

July 30, 2012

The Honorable Kimberly D. Bose
Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426

**Re: California Independent System Operator Corporation
Interconnection Queue Quarterly Progress Report, Q2 2012
Docket Nos. ER08-1317-____, ER11-1830-____**

Dear Ms. Bose:

Please find our second quarter 2012 report. The California Independent System Operator Corporation (“ISO”) submits the report pursuant to the following orders of the Commission:

Order Conditionally Approving Tariff Amendment, dated September 28, 2008, at P 200 (California Independent System Operator Corp. (Docket No. ER08-1317-000), 124 FERC ¶ 61,292;

Order Conditionally Accepting Tariff Revisions, dated December 16, 2010 at PP 97, 117 (California Independent System Operator Corp. (Docket No. ER11-1830-000), 133 FERC ¶ 61,223).

The document is submitted by electronic filing and is entitled “California Independent System Operator Corporation Interconnection Queue Quarterly Progress Report, Q1 2011”.

If there are any questions concerning this filing, please contact the undersigned.

Respectfully submitted,
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**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

California Independent System
Operator Corporation

Docket Nos. ER08-1317-____
ER11-1830-____

**CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION
INTERCONNECTION QUEUE QUARTERLY PROGRESS REPORT
Q2 2012**

Quarterly Reporting Period:
April 1, 2012 to June 30, 2012

Date: July 30, 2012

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Corporation

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INTRODUCTION AND DISCUSSION OF THE REPORTING REQUIREMENTS GIVING RISE TO THIS REPORT

This Second Quarter 2012 (“Q2 2012”) report of the California Independent System Operator Corporation (“ISO”) describes the ISO’s progress over the period April 1, 2012 to June 30, 2012 in processing generator interconnection requests under the ISO’s interconnection processes.

The current interconnection process, contained in ISO Tariff Appendix Y, is called the “Generator Interconnection Procedures (“GIP”) which applies through queue Cluster 4.¹ The GIP combines the processes for large generator and small generator interconnection into one interconnection tariff. Under the GIP, there are three possible study tracks for an interconnection request:

- (1) The cluster study process track, which serves as the primary processing method and the default interconnection process;
- (2) The independent study process track, under which certain projects can be studied independently if they are determined to be electrically independent from other projects in the cluster study (and demonstrate the ability to complete non-ISO development milestones (like licensing) sooner than typical development timeframes); and
- (3) The fast track process track, which is available for projects of up to 5 MW, when it can be determined, through a limited evaluation methodology, that the project can be interconnected with no upgrades or with *de minimis* upgrades.

As explained in later sections of this report, the ISO is also processing some previous interconnection requests under prior “legacy” interconnection tariff processes.

¹ The ISO O.A.T.T., ISO Tariff Appendix Y can be accessed on the ISO’s website at http://www.caiso.com/Documents/AppendixY_2012-04-18.pdf.

The Quarterly Reporting Requirement arises from the September 2008 Order on the GIPR

The reporting requirements giving rise to this report come from the Commission's orders approving the ISO's 2008 GIPR Amendment and the later 2010 GIP Amendment. In 2008, the ISO revised its Large Generator Interconnection Process ("LGIP") to change from a serial approach to a queue cluster approach. The ISO called this tariff amendment "Generator Interconnection Process Reform (GIPR)." The ISO refers to this revised LGIP as the "Cluster LGIP."

The Commission's September 2008 Order that conditionally accepted the GIPR Amendment included a requirement to file quarterly status reports on the ISO's progress in processing interconnection requests under the cluster approach.² The Commission intended the quarterly reports to serve as a tool to evaluate how well the ISO's queue cluster process is working.

The Commission added reporting requirements for ISP and Fast Track in the December 2010 Order on the GIP Phase 1

In a later December 2010 Order accepting the GIP (which the ISO now calls GIP Phase 1, after the ISO undertook another GIP Phase 2 process in 2011), the Commission directed the ISO to include additional reporting requirements within the quarterly status reports. The additional reporting subjects relate to the independent study process ("ISP") and fast track process. For the ISP, the Commission directed the ISO to include information about the number of projects requesting interconnection through the ISP, the outcome of those requests, the complete length of time for recently completed ISP

² *Order Conditionally Approving Tariff Amendment*, dated September 28, 2008, at P 200 (*California Independent System Operator Corp.* (Docket No. ER08-1317-000), 124 FERC ¶ 61,292 (hereinafter, "September 2008 Order"). The September 2008 Order also required the ISO to file two comprehensive status reports, one pertaining to the transition cluster and one pertaining to the first queue cluster. The ISO filed its first comprehensive report on the transition cluster on January 31, 2011.

interconnection studies (from initial application through final approval), and the reason for any rejections of projects requesting ISP treatment.³

As to the fast track, the Commission directed the ISO to include in its reports the size and type of generator interconnection requested under the Fast Track process, the proposed location of the generator, the number of requests that did not pass the screens, and which screens the generator developer failed.⁴

The ISO continues to refine Its Generation Interconnection Process

Since 2008, the ISO has amended its interconnection cluster generator interconnection procedures three times (in 2009 and 2010, and in 2011). The 2011 GIP Phase 2 Amendment was accepted by the Commission, effective January 31, 2011 in its January 30, 2011 Order.⁵

Moreover, On July 24, the Commission conditionally accepted the ISO's Transmission Planning Process Generation Interconnection Process tariff amendment, which establishes the Generator Interconnection Deliverability Allocation Process (GIDAP)—the GIDAP applies to queue Cluster 5 and later clusters.⁶

The ISO continues to work with stakeholders to refine the interconnection process. To that end, the ISO has scheduled for the September Board of Governors meeting consideration of an ISO proposal to allow downsizing of pre-Cluster 5 projects after execution of the generator interconnection agreement. The ability to downsize the MW capacity of the proposed generating facility has become a critical issue for customers as the time elapsed between entering the queue and actual construction could

³ *Order Conditionally Accepting Tariff Revisions*, dated December 16, 2010 at PP 1, 97, 117 (*California Independent System Operator Corp.* (Docket No. ER11-1830-000), 133 FERC ¶ 61,223) (hereinafter "December 16 Order").

⁴ *Id.* at P 117.

⁵ http://elibrary.ferc.gov/idmws/File_list.asp?document_id=13975721

⁶ *Order Conditionally Accepting Tariff Revisions* (*California Independent System Operator Corp.* (Docket No. ER12-1855-000), 140 FERC ¶ 61,070), accessible on the ISO's website at <http://www.aiso.com/Documents/July242012OrderConditionallyAcceptingTariffRevisions-DocketNoER12-1855-000.pdf>.

be a number of years and the changing issues in California; including permitting, environmental restrictions and the ability to obtain a power purchase agreement result in need to downsize projects.⁷

These efforts represent a continual commitment by the ISO to refine and improve the process and to respond to the dramatic increase in interconnection requests in response to California's renewable portfolio standards ("RPS") policy, which mandates that Load Serving Entities satisfy their load requirements from 33% renewable energy sources by 2020.⁸

Prior Quarterly Reports

This report is the ISO's fourteenth quarterly report. The prior thirteen quarterly reports are as follows:

2012

Q1 2012 report (dated April 30, 2012) accessible at

<http://www.caiso.com/Documents/April302012FirstQuarter2012interconnectionreportER08-1317.pdf>

2011

Q4 2011 report (dated January 31, 2012) accessible at

http://www.caiso.com/Documents/2011-01-31_ER08-1317_Q4InterconnectionRpt.pdf

Q3 2011 report (dated October 31, 2011) accessible at

http://www.caiso.com/Documents/2011-10-31_Q3FERCQuarterlyRpt_ICQ.pdf

Q2 2011 report (dated August 1, 2011, accessible at

http://www.caiso.com/Documents/2011-08-01_Q2InterconnectionRpt_ER08-1317_ER11-1830.pdf

Q1 2011 report (dated May 3 2011) The corrected filing (errata filing) which re-submitted the report with corrected Table 6 is accessible at

http://www.caiso.com/Documents/2011-05-03_ErrataQ1_2010quarterlyprogressstatusreport_ER08-1317_ER11-1830.pdf

⁷ More information on the ISO's generator project downsizing stakeholder initiative can be found on the ISO's initiative webpage at <http://www.caiso.com/informed/Pages/StakeholderProcesses/GeneratorProjectDownsizing.aspx>.

⁸ SBX1-2 enacted by the California Legislature and signed by Governor Brown in April 2011 codified California's 33% RPS. Prior to this time, the 33% standard was a function of Governor Schwarzenegger's Executive Order S-21-09 signed in September 2009 which required the California Air Resources Board to adopt a 33% renewable energy requirement by 2020 to implement California's greenhouse gases law (AB 32).

2010

Q4 2010 report (dated January 31, 2011). This quarterly report is combined with the ISO's Comprehensive Status Report Following Completion of the Study Phase for Projects in the Transition Cluster (found at ISO link http://www.caiso.com/Documents/January31_2011Q42010quarterlyprogress_comprehensivestatusreportindocketno_ER08-1317-000_GIPRamendment_.pdf).

Q3 2010 report (dated October 29, 2010) (ISO link <http://www.caiso.com/283e/283ed0906b500.pdf>).

Q2 2010 report (dated July 30, 2010) (ISO link <http://www.caiso.com/27e3/27e3d90ce6a0.pdf>).

Q 1 2010 report (dated April 30 2010) (ISO link <http://www.caiso.com/2788/2788c4ca34340.pdf>).

2009

Q4 2009 report (dated January 29, 2010) (ISO link <http://www.caiso.com/272d/272dbd991d4c0.pdf>).

Q3 2009 report (dated October 30, 2009) (ISO link <http://www.caiso.com/2457/2457e6f4470c0.pdf>).

Q2 2009 report (dated July 30, 2009) (ISO link <http://www.caiso.com/2403/2403907271f30.pdf>).

Q1 2009 report (filed April 30, 2009) (ISO link <http://www.caiso.com/23a0/23a0de6d701a0.pdf>).

2008

Q 4 2008 report (filed Feb 27 2009) (ISO link <http://www.caiso.com/2362/2362d4e612850.pdf>).

The Component Parts of the ISO's Interconnection Queue

Given that the ISO's interconnection processes have been revised over time, the interconnection queue consists of various queue components:⁹

- **Two legacy serial groupings**
 - **Component 1: certain projects that predated the serial study group.** These requests were grouped together because, at the time the ISO made its 2008 waiver request which was a foundational step to establishing the cluster LGIP. The associated interconnection studies for these projects had already been complete.¹⁰

The governing tariff provision for each project in this component depends on the date that the interconnection customer submitted the request. If that date was before July 1, 2005, the governing tariff is Appendix W, *Interconnection Procedures in Effect Prior to July 1, 2005*, also known as the "Amendment 39 Procedures." If the date was on or after July 1, 2005, the applicable tariff is

⁹ The component numbers generally correspond to time (i.e. Component 1 generally consists of that group of interconnection requests that are oldest in time). However, this is not exactly so, as the groupings were also based on common characteristics (i.e. studies were already completed) that make collective treatment of the individual requests within the group more logical. This means that some interconnection requests which were older in time are part of Component 2 rather than Component 1.

¹⁰ See, e.g. Q1 2009 Report at p. 1 for discussion of the ISO's 2008 waiver petition.

Appendix U, *Standard Large Generator Interconnection Procedures (LGIP)*, which the ISO's 2005 version of the LGIP.

- Component 2: projects known as “the serial study group.” These projects still needed interconnection studies to be completed at the time the ISO categorized interconnection requests and filed its 2008 tariff request waiver that preceded the 2008 GIPR Amendment.

For all requests in this grouping, the applicable process is Appendix U, *Standard Large Generator Interconnection Procedures (LGIP)*, the 2005 version of the LGIP, which are the ISO the procedures which immediately preceded the Cluster LGIP.

- ***Additional groupings now governed by the GIP***

For these groupings, if there was an earlier applicable tariff that applied to processing before the GIP, that tariff is mentioned in the description:

- Component 3: projects in the Cluster LGIP transition cluster: this component consists of certain requests received prior to June 2, 2008 that were transitioned to the Cluster LGIP.

Through December 18, 2010, the applicable ISO tariff had been Appendix Y, *Large Generator Interconnection Procedures (LGIP) for Interconnection Requests in a Queue Cluster Window*, with specialized provisions for the transition cluster included within Appendix 2 to Appendix Y, *Large Generator Interconnection Procedures (LGIP) Relating to the Transition Cluster*. Effective December 19, 2010, the ISO's revised Appendix Y which is the GIP Tariff Amendment governs completion of the transition cluster.

- Component 4: the first queue cluster: the first group of interconnection requests received during an open request window (June 2, 2008 to July 31, 2009)

The applicable tariff had been Appendix Y, *Large Generator Interconnection Procedures (LGIP) for the Interconnection Requests in a Queue Cluster Window*. Effective December 19, 2010, the GIP Tariff Amendment governs further processing.

- Component 5: the second queue cluster: the second group of interconnection requests received during an open request window (October 1, 2009 to January 31, 2010)

The applicable tariff had been Appendix Y, *Large Generator Interconnection Procedures (LGIP) for the Interconnection Requests in a Queue Cluster Window*. Effective December 19, 2010, the GIP Tariff Amendment governs further processing.

- Component 6: the third queue cluster: the third group of interconnection requests received during an open request window (March 1, 2010 to July 31, 2010)

The applicable tariff had been Appendix Y, *Large Generator Interconnection Procedures (LGIP) for the Interconnection Requests in a Queue Cluster Window*. Effective December 19, 2010, the GIP Tariff Amendment governs further processing.

- Component 7: the fourth queue cluster, the fourth group of interconnection requests received during the open request window (March 1-31, 2011).¹¹.

The applicable tariff had been Appendix Y, *Large Generator Interconnection Procedures (LGIP) for the Interconnection Requests in a Queue Cluster Window*. Effective December 19, 2010, the revised Appendix Y which is the GIP Tariff Amendment governs further processing.

- Component 8: Independent Study Process (ISP): ISP interconnection requests can be submitted at any time. This component tracks ISP projects received from the inception of the ISP on December 19, 2010 through the end of the report period. It is important to note that the ISP is available to projects of any MW size. Accordingly, this component will be composed of both large and small generators. The independent study for these projects is done as energy only. If an ISP project desires to have full deliverability, then the deliverability study is done in the next deliverability study work that the ISO is conducting as part of a cluster process Phase II study process.
- Component 9: SGIP Serial Study projects and SGIP Transition Cluster projects: On December 19, 2010, the effective date for the revised GIP Appendix Y, there were 128 active SGIP projects in queue. The ISO sent a notice to all SGIP interconnection customers whose projects were eligible to remain in the SGIP serial process, to inform them that they had an option to move their project into the new SGIP transition cluster and be studied as

¹¹ Under the Cluster LGIP, the fourth queue cluster window opened on October 1, 2010 and was set to close on January 31, 2011. However, while the window period was opened, the GIP became effective. Under the GIP, a further fourth queue cluster window was opened during the month of March (March 1-31, 2011). All earlier fourth queue cluster applications received during 2010 will be processed together with the cluster track applications received during March 2011 window period

energy only in the combined Phase II interconnection studies that the ISO is conducting for LGIP Cluster 1 and Cluster 2. Only a few customers chose to move their projects into the transition group. Consequently, 63 projects opted to remain in the SGIP serial study group and 65 projects are in the SGIP transition cluster.

- **Component 10: Fast Track Process (Fast Track):** The Fast Track is available to projects up to 5 MW in size. Fast Track interconnection requests can be submitted at any time. This component tracks Fast Track projects received since the Fast Track process was revised on December 19, 2010 through the end of the report period.

The Commission's September 2008 Order only directs the ISO to report on the queue cluster components of the ISO interconnection queue and not on the ISOs work to complete the legacy, pre-Cluster LGIP interconnection requests. Nevertheless, the ISO has made a practice of including the legacy interconnection requests in its reporting, so that each report would cover the entire ISO large generation interconnection queue. This report continues that practice, and discusses the legacy large interconnection requests as Components 1 and 2 of the large generator interconnection queue. The Commission's December 2010 Order only directs the ISO to report on Independent Study and Fast Track projects, and does not direct the ISO to report on the SGIP serial study group or the SGIP transition cluster.

COMPOSITION OF CLUSTER INTERCONNECTION REQUESTS BY TECHNOLOGY

Component 1: The Pre-Serial Group

The breakdown by technology of interconnection customers in the pre-serial group is as follows:

Table 1						
Pre-Serial Interconnection Customers Categorized by Prime Mover Technology						
Prime Mover	Number	Technology				
		WTR	G	NG	B	W
Steam Turbine	2		1		1	
Hydraulic Turbine	1	1				
Wind Turbine	5					5
Combined Cycle	3			3		
Combined Cycle/PV						
Combustion Turbine	3			3		
Total	14	1	1	6	1	5

B=Biomass; G=Geothermal; NG=Natural Gas; WTR=Water; W=Wind

There were no changes in the makeup of this category during Q2 2012.

Component 2: The Serial Group

The breakdown by technology of interconnection customers in the serial group is as follows:

Table 2							
Serial Interconnection Customers Categorized by Prime Mover Technology							
Prime Mover	Number	Technology					
		WTR	G	NG	B	S	W
Steam Turbine	13		1	4	1	7	
Hydraulic Turbine							
Wind Turbine	19						19
Combined Cycle	6			6			
Photovoltaic	6					6	
Hydraulic Turbine	1	1					
Total	45	1	1	10	1	13	19

B=Biomass; G=Geothermal; NG=Natural Gas; S=Solar; W=Wind; WTR=Water

Since last quarter, one project has withdrawn from the serial study group.

Component 3: The Transition Cluster

The breakdown by technology of interconnection customers in the transition cluster is as follows:

Table 3						
Transition Cluster Interconnection Customers						
Categorized by Prime Mover Technology						
Prime Mover	Number	Technology				
		B	G	NG	S	W
Steam Turbine	9			1	8	
Photovoltaic	14				14	
Wind Turbine	7					7
Combined Cycle	4			4		
Combined Cycle/PV	1			0.5	0.5	
Combustion Turbine	2			2		
Total	37	0	0	7.5	23	7
B=Biomass; G=Geothermal; NG=Natural Gas; S=Solar; W=Wind						

There were no changes to the Transition Cluster during Q2 2012.

Component 4: The First Queue Cluster

The breakdown by technology of interconnection customers in the first queue cluster is as follows:

Table 4						
First Queue Cluster Interconnection Customers						
Categorized by Prime Mover Technology						
Prime Mover	Number	Technology				
		WTR	NU	NG	S	W
Steam Turbine	1		1			
Photovoltaic	7				7	
Wind Turbine	1					1
Hydraulic Turbine	1	1				
Total	10	1	1	0	7	1
WTR=Water; NU=Nuclear; NG=Natural Gas; S=Solar; W=Wind						

One project entered commercial operation in Q 2 2012.

Component 5: The Second Queue Cluster

The breakdown by technology of interconnection customers in the second queue cluster is as follows:

Table 5						
Second Queue Cluster Interconnection Customers Categorized by Prime Mover Technology						
Prime Mover	Number	Technology				
		G	NG	S	W	WTR
Steam Turbine	1	1				
Photovoltaic	16			16		
Wind Turbine	1				1	
Combined Cycle	3		3			
Combustion Turbine	1		1			
Reciprocating Engine	1		1			
Total	23	1	5	16	1	0
B=Biomass; G=Geothermal; NG=Natural Gas; S=Solar; W=Wind; WTR=Water						

There were no changes to Cluster 2 in Q2 2012.

Component 6: The Third Queue Cluster

The breakdown by technology of interconnection customers in the third queue cluster is as follows:

Table 6						
Third Queue Cluster Interconnection Customers Categorized by Prime Mover Technology						
Prime Mover	Number	Technology				
		G	NG	S	W	B
Steam Turbine	2			1		1
Photovoltaic	13			13		
Wind Turbine	2				2	
Combustion Turbine/PV	1			0.5	0.5	
Total	18	0	0	14.5	2.5	1
B=Biomass; G=Geothermal; NG=Natural Gas; S=Solar; W=Wind						

There were no changes to Cluster 3 in Q2 2012. The remaining projects will begin negotiating generator interconnection agreements in Q4 2012.

Component 7: The Fourth Queue Cluster

The breakdown by technology of interconnection customers in the fourth queue cluster is shown on Table 5.

Table 7							
Fourth Queue Cluster Interconnection Customers Categorized by Prime Mover Technology							
Prime Mover	Number	Technology					
		G	NG	S	W	WTR	Li
Steam Turbine	4	1		3			
Photovoltaic	47			47			
Wind Turbine	2				2		
Combined Cycle	1		1				
Combustion Turbine	1		1				
Hydraulic Turbine	1					1	
Battery Storage	1						1
Total	57	1	2	50	2	1	1

G=Geothermal; NG=Natural Gas; S=Solar; W=Wind; WTR=Water; Li=Lithium-ion Battery

Forty-two projects withdrew from Cluster 4 in Q2 2012.

QUARTERLY PROGRESS IN PROCESSING THE LARGE GENERATOR QUEUE

Component 1: Pre-Serial Projects

Table 6		
Queue Component 1 Projects - Amendment 39	Q 2 2012	Q 1 2012
Number of active projects which have completed the interconnection process	11	11
Number of active projects which have not completed the interconnection process	3	3
Number of projects withdrawn this quarter	0	0
Projects completed during the quarter	0	0
Number of projects in this category	14	14

There were no changes in the Pre-Serial projects in Q2 2012. Of the fourteen Pre-Serial projects in the queue, the three projects without an LGIA remain in active negotiations and are expected to execute an LGIA in the near future. The remaining

eleven projects are being actively monitored to ensure they adhere to development milestones¹².

Component 2: The Serial Study Group

Table 9 Queue Component 2 Projects - The Serial Study Group	Q2 2012	Q1 2012
Number of active projects which have completed the GIA negotiation process	32	29
Number of active projects which have not completed the GIA negotiation process	13	17
Number of projects withdrawn this quarter	1	2
Projects completed during the quarter	0	3
Number of projects in this category	46	51

One project withdrew in the serial study group in Q2 2012. Currently there are 45 active serial study projects which have not achieved commercial operation. Thirteen projects must still complete the interconnection agreement negotiation stage of the interconnection process.

Component 3: The Transition Cluster

Table 10 Queue Component 3 Projects - The Transition Cluster	Q2 2012	Q1 2012
Number of active projects which have completed the GIA negotiation process	17	17
Number of active projects which have not completed the GIA negotiation process	20	20
Number of projects withdrawn this quarter	0	0
Projects completed during the quarter	1	1
Number of projects in this category	38	38

There were no changes in the Transition Cluster during Q2 2012.

¹² Milestones are set out in Appendix B of a generator interconnection agreement.

Component 4: The First Queue Cluster

Table 11 Queue Component 4 Projects - The First Queue Cluster under GIPR LGIP	Q2 2012	Q1 2012
Number of active projects which have completed the GIA negotiation process	2	2
Number of active projects which have not completed the GIA negotiation process	8	9
Number of projects withdrawn this quarter	0	2
Projects completed during the quarter	1	0
Number of projects in this category	11	11

Prior study process completion dates for this cluster were as follows:

- The Phase II interconnection study process was completed in Q3 2011.
- The second interconnection financial security posting obligation came due in August 2011.

Generator interconnection agreements have been underway during Q2 2012. One cluster 1 project progressed far enough to reach commercial operation in Q2.

Component 5: The Second Queue Cluster

Table 12 Queue Component 5 Projects - The Second Queue Cluster under GIPR LGIP	Q2 2012	Q1 2012
Number of active projects which have completed the GIA negotiation process	3	0
Number of active projects which have not completed the GIA negotiation process	20	23
Number of projects withdrawn this quarter	0	3
Projects completed during the quarter	0	0
Number of projects in this category	23	26

Three projects completed the negotiation process in Q2 2012. Twenty projects remain to complete GIA negotiations. Prior study process completion dates for this cluster are as follows:

- Phase II interconnection studies were completed in Q3 2011 - having been conducted as part of a combined Phase II interconnection study process with cluster 1 (as well as the SGIP transition cluster projects).
- The second financial posting obligation came due during Q1 2012.

Component 6: The Third Queue Cluster

Table 13 Queue Component 6 Projects - The Third Queue Cluster under GIPR LGIP	Q2 2012	Q1 2012
Number of active projects which have completed the GIA negotiation process	0	0
Number of active projects which have not completed the GIA negotiation process	18	18
Number of projects withdrawn this quarter	0	0
Projects completed during the quarter	0	0
Number of projects in this category	18	18

There were no changes to Cluster 3 noted in Q2 2012. The ISO is conducting the Phase II interconnection studies for these Cluster 3 projects in a combined Phase II interconnection study process for Clusters 3 and 4. The study will be completed in Q4.

The Phase 1 study reports for the Cluster 3 interconnection customers were completed in December 2011 and 18 customers made a first financial security posting and moved forward to Phase II.

Component 7: The Fourth Queue Cluster

Table 14 Queue Component 7 Projects - The Fourth Queue Cluster under GIPR LGIP	Q2 2012	Q1 2012
Number of active projects which have completed the GIA negotiation process	0	0
Number of active projects which have not completed the GIA negotiation process	57	99
Number of projects withdrawn this quarter	42	69
Projects completed during the quarter	0	0
Number of projects in this category	99	99

Forty-two projects withdrew from Cluster 4 in Q2 2012. These customers elected to not make the first financial security posting, which under the GIP is required to be made 90 days following delivery of the Phase I study report.

The Phase II study reports for Clusters 3 and 4 will be completed in Q4 2012, and then those interconnection customers will begin the generator interconnection agreement negotiation process.

Component 8: The Fifth Queue Cluster

Table 15 Queue Component 8 Projects - The Fifth Queue Cluster under GIPR LGIP	Q2 2012
Number of active projects which have completed the GIA negotiation process	0
Number of active projects which have not completed the GIA negotiation process	65
Number of projects withdrawn this quarter	0
Projects completed during the quarter	0
Number of projects in this category	65

Sixty-five projects entered the Cluster 5 study group in Q2 2012. The Phase 1 study process will begin in August 2012 and study reports are scheduled for completion in due in Q4 2012.

The ISO notes that Cluster 5 will be processed under the ISO's new Generator Interconnection Procedures Deliverability Allocation Process (GIDAP), which has been conditionally accepted by the Commission with a July 25, 2012 effective date. The GIDAP is ISO tariff Appendix DD. Future clusters after Cluster 5 will also be processed under the GIDAP.

Component 9: Independent Study Process

Table 16 Component 9: Requests Within the Independent Study Process under GIP	Queue	Q2 2012	Q1 2012
	Active Projects as of beginning of Quarter		1
Interconnection Requests received		0	0
Number of Interconnection Requests that withdrew during the Quarter		0	0
Total Interconnection Requests		1	1

There were no changes to the ISP projects noted during Q2 2012.

Component 10: SGIP Transition Cluster projects and SGIP Serial Study projects

Table 17 Queue Component 10 Projects - The SGIP Transition Cluster	Q2 2012	Q1 2012	Q4 2011
Number of active projects which have completed the GIA negotiation process	4	1	1
Number of active projects which have not completed the GIA negotiation process	34	42	61
Number of projects withdrawn this quarter	5	19	0
Projects completed during the quarter	0	0	0
Number of projects in this category	44	62	62

SGIP Transition Cluster Projects

There were five SGIP-TC projects that withdrew during Q2 2012 because they elected not to make financial security postings following completion of the Phase 1 study report. A total of thirty-four projects remain to complete the negotiation process. Of

these, twenty-five customers have elected to be studied for full capacity deliverability status, and therefore must obtain a deliverability assessment through the ISO's combined Cluster 3 & 4 Phase II study process, to be completed in Q4 2012. Once these customers receive the deliverability assessments through a Phase II study report, they will begin the negotiation process for a GIA. Nine energy only projects have entered the negotiation process.

Prior interconnection steps for this grouping were as follows:

- The 38 SGIP transition cluster projects were studied in the combined Cluster 1 and Cluster 2 Phase II interconnection studies and received their final study reports which completed their study process.
- These SGIP transition cluster projects were then required to post their interconnection financial security along with the other projects in the Cluster 1 and Cluster 2 study process.

The "SGIP transition cluster projects," which transition to the cluster process as part of the GIP Amendment, were included in the combined Phase II study for Clusters 1 and 2. The SGIP transition cluster consists of projects 20MW and smaller which had entered the ISO SGIP process before December 19, 2010 and for which the ISO would not be able to complete SGIP system impact or facilities studies by approximately December 19, 2010. These projects were transitioned to the GIP.

SGIP Serial Projects

There were no changes to the SGIP serial projects in Q2 2012. Currently, 51 interconnection customers remain in the SGIP serial study group, with all but two having received their facilities study results. In Q2 2012, an additional 11 projects completed GIA negotiations for a total of 21 projects, leaving 30 projects to complete the negotiation process.

Component 11: Fast Track Process

Table 18 Queue Component 11: Requests Within the Fast Track Process under GIP	Q2 2012	Q1 2012
Active Projects as of beginning of Quarter	5	4
Interconnection Requests received	0	1
Number of Interconnection Requests that withdrew or deemed to not qualify for the Fast Track Process during the Quarter	0	0
Total Interconnection Requests	5	5

Currently, all five fast track projects remain as active projects in the queue.

Certificate of Service

I hereby certify that I have this day served a copy of this document upon all parties listed on the official service list compiled by the Secretary in the above-captioned proceeding, in accordance with the requirements of Rule 2010 of the Commission's Rules of Practice and Procedure (18 C.F.R. § 385.2010).

Dated this 30th day of July, 2012 at Folsom, California.

Asl Anna Pascuzzo

Anna Pascuzzo