non-regulated environments.

Carlos Pabón-Agudelo

Carlos Pabon-Agudelo is a regulatory economist providing policy analysis, advice, and litigation support to energy and other infrastructure-related clients in Latin America and around the world. He has special expertise in utility regulation, market restructuring, structure and implementation of commercial and financing strategies, and the economic assessment of liability and damages in international disputes. For more than 20 years, Mr. Pabón has worked with governments, state-owned utilities, and corporations in Latin America, South Asia, Africa, Europe, and the US.

Areas of Expertise

- Economic Policy Analysis
- International Alternative Dispute and Litigation Support
- Infrastructure Restructuring & Economic Regulation
- Institution Building
- Design & Implementation of Regulatory Reforms
- Investor Support
- Financial Analysis

Project Experience

IEC also has significant experience leading and participating in projects.

Defense of a Latin American Government in an Electricity Construction Project Dispute

Mr. Pabon worked with a team representing a Latin American government against a company seeking contract reform and compensation related to a transmission line project. The company claimed that economic turmoil had made the project financially infeasible. Mr. Pabón's team provided critical economic analysis to the Tribunal hearing the case, including insight on economic fundamentals and an assessment that the economic turmoil did not adversely affect the company.

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Structural Power Sector Reform in India

The States of Orissa and Haryana in India undertook a wide reform of their power sector. Mr. Pabón's team played a key role in the reform effort in that sector with commission for the design and development of the regulatory framework. The team's specific responsibilities included the analysis of legislation, regulations, licenses and guidelines; the design and implementation of on-site regulatory training; and on-site consulting on competitive procurements, performance standards, consumer affairs, regulatory economics, internal organization, and operating procedures.

A Gas Royalty Dispute in Latin America

A company with an integrated energy project that monetizes isolated gas reserves by generating electricity and transmitting it to market claimed that natural gas market changes should trigger royalty formula adjustments. Mr. Pabón's team represented the respondent in the resulting dispute, conducting economic and commercial analyses of the royalty adjustment clause, and demonstrating that the company's claim for damages was baseless because it did not compete with other gas suppliers and that the project as defined did not constitute a market. Essentially, the team showed that the company was trying to create an alternative, flawed argument of contract infeasibility.

Advisory Services to the Brazilian Power Industry

Mr. Pabón led a team of economists advising Independent Power Producers (IPPs) on utility regulation and other energy market issues. The team assessed for the IPPs governmental proposals to segment the generation market, advised on their participation in energy auctions, and designed and implemented commercial strategies. In addition, Mr. Pabón's team was also retained by several distribution companies to estimate the revenue requirement under standard regulatory principles, to advise on general tariff-related issues, and to train staff on utility regulation principles. Additional work for the industry included advisory services for the Brazilian electric distribution association and provision of technical advice in the assessment of regulations issued by the national electricity regulator (ANEEL) that dealt with the economic concepts for tariffs. Mr. Pabón's team also assessed proposed electricity market rules for the wholesale market in Brazil.

The Middle-East Breach of Contract Dispute

A power plant and associated coal mine project in the Middle East was cancelled after a government organization imposed new terms on the project's purchased power agreement. The Concessionaire filed a breach-of-contract claim before the International Centre for the Settlement of Investment Disputes. Mr. Pabón's team assisted the Concessionaire in both the jurisdictional and liability and damages phases of the case, demonstrating that the government's positions were inconsistent with good-faith commercial practices and undermined the project's financial feasibility.



Regulatory and Asset Strategy for an Independent Power Producer

An IPP in the Dominican Republic facing a difficult financial situation needed to identify strategic approaches to address its problems. Mr. Pabón's team provided a structure for assessing the IPP's fleet of assets in the country by analyzing the flaws in the regulatory regime, identifying and prioritizing individual remedies, and assembling alternative strategies to optimize the value of the fleet of assets (distribution, generation, and an LNG facility).

The Latin American Transmission Tariff Dispute

A company claimed that the government had violated a Stability Agreement relating to discrimination in the setting process of electricity transmission tariffs. Mr. Pabón and his team represented the government, offering insight on economic fundamentals and demonstrating the fallacy of using regulatory arguments in contracts dispute in unregulated commercial settings. In addition, the team noted the integrated nature of the project and show previous benefits received by the project in other business segments.

Slovakia Electricity Market Design

The Slovakian regulatory agency –RONI– needed a model for the redesign of the wholesale electricity market, including the design of the market rules and regulation of transmission and generation in the context of privatization. Mr. Pabón co-led the development of the specifications of the price regulation formula for the transmission business and the guiding principles for transmission price reviews, calculation of the revenue requirement, and development of guidelines for determining cost-reflective transmission tariffs and procedures for ensuring non-discriminatory access to the transmission system.

The Asia Distribution Case Arbitration

An Asian State government argued that a “comfort letter” committed an international investor in a power distribution company to fund power costs owed to an energy supplier. Mr. Pabón worked with a team representing the investor in arbitration proceedings under local arbitration rules. The team analyzed the fundamentals of structural reform of the power sector, noted ways in which the government and regulator defaulted on their obligations, and demonstrated that funding operating losses through equity contributions was uncommon business practice.

Assistance to Brazilian Government Agencies

Mr. Pabón was part of a team that assisted the national electricity regulator (ANEEL) in developing its policies and procedures for tariff-related issues and identified the components of an institutional strengthening program for ANEEL. Additional work with the regulator included calculating distribution wheeling tariffs for certain electricity customers. He also advised the Brazilian System Operator on the commercialization of ancillary services in Brazil. Finally, Mr. Pabón was part of several privatization efforts undertaken in Brazil.