



California Independent  
System Operator Corporation

July 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-\_\_\_\_  
August 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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California ISO  
Your Link to Power

# **Convergence Bidding Report**

Federal Energy Regulatory Commission

August 2010

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## 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

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## 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.

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## Requirements Phase

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

### Accomplishments

- The ISO posted updated versions of the following documents on July 26:
  - External Business Requirement Specifications

### 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 posted updated SIBR Business Rules for Convergence Bidding on July 26

### Challenges

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

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## 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 with Load and Performance testing to evaluate the potential impact of very large payloads which could be generated by Convergence Bidding.
- The ISO has begun testing of the SIBR and IFM functionality.
- The ISO received test sample bid sets from several market participants and is validated those bid sets for testing.

### Challenges

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

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## 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

- Market Simulation planning continues to progress.

### 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 30 registration applications.
- To date the ISO has conducted two Convergence Bidding Overview classes to external Market Participants.
- The ISO posted an updated Implementation Plan on July 26.

### Challenges

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

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## **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 July 26.

## **Tariff**

The ISO is reviewing the comments and protests that were filed with FERC on the Convergence Bidding tariff and plans to submit a response by August 2.

## **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 30<sup>th</sup> day of July, 2010.

*Is/ Anna Pascuzzo*  
Anna Pascuzzo