August 31, 2010

The Honorable Kimberly D. Bose
Secretary
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426

> **Re: California Independent System Operator Corporation**
> **Docket Nos. ER10-300-___, and ER06-615-___**
> **September 2010 Convergence Bidding Report**

Dear Secretary Bose:

Pursuant to the Commission's February 18, 2010 order in the above-identified docket, *Cal. Indep. System Operator Corp,* 130 FERC ¶ 61,122 (2010), the California Independent System Operator Corporation submits the attached monthly report describing its progress toward convergence bidding implementation.

Respectfully submitted,

/s/ Sidney M. Davies__
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Convergence Bidding Report

Federal Energy Regulatory Commission

September 2010

Introduction

This report addresses the status of the California Independent System Operator Corporation's implementation of Convergence Bidding. The target date for Convergence Bidding implementation is February 1, 2011 and the initiative is currently on track to meet this target.

The project milestones below are presented to the ISO Market Participants and Board of Governors on a regular basis.

Milestone	Planned Date	Status
Publish Final Draft Proposal	Oct 2, 2009	Complete
ISO BOG Approval	Oct 29-30, 2009	Complete
Publish Business Requirements	Dec 2, 2009 April 21, 2010	Complete
Publish Technical Specifications	March 31, 2010	Complete
Implementation Guide Draft	April 21,2010	Complete
File tariff amendment	June 23-25, 2010	Complete – filed on June 25, 2010
Publish BPM Drafts	Q3 2010	On track
Begin Market Simulations	Oct 4, 2010	On track
Go-Live	Feb 1, 2011	On track

Overview

The ISO has prepared a dashboard to provide a high-level overview of the status of the core Convergence Bidding functionality. This dashboard is presented in Figure 1.

Figure 1 – Convergence Bidding Dashboard

	Design	Development	Testing	Simulation
IFM				
SIBR				
CRR Settlement Rule				
Credit Checking				
External Interfaces				
Internal Interfaces				
Server Infrastructure				
Market Monitoring				
Settlements				

Legend

	On Track
	Behind schedule; mitigation in place to maintain go-live target
	Behind schedule; go-live target threatened
	Complete

Significant Implementation Phases

The ISO implementation process consists of six partially overlapping phases which provide the structure of this document: Requirements, Design, Development, Testing, Simulation, and Implementation. Significant achievements and key challenges are described in this section.

Requirements Phase

Two key sets of requirements documents are created to guide the implementation activities: Business Requirements and System Requirements.

Accomplishments

- The ISO has no significant accomplishments related to requirements to report this month. This phase is complete.

Challenges

- The ISO has no significant requirements related challenges to report this month.

Design Phase

The Design phase translates the System Requirements into detailed software designs for all impacted applications. The ISO Design effort is well underway and is anticipated to conclude in July.

Accomplishments

- The ISO has completed OASIS and CMRI designs.

Challenges

- The ISO has no significant design related challenges to report this month.

Development Phase

The development phase relates to the coding and delivery of the software solutions. The development of some systems may overlap with the creation of requirements for other systems. The ISO is planning a Development effort which has already begun and will stretch through August.

Accomplishments

- The coding changes for the core market applications are continuing with no anticipated delays to the schedule.

Challenges

- The ISO has no significant development challenges to report this month.

Testing Phase

The testing phase will evaluate the completeness, relative to business, system and Tariff requirements and quality of the delivered software solution. The ISO is planning a Testing effort which will begin in July and stretch through December.

Accomplishments

- The ISO continues to test the SIBR and IFM functionality.

- The ISO is making progress with the development of test cases of internal applications and the CRR Settlement Rule.

Challenges

- The ISO has encountered some challenges related to the availability of test environments and the risk of Multi-Stage Generator schedule slip, both of which are being mitigated.

- Expected volumes are requiring upgrades in underlying hardware and software platforms.

- Expected levels of defects have been found through testing for the complexity of this project and are being mitigated.

Simulation Phase

The Simulation phase allows the ISO to demonstrate to market participants the functionality which has been developed as well as allow market participants to test their own software. The ISO is planning a Simulation which will begin in October and stretch through January.

Accomplishments

- The ISO has posted the external Market Simulation plan on August 16.

- Market Simulation is scheduled to start on September 20 with the bidding interface. Structured scenarios are scheduled to start the week of October 4.

Challenges

- The ISO has no significant simulation challenges to report this month.

Implementation Phase

The Implementation phase consists of cutover planning and execution.

Accomplishments

- The registration process continues and to date the ISO has received and processed over 40 registration applications.

- The ISO is working with Market Participants to confirm users and appropriate certificate access for Market Simulation.

- To date the ISO has conducted three Convergence Bidding Overview classes to external Market Participants.

- The ISO posted an updated Implementation Plan on August 30.

Challenges

- The ISO has no significant implementation challenges to report this month.

Implementation Plan

The Implementation Plan is a document which the ISO creates and maintains to provide additional details to market participants about various aspects of the project. It serves as a key reference document containing timelines and instructions for market participants as well as providing a repository for references to business and technical documentation.

The Implementation Plan is a living document which the ISO will update throughout the Convergence Bidding project. An updated version was posted on August 30.

Readiness

As simulation and implementation target dates approach, the ISO will provide updates on both ISO readiness and assessments of market participant readiness.

CERTIFICATE OF SERVICE

I hereby certify that I have served the foregoing document upon the parties listed on the official service lists in the above-referenced proceedings, in accordance with the requirements of Rule 2010 of the Commission's Rules of Practice and Procedure (18 C.F.R. § 385.2010).

Dated at Folsom, California this 31st day of August, 2010.

/s/ Anna Pascuzzo

Anna Pascuzzo