



## **JOHN E. PARSONS**

Senior Lecturer, MIT Sloan School of Management

Head, MBA Finance Track

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### **CONTACT INFORMATION**

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### **BIOGRAPHY**

Dr. Parsons is a financial economist specializing in risk management, corporate finance and valuation. His research focuses on the problems of risk in energy and environment markets, the role of trading operations in energy companies, and the valuation and financing of investments in energy markets. At MIT's Sloan School, he teaches the finance elective Advanced Corporate Risk Management. He is the Head of the MBA Finance Track and an Affiliate of the MIT Center for Energy and Environmental Policy Research. Dr. Parsons was recently a Visiting Scholar at the U.S. Federal Energy Regulatory Commission.

He holds a BA in Economics from Princeton University and a PhD in Economics from Northwestern University. He has taught on the finance faculty at MIT's Sloan School of Management, the Zicklin School of Business at the City University of New York's Baruch College and the Columbia Business School.

For ten years Dr. Parsons worked in the Finance Practice at the economics consulting firm CRA International, where he was a Vice-President and Principal. He worked with major international oil companies, mining companies and commodity processors, electric utilities and international pharmaceutical companies, among others on a wide variety of risk management and valuation matters.

Dr. Parsons is a co-author of the blog "Betting the Business", covering topics in financial risk management for non-financial companies.



## EDUCATION

Ph.D. Economics, Northwestern University, 1986  
M.A. Economics, Northwestern University, 1982  
A.B. Economics, Princeton University, 1980

## EMPLOYMENT

MIT - Sloan School of Management, Senior Lecturer  
2012–present, *Head-MBA Finance Track*.  
2005–2014, *Executive Director of the Center for Energy and Environmental Policy Research*  
2005–2012, *Executive Director of the Joint Program on the Science and Policy of Global Change*.

Federal Energy Regulatory Commission, Office of Enforcement, Division of Analytics and Surveillance  
2013–2014 *Visiting Scholar*

CRA International (formerly Charles River Associates)  
1997–2005 *Vice President*  
1995–1997 *Principal*, 1995 *Senior Associate*

Columbia University  
1993–1995 *Visiting Assoc. Professor of Finance*, Graduate School of Business

City University of New York  
1990–1993 *Associate Professor of Finance*, Baruch College

Massachusetts Institute of Technology  
1984–1990 *Assistant Professor of Finance*, Sloan School of Management,

## PROFESSIONAL ACTIVITIES

Member, American Economics Association, American Finance Association.  
International Association of Energy Economists

Referee: *Journal of Finance*, *Journal of Financial Economics*, *RAND Journal of Economics*, *Energy Economics*, *Energy Journal*, *Energy Policy*, *Environmental Science and Technology*, *Journal of Applied Corporate Finance*, *Economic Journal*, *Journal of Corporate Finance*, and *Journal of Development Economics*.



## PROFESSIONAL ACTIVITIES (CONT.)

Representing BetterMarkets on the U.S. Commodity Futures Trading Commission's Global Markets Advisory Committee. (2014)

Member of the Ad Hoc Expert Group in re the NEA/IEA 7<sup>th</sup> report on 'Projected Cost of Generating Electricity'. (2009)

Member of the Scientific Advisory Board of the E.ON Energy Research Center, RWTH Aachen University, Aachen, Germany. (2008-2009)

Member of the Board of Advisors, Applied Corporate Finance Program, School of Business, University of Wisconsin—Madison. (1998–2006)

Boston University  
1999–2001 *Adjunct Faculty*, School of Management

Humboldt Universität zu Berlin  
1983 & 1986 *Visiting Scholar*

Hochschule für Ökonomie, Berlin  
1987 *Visiting Scholar*

## RESEARCH AND PUBLICATIONS

“Why is Spot Carbon so Cheap and Future Carbon so Dear? The Term Structure of Carbon Prices.” With Don Bredin. Forthcoming in the *Energy Journal*. Available as *MIT Center for Energy and Environmental Policy Research Working Paper #14-007*, October 2014.

“Do Trading and Power Operations Mix?” *Journal of Applied Corporate Finance* 25(4), Fall 2013.

“Where Are We in the Reform of OTC Derivatives Markets?” *An Unfinished Mission: Making Wall Street Work for Us*, a Report by Americans for Financial Reform & the Roosevelt Institute, November 2013.

“Margins, Liquidity and the Cost of Hedging.” With Antonio S. Mello. *Journal of Applied Corporate Finance* 25(1), Winter 2013.



“The Role of Stocks & Shocks Concepts in the Debate over Price Versus Quantity” With Luca Taschini. *Environmental Resource Economics* 55(1), 2013.

“The Weak Tie Between Natural Gas and Oil Prices.” With David Ramberg. *Energy Journal*, 33(2), 2012.

“Do Trading and Power Operations Mix? The Case of Constellation Energy Group 2008.” *Journal of Energy Markets*, 5(1), Spring 2012.

“The Future of Nuclear Power After Fukushima.” With Paul L. Joskow. *Economics of Energy and Environmental Policy*, 1(2), 2012.

“A Methodology for Calculating the Levelized Cost of Electricity in Nuclear Power Systems with Fuel Recycling.” With Guillaume De Roo. *Energy Economics* 33(5), September 2011, 826-839.

“The Future of Natural Gas – an Interdisciplinary MIT Study”, Chaired by Ernest J. Moniz, Henry D. Jacoby and Anthony J. M. Meggs, June 2011.

“The Future of the Nuclear Fuel Cycle – an Interdisciplinary MIT Study, Chaired by Mujid Kazimi, Ernest J. Moniz and Charles W. Forsberg, April 2011.

“Capacity Factor Risk at Nuclear Power Plants.” With Yangbo Du. *Center for Energy and Environmental Policy Research Working Paper #2010-016*, November 2010.

“Electricity Network Tariff Architectures: A Comparison of Four OECD Countries.” With Vivek Sakhrani. *Center for Energy and Environmental Policy Research Working Paper #10-008*, July 2010.

“Black Gold & Fool’s Gold: Speculation in the Oil Futures Market.” *Economia* 10(2), Spring 2010.

“The Economic Future of Nuclear Power.” With Paul L. Joskow. *Daedalus* 138(4), Fall 2009.

“Update of the MIT 2003 Future of Nuclear Power Study. With John M. Deutch, Charles W. Forsberg, Andrew C. Kadak, Mujid S. Kazimi, Ernest J. Moniz, Yangbo Du and Lara Pierpoint. May 2009.



"Update on the Cost of Nuclear Power." With Yangbo Du. *Center for Energy and Environmental Policy Research Working Paper #09-004*, May 2009.

"Designing a U.S. Market for CO<sub>2</sub>," with A. Denny Ellerman and Stephan Feilhauer, *Journal of Applied Corporate Finance* 21(1), Winter 2009.

"Uncertainty in Greenhouse Emissions and Costs of Atmospheric Stabilization." With Mort Webster, Sergey Paltsev, John Reilly and Henry Jacoby. *Joint Program on the Science and Policy of Global Change Report #165*, November 2008.

"Cost Containment: A Primer," with Mort D. Webster, A. Denny Ellerman and Henry Jacoby, in *Cap-and-Trade: Contributions to the Design of a U.S. Greenhouse Gas Program*, Cambridge MA: MIT Center for Energy and Environmental Policy Research, November 2008.

"Market Power and Electricity Market Reform in Northeast China," with Xiochun Zhang, *Center for Energy and Environmental Policy Research Working Paper #08-001*, January 2008.

"Technologies, Markets and Challenges for Development of the Canadian Oil Sands Industry." With Romain Lacombe. *Center for Energy and Environmental Policy Research Working Paper #07-006*, June 2007.

"Capture-Ready Coal Plants—Options, Technologies And Economics," with Mark C. Bohm, Howard J. Herzog, and Ram C. Sekar. *International Journal of Greenhouse Gas Control* 1, (2007): 113–120.

"Future Carbon Regulations and Current Investments in Alternative Coal-Fired Power Plant Designs." With Ram C. Sekar, Howard J. Herzog and Henry D. Jacoby. *Energy Policy* 35, No. 2 (February 2007): 1064-1074.

"Using Futures Prices to Filter Short-term Volatility and Recover a Latent, Long-term Price Series for Oil." With Miguel Herce and Robert C. Ready. *Center for Energy and Environmental Policy Research Working Paper #06-005*, April 2006.

"Positions courtes, prix inter-périodes et bancalité." (English: "Shortage, Inter-period Pricing, and Banking") With A. Denny Ellerman. *Tendances Carbone*, No. 5, July 2006.



“Short Sales, Damages, and Class Certification in 10b-5 Actions.” With Robert C. Apfel, G. William Schwert and Geoffrey S. Stewart. *NBER Working Paper* No. 8618, (December 2001).

“Hedging and Liquidity.” With Antonio S. Mello. *Review of Financial Studies* 13, No. 1 (Spring 2000): 127–53.

“Strategic Hedging.” With Antonio S. Mello. *Journal of Applied Corporate Finance* 12, No. 3 (Fall 1999): 43–62.

“Going Public and the Ownership Structure of the Firm.” With Antonio S. Mello. *Journal of Financial Economics* 49 (1998). Reprinted in B. Biais and M. Pagano (eds.) *Corporate Finance and Banking: a Reader*, Oxford:Oxford University Press (2001).

“Alternative Models of Uncertain Commodity Prices for Use with Modern Asset Pricing Methods.” With Malcolm P. Baker and E. Scott Mayfield. *Energy Journal* 19, No. 1 (January 1998).

“A Note on Bankruptcy Costs and the Theory of Oligopoly,” *Canadian Journal of Economics* (May 1997).

“Price Behavior in Electricity Futures: the Story So Far.” With A. Godlewska and A. Mello. *Public Utilities Fortnightly* 135, No. 1 (January 1997): 32–35.

“Flexibility or Hedging.” With A. Mello and A. Triantis. *RISK* 9, No. 10 (October 1996): 18–19.

“An Integrated Model of Multinational Flexibility and Financial Hedging.” With A. Mello and A. Triantis. *Journal of International Economics* 39, Nos. 1/2 (August 1995): 27–52.

“Hedging a Flow of Commodity Deliveries with Futures: Problems with a Rolling Stack.” With A. Mello. *Derivatives Quarterly* 1, No. 4 (Summer 1995): 16–19.

“Rolling the Dice.” With A. Mello. *RISK* 8, No. 5 (May 1995): 49–50.

“The Maturity Structure of a Hedge Matters: Lessons from the Metallgesellschaft Debacle.” With A. Mello. *Journal of Applied Corporate Finance* 8, No. 1 (Spring 1995): 106–120. Reprinted, R. Schwartz and C. Smith (eds.) *Derivatives Handbook: Risk Management and Control*, New York: John Wiley (1997) and in C. Culp and M. Miller (eds.) *Corporate Hedging in Theory and Practice*, London: RISK Books (1999).



“Measuring the Agency Cost of Debt.” With A. Mello. *Journal of Finance* 47 (1992).

“The Design of Optimal Production Sharing Rules in a Petroleum Exploration Venture.” With P. Hampson and C. Blitzer. *Journal of Financial Economics* 30 (1991).

“The Efficient Design of Contracts to Purchase Cogenerated Power.” With E. Hall. *Energy Journal* 11, No. 2 (April 1990).

“Commentary” to “Implicit Options in Forward Contracts: Empirical Estimates from the Petroleum Market.” *Review of Futures Markets*, 9, 15-18 (1990)

“Estimating the Strategic Value of Long-Term Forward Purchase Contracts Using Auction Models.” *Journal of Finance* 4, No. 4 (September 1989).

“The Riddle of the Limited Liability Corporation.” In D. Lucina and A. Mello (eds.), *Privatization: Economic Policy Essays*. Lisbon: Verbo (1989).

“Underpricing of Seasoned Issues.” With A. Raviv. *Journal of Financial Economics* 14, No. 3 (1985).