

September 30, 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-___ October 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
October 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	Complete	
Begin Market Simulations	Oct 4, 2010	Complete – began on September 20, 2010	
Go-Live	Feb 1, 2011	On track	

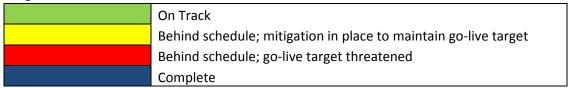
Overview

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



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.

Accomplishments

• The ISO has no significant accomplishments related to designs to report this month.

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.
- Development of OASIS has been completed.

Challenges

- The ISO has no significant development challenges to report this month.
- Development of the CRR Settlement Rule continues but progress has been slower than anticipated. Testing activities are being sequenced to address these development challenges. No overall schedule impact is anticipated at this time.

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 IFM functionality.
- Test cases for the CRR Settlement Rule are complete.
- SIBR functional site acceptance testing is complete and SIBR is in market simulation.
- New hardware has been ordered and performance tests are planned to address volume related challenges described last month.
- OASIS testing has begun.

Challenges

- Challenges related to the availability of test environments and the risk of Multi-Stage Generator project schedule slip continues.
- IFM factory testing has shown an expected level of defects for the complexity of
 this project. The remediation of these variances has been slowed and site testing
 has been delayed due to multiple factors, including challenges associated with the
 Multi-Stage Generator project. The ISO currently anticipates resolution of these
 issues which will allow the Convergence Bidding market simulation to proceed
 without impact.
- Convergence Bidding data volumes are presenting a challenge and a plan is in place to verify potential mitigation strategies.

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 conducted stakeholder meetings to review the Market Simulation plan and schedule.
- Market Simulation began on September 20 with the bidding interface.
 Structured scenarios are scheduled to start the week of October 4.
- Some variances have been discovered during initial SIBR simulation but the number and severity is moderate.

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 50 registration applications.
- To date the ISO has conducted five Convergence Bidding training classes to external Market Participants.

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.

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 30th day of September, 2010.

Isl Anna Pascuzzo

Anna Pascuzzo