



California Independent
System Operator Corporation

October 29, 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-____
November 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,

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California ISO
Your Link to Power

Convergence Bidding Report

Federal Energy Regulatory Commission

November 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

	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 for the initial scope.

Challenges

- Some additional functionality has been requested by Market Participants and the ISO is investigating its ability to add these features.

Design Phase

The Design phase translates the System Requirements into detailed software designs for all impacted applications.

Accomplishments

- The ISO has completed all design work associated to the initial defined requirements.
- The planned hardware configuration to reinforce the ISO systems to meet the demands of Convergence Bidding has been determined.

Challenges

- Additional design work may be required to realize enhancements.

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

- Development of CAS and CMRI has been completed.
- Settlements development achieved a level where the draft configuration output file was completed and provided to the Market Participants.

Challenges

- The data repository used for monitoring is behind schedule due to unavailability of upstream data.
- Development of the core CRR Settlement Rule has been completed and 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 published a technical status report describing the implementation of the IFM application to address technical challenges previously discussed with Market Participants and the results of factory testing verifying that functionality is working as expected.
- The ISO has begun site acceptance testing of the IFM in an integrated environment.
- CRR Settlement rule testing has begun.
- Testing of CMRI, OASIS and other downstream applications continues.

Challenges

- Upgrade to 64 bit architecture has presented challenges in achieving deployment to the ISO systems. This has led to instability in IFM execution, however this challenge is integration related and not functionality related.
- The start of IFM site testing was delayed. As a result, the availability of payloads for testing of downstream systems was delayed.
- Payload sizing has proved to be a challenge at the integration level when executed and tested at high volumes.
- Challenges related to the availability of test environments and resource constraints continue.

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 successfully executed five structured scenarios.
- The ISO continues to hold bi-weekly teleconference calls to review market simulation activities and structured scenarios results with participants.
- IFM structured scenarios are being executed internally and results are being evaluated.

Challenges

- Minor errors were found in some of the SIBR structured scenarios and the ISO has re-executed them to demonstrate that the functionality has been corrected and variances have been remediated.
- Integrated IFM testing did not achieve sufficient stability within the timeframe required. As a result, the start of IFM market simulation scenario testing has been delayed by three weeks. Of the three weeks, one week had no planned Convergence Bidding activities. Market simulation is scheduled to start the third week in November.

Implementation Phase

The Implementation phase consists of cutover planning and execution.

Accomplishments

- The approval of the pro forma contract has allowed us to begin executing contracts with our Market Participants.
- To date the ISO has conducted seven 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 29th day of October, 2010.

Is/ Anna Pascuzzo

Anna Pascuzzo