



California Independent  
System Operator Corporation

April 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-\_\_\_\_  
May 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

May 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             |
| Submit FERC Filing               | Q1 2010                       | Revised to June 2010 |
| Publish Business Requirements    | Dec 2, 2009<br>April 21, 2010 | Complete             |
| Publish Technical Specifications | March 31, 2010                | Complete             |
| Implementation Guide Draft       | April 21, 2010                | Complete             |
| 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 Business Requirements have been updated to reflect additional functionality approved by the ISO Board in February. A public version of this document was published on April 21.
- No additional business requirements are planned. Scope for the Convergence Bidding project has been completely defined.
- The System Requirements to implement the additional functionality approved by the ISO Board in February have been developed and provided to key vendors.

### **Challenges**

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

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## 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**

- In the April Report, the ISO noted design complexity related to the additional functionality approved by the ISO Board in February. The design documents for the additional functionality are underway. The ISO anticipates that these designs will be completed in May.
- The ISO has completed the design for all internal interfaces.
- The Master File design has been completed.
- As noted in the April Report, the design of the mechanism to implement the nodal constraint has been completed. Due to on-going stakeholder interest in this design element, a technical update was provided to Market Participants at the Market Performance and Planning meeting on April 27.

### **Challenges**

- There are potential performance concerns related to CAS and OASIS changes approved by the ISO Board in February. The ISO is planning for early performance testing to inform potential design modifications or hardware upgrades to mitigate any adverse performance impact.

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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 and some other affected systems have begun.
- The coding of the new Credit Tracking System is underway.

### Challenges

- Coding changes began later than anticipated. However, development timelines remain realistic to deliver the required functionality for testing.

## 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 has begun Load and Performance testing to evaluate the potential impact of very large payloads which could be generated by Convergence Bidding.

### 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

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

### 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 ISO has published the registration timeline and documents required to become a Convergence Bidding Entity. The registration window will open on May 3, 2010.
- The ISO has scheduled nine training courses for participants interested in becoming a Convergence Bidding Entity or a new Scheduling Coordinator. The training materials are under development.

### 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. The initial version was published on April 21. This document includes initial information for Registration and Training activities. The ISO discussed the Implementation Plan with Market Participants at the Market Performance and Planning meeting on April 27.

## **Tariff**

The ISO held a tariff stakeholder review meeting on April 19 to respond to stakeholder comments. Based on the results of that discussion, a new version of the tariff was posted to the ISO website on April 23. The ISO is soliciting stakeholder comments on the revised language and will have a stakeholder conference call on May 14. The ISO currently anticipates filing the tariff in June.

## **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 April, 2010.

*Anna Pascuzzo*

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