May 15, 2008

Honorable Kimberly D. Bose
Secretary
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426

Re: California Independent System Operator Corporation
Petition for Waiver of Tariff Provisions to Accommodate Transition to Reformed Large Generator Interconnection Procedures, and Motion to Shorten Comment Period
Docket No. ER08-____-000

Dear Secretary Bose:

Enclosed for filing is the California Independent System Operator Corporation’s (“CAISO”) Petition for Waiver of Tariff Provisions to Accommodate Transition to Reformed Large Generator Interconnection Procedures, and Motion to Shorten Comment Period. This Petition represents a first step in a comprehensive reform of the large generator interconnection procedures in the CAISO, and is responsive to the Commission’s direction in its Docket No. AD08-2-000 that ISOs and RTOs expeditiously propose reforms to remedy the lengthy generator interconnection queues that exist in some regions, including the CAISO.

Please note that the CAISO is requesting a shortened comment period and expedited treatment of this Petition so as to enable the CAISO to promptly process pending interconnection requests and implement more efficient reformed generator interconnection procedures as quickly as possible.

Electronic copies of this filing have been served on each CAISO Scheduling Coordinator, the California Public Utilities Commission, the California Electricity Commission, and the California Electricity Oversight Board.

Very truly yours,

DAVIS WRIGHT TREMAINE LLP

Brian R. Gish
Attorneys for California Independent System Operator Corporation
Enclosures
UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

California Independent System Operator Corporation )
 ) Docket No. ER08-____-000

PETITION FOR WAIVER OF TARIFF PROVISIONS TO ACCOMMODATE TRANSITION TO REFORMED LARGE GENERATOR INTERCONNECTION PROCEDURES, AND MOTION TO SHORTEN COMMENT PERIOD

Pursuant to Rule 207 of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission ("FERC" or the "Commission"), 18 C.F.R. § 385.207 (2007), the California Independent System Operator Corporation ("CAISO") hereby petitions the Commission to grant waivers of specific provisions of the CAISO's current Large Generator Interconnection Procedures ("LGIP") and Interconnection Study agreements.¹ Further, the CAISO respectfully requests that the Commission act on this petition within 45 days and therefore moves, pursuant to Rule 212 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.212 (2007), to shorten the comment period otherwise applicable under Rule 213 to accommodate such expedited action.

I. INTRODUCTION

This waiver petition is the initial step in a two-step process to reform the CAISO's current LGIP to allow the CAISO to manage its interconnection queue more efficiently and to be consistent with the development timelines of transmission assets needed to ensure reliability and compliance with California's renewables portfolio standard ("RPS") requirements. The second step in this process will involve a tariff amendment filing to revise the CAISO Tariff to incorporate the CAISO's "Generator Interconnection Process

¹ Except as otherwise defined herein, capitalized terms have the meaning set forth in Appendix A, Master Definitions Supplement, to the CAISO Tariff.
Reform" ("GIPR"), to be filed no later than the end of July 2008 ("GIPR Filing").\textsuperscript{2} The waiver request and subsequent GIPR Filing are consistent with the Commission's March 20, 2008 Order urging the CAISO and other independent system operators and regional transmission organizations to improve the processing of their respective interconnection queues.\textsuperscript{3}

As it engages in a full-scale reform of its LGIP, the CAISO has determined that early and efficient steps must be taken to streamline the processing of pending Interconnection Requests ("IRs") and facilitate the transition to a new paradigm for addressing the interconnection queue. The CAISO believes it is critical to this effort that the timely interconnection of renewable resources to planned and approved transmission lines is not, in any way, impeded. Accordingly, the GIPR will incorporate an accelerated study process to ensure the timely interconnection of renewable resources to new transmission projects that have received applicable state and federal approvals. By focusing the CAISO's efforts, in part, on expediting the interconnection of renewable resources to planned and approved transmission projects, this waiver petition supports California's goal of supplying 20\% of energy deliveries from renewable resources.

The requested waivers will operate to create three study groups: the Serial Study Group, the Transition Cluster, and the Initial GIPR Cluster. For the Serial Study Group,

\textsuperscript{2} The precise details of the GIPR proposal are not necessary for purposes of this waiver petition. It should nevertheless be noted that the CAISO has been engaged in a stakeholder process with respect to the GIPR for several months and commits to filing the GIPR tariff revisions no later than the end of July 2008. The duration and the effectiveness of the waivers requested herein will be dependent on the disposition of the GIPR tariff revisions as discussed further below. The GIPR proposal and stakeholder comments on the GIPR proposal can be found on the CAISO's website at http://caiso.com/1f42/1f42c00d28c30.html.

Group, the waiver will allow the CAISO to begin immediately to expedite interconnections under current LGIP provisions for: (1) late stage IRs; (2) IRs with Purchase Power Agreements ("PPAs"), approved or pending approval by the appropriate regulatory authority; and (3) additional IRs, in queue order, seeking interconnection to new transmission projects that have received necessary land use approvals from local, state, or federal agencies, as applicable, consistent with the transmission project’s studied capacity.\(^4\) The Serial Study Group would include approximately 12,054 MW of renewable capacity, of which approximately 4,413 MW seeks interconnection to the Tehachapi Renewable Transmission Project and 1,760 MW seeks interconnection to the Sunrise Power Link.

The Transition Cluster will include all other validated IRs received prior to the opening of the CAISO’s first Queue Cluster Window on June 2, 2008, and the Initial GIPR Cluster will include IRs received during this first Queue Cluster Window on or after June 2, 2008. The CAISO further requests a temporary suspension of study activities for both the Transition Cluster and the Initial GIPR Cluster to facilitate the orderly transition to the GIPR and allow the CAISO to concentrate its resources on processing the IRs in Serial Study Group.

The CAISO asks that the Commission act on this waiver petition within 45 days hereof to facilitate the expeditious transition to the GIPR procedures. Accordingly, the CAISO requests that the Commission shorten the otherwise applicable 30-day comment period to accommodate the request for expedited consideration.

\(^4\) A single renewable generation project will be included in the Serial Study Group solely as a result of this third criterion relating to the aggregate capacity for the Tehachapi Renewable Transmission Project. See Declaration of Stephen Rutty in Support of Petition for Waiver of Tariff Provisions to Accommodate Transition to Reformed Large Generator Interconnection Procedures ("Rutty Declaration") at ¶ 5.
II. DISCUSSION

A. The Proposed Plan for Transition to GIPR

The CAISO’s waiver petition will facilitate the processing of current interconnection requests that are well along in the study process, and will ensure an orderly transition to the GIPR once it is approved by the Commission. Under the CAISO’s current LGIP, the generator interconnection process begins with a valid IR being accepted, and then each IR generally proceeds on its own individual schedule through a series of steps and studies according to a time schedule prescribed in the LGIP. Under this approach, delays in processing IRs are virtually inevitable. Delays arise, in large part, from the data interdependence inherent in a serial study approach. Under a serial study approach, the results of a later-queued project are contingent upon the effects on the transmission grid of earlier queued-projects. As such, a pending IR may require multiple restudies as a result of the withdrawal of earlier-queued IRs, which negatively impacts the certainty, value, and timing of the study process for the IRs remaining in the queue.

To afford the CAISO the necessary opportunity to focus its resources on clearing the current queue of later stage IRs in an orderly fashion, and to accommodate the transition to the new GIPR procedures, the time schedule in the LGIP for completing Interconnection Studies and other actions currently applicable to the processing of early stage IRs in the queue must be temporarily suspended. This is consistent with the Commission’s March 20 Order that ISOs be cognizant of the special circumstances
created by later stage IRs and that it may be necessary for ISOs to craft mechanisms within their reform efforts that avoid significant disruptions to such later stage IRs.\textsuperscript{5}

To implement the transition in a fair and non-discriminatory manner that protects the expectations of later stage IRs and supports California’s RPS compliance efforts, the CAISO proposes the following steps:

1. On and after June 2, 2008, and until a to-be-specified Queue Cluster Window closing date, all IRs received will be placed in the “Initial GIPR Cluster” and be processed pursuant to the Clustering approach to be detailed in the GIPR Filing.\textsuperscript{6}

2. A “Serial Study Group” will be established to include IRs in the queue that satisfy specified criteria that evidence their advanced status in the current LGIP interconnection process (i.e., later stage IRs); have PPAs approved, or pending approval, by the California Public Utilities Commission (“CPUC”) or Local Regulatory Authority; or are next in queue order to interconnect to a new transmission project that has received land use approvals from any local, state, or federal entity, as applicable, up to the capacity studied by the CAISO. The IRs in this group will continue to be processed under the existing LGIP process.

3. A “Transition Cluster” will be established for all “early stage” IRs currently in the queue that do not satisfy the specified criteria noted above indicating that they are at an advanced point in the interconnection process, and for any new IRs received before June 2, 2008. The proposed specified criteria that define the opening of the Transition Cluster window is discussed in greater detail below.

4. The CAISO’s Interconnection Study resources will initially focus on processing those IRs in the Serial Study Group with the goal of completing them as soon as possible. The CAISO will then process IRs in the Transition Cluster. Following the Transition Cluster, the CAISO will initiate the processing of the Initial GIPR Cluster. When the processing of the IRs

\textsuperscript{5} March 20 Order at P 19. \textit{See also} Interconnection Queuing Practices, Docket No. AD08-2-000, Second Notice of Technical Conference (Nov. 30, 2007).

\textsuperscript{6} Section 4.2 of the CAISO’s LGIP provides the CAISO the authority to utilize Clustering to process IRs. Pursuant to that authority, the CAISO issued a Market Notice on April 8, 2008 announcing the creation of a Queue Cluster Window that will commence on June 2, 2008. (See, the CAISO’s website at: http://caiso.com/1fa3/1fa38314678f0.html) The Market Notice specified a closing date for the Queue Cluster Window of no earlier than November 28, 2008 in accordance with the 180-day limit established by Section 4.2. This Queue Cluster Window defines the Initial GIPR Cluster. However, the Market Notice also signaled that the CAISO intended to seek permission from the Commission to extend the duration of the Queue Cluster Window to facilitate implementation of the GIPR.
in the Transition and Initial GIPR Clusters resumes, the CAISO will generally apply the procedures to be proposed in the GIPR Filing, although there may be certain transitional provisions applied only to the Transition Cluster to clear the large queue backlog.

The duration of the waivers or the suspension periods sought by the waivers requested herein are not, and should not be, dependent on the timeframes for processing the IRs during the transition to the GIPR. Instead, the CAISO requests that the waivers be granted pending a Commission order on the GIPR Filing. The GIPR Filing will specify processing dates associated with the three IR groupings and, consequently, should be viewed as superseding any more general provisions of this waiver petition. The GIPR Filing and related Commission order will, therefore, explicitly address the continuing disposition of the waivers.

Accordingly, this filing requests that the waivers continue until: (1) the time set forth in the Commission’s order on the GIPR Filing or (2) July 31, 2008, if the GIPR Filing has not been made as of that date. This latter condition is intended to protect Interconnection Customers (“ICs”) or potential ICs from an indefinite suspension of activity should there be an unanticipated delay in the filing of the GIPR tariff revisions.

For informational purposes, the CAISO currently contemplates the following general timeframes:

- Interconnection Studies for the Serial Study Group to be completed by the end of October 2008;
- Grouping and base cases for the Transition Cluster to begin no later than November 2008;
- Initial Transition Cluster Interconnection Studies to be completed by July 2009;
- IR validation, scoping meetings, and grouping/base cases for the Initial GIPR Cluster to occur approximately in August through October 2009.
B. The Waivers Requested are Supported by Good Cause and Will Benefit Customers

The Commission has granted a limited waiver of tariff provisions in the past for good cause, and should do so here because of the vital public interest in remedying deficiencies in the CAISO’s current generation interconnection process. In its March 20 Order, the Commission specifically recognized that one-time tariff waivers may be necessary and appropriate as part of a transmission provider’s queue reform efforts.7

As the Commission previously found when the CAISO requested waiver of its interconnection clustering rules to permit clustering for a large number of wind project interconnections in the Tehachapi area of California:

Where good cause for a waiver of limited scope exists, there are no undesirable consequences, and the resultant benefits to customers are evident, we have found that a one-time waiver is appropriate.8

In Tehachapi, the Commission granted waivers of the CAISO’s LGIP procedures to allow a greater than 180-day Queue Cluster Window, and to waive the notice requirement for clusters to allow the retroactive Clustering of IRs submitted prior to the establishment of the Queue Cluster Window. As in Tehachapi, the CAISO is presently requesting a one-time waiver to permit the window for the Initial GIPR Cluster to exceed 180 days. This waiver will serve the public interest by creating a framework for an orderly transition to a more efficient and beneficial generator interconnection process.

---

7 March 20 Order at P 19.

The parameters for the Initial GIPR Cluster are reasonable and non-discriminatory. All IRs falling within the defined Queue Cluster Window will be treated comparably.

The CAISO also requests waivers as necessary to temporarily suspend some of the processing timelines within the LGIP applicable to those IRs to be studied in the Transition Cluster and Initial GIPR Cluster. These waivers are also supported by the public interest in order to transition to a more efficient generation interconnection process. The procedures sanctioned by the requested waivers will be imposed uniformly and in a non-discriminatory manner to all IRs that meet the specified criteria.

Making these waiver requests in advance of the GIPR Filing offers several advantages. First, this waiver petition provides all stakeholders early notice of the basic framework for the transition, while the specific GIPR changes are finalized and approved. This early notice allows as much business certainty as possible with respect to the intended processing of pending and future IRs.

Second, as noted, the requested waivers will provide a temporary and limited pause in the processing of early stage and future IRs, which will: (1) expedite the transition to the GIPR by beginning transition activities in advance of the Commission’s approval of the GIPR tariff revisions; (2) accommodate the Commission-recognized special circumstances of later stage IRs by allowing the CAISO to focus its resources on completing later stage IRs; (3) prevent the inefficient allocation of resources that would result by continuing current serial study processes that are intended to be superseded and to become obsolete after implementation of the GIPR; and (4) allow the more efficient GIPR procedures to be applied to certain existing IRs, which will facilitate the goal of clearing the CAISO’s current queue backlog.
Finally, filing this initial waiver petition as early as possible offers the Commission the opportunity to provide whatever guidance it deems appropriate on the direction that the CAISO is pursuing, enabling adjustments to be made, if necessary, before making the GIPR Filing. Thus, good cause exists to grant the waivers in advance of the GIPR filing.

All of the waivers sought herein are for the purpose of addressing the serious deficiencies that the Commission itself has recognized undermine the current LGIP. The waivers do not themselves alter the requirements for staying and advancing through the CAISO’s interconnection queue. While they may ultimately serve as a precursor to determining which currently pending IRs may be subject to the GIPR, they serve only to pause the study process for certain early stage IRs, pending the Commission’s assessment of whether the GIPR procedures to be proposed by the CAISO are just and reasonable. Thus, the only direct effect of the waivers is to trigger a temporary suspension in Interconnection Study activities. Although the waiver for the Initial GIPR Cluster window indicates that those IRs will not be processed until after the expiration of the currently sanctioned 180-day Queue Cluster Window, given the current queue backlog, with its projected study timeline of approximately 3.3 years, it is extremely unlikely that any IR will be prejudiced by the requested pause in processing.

An orderly transition to GIPR procedures will be facilitated by the requested waivers and will ultimately benefit all ICs and the public interest. The GIPR approach, once implemented, will enable the more efficient and timely processing of all IRs, thus benefiting developers who are ready and willing to advance their projects. In addition, ICs in the queue who are serious about advancing their projects will benefit as increased Interconnection Study deposits, which may be proposed in the GIPR Filing,
should help eliminate projects that are not commercially viable from the queue and thus increase certainty and efficiency.

C. Specific LGIP Provisions for Which Waiver is Requested

The requested waivers function to temporarily suspend study activities on specific pending and future IRs to expedite final processing of late stage and other high priority IRs and, in so doing, constitute a critical first step in responding to the Commission’s directive that the CAISO proactively reform its queue management procedures. The specific one-time waivers of current LGIP tariff provisions and executed Interconnection Study agreement terms requested by the CAISO are as follows:

- Permission to temporarily suspend Interconnection Study obligations and timelines with respect to IRs in the Transition Cluster and the Initial GIPR Cluster pending adoption of the GIPR; and

- Permission to extend the duration of the Queue Cluster Window for the Initial GIPR Cluster beyond the currently allowed 180-day period.

1. Waivers to Suspend the LGIP Interconnection Study Process Deadlines are Necessary to Expedite Processing of the Serial Study Group and Maintain the Efficacy of the GIPR Reforms

The CAISO’s request to waive LGIP study deadlines is intended to allow the CAISO to suspend temporarily Interconnection Study activities for specifically identified pending and future IRs. In so doing, the suspensions achieve three critical objectives: (1) identify those IRs that will receive high priority processing as a member of the Serial Study Group; (2) focus resources on processing the Serial Study Group; and (3) promote the uniform application of the GIPR to the Transition Cluster. Accordingly, for both practical and policy reasons, granting this waiver is consistent with the Commission’s directive that the CAISO proactively relieve the current gridlock affecting Interconnection Studies, enhance queue management on a going-forward basis, and do
so in a manner that accounts for the “special circumstances” created by applying reforms to pending late stage IRs.⁹

The LGIP establishes a number of deadlines within which the CAISO or the IC must act. In order to ensure an orderly approach to clearing the existing queue and implementing the new GIPR process, the CAISO requests Commission approval to suspend temporarily the LGIP Interconnection Study deadlines, including those that have been included by reference or otherwise in executed Interconnection Study agreements, for IRs that are not included in the Serial Study Group (i.e., IRs proposed to be assigned to the Transition Cluster and Initial GIPR Cluster).

Specifically, the CAISO requests waiver of the time deadlines set forth in its current LGIP at sections 3.5, 6, 7, 8 and 11 and as they may be incorporated into Interconnection Study agreements for the IRs that do not satisfy the Serial Study Group criteria. The CAISO requests that this suspension be effective as of the date of the waiver petition and continue until superseded by a subsequent Commission order on the GIPR Filing, or July 31, 2008 if the GIPR Filing has not been made by that date.

The Serial Study Group is intended to include the IRs currently in the queue that are in the later stages of the current LGIP process, and that are most likely to be significantly disrupted if they were subject to the new GIPR procedures. These IRs will continue to be studied under the existing LGIP and will be given highest priority for processing. The CAISO is proposing that the Serial Study Group generally be based on the IR’s status in the interconnection process, not on Queue Position (date of valid IR submission). All valid IRs submitted up to June 2, 2008 – the opening date for the Queue Cluster Window for the Initial GIPR Cluster – that do not satisfy the Serial Study

⁹ March 20 Order at PP 11 and 19.
Group criteria, will be subject to temporary suspension through the present waiver petition. These non-Serial Study Group IRs will be included in the Transition Cluster if the GIPR tariff revisions are approved by the Commission. Those IRs submitted on and after June 2, 2008 will also be subject to a temporary suspension of Interconnection Study activities in accordance with the proposed treatment of the Initial GIPR Cluster.\

The CAISO’s proposal for defining which IRs are placed in the Serial Study Group is based on satisfying at least one of three criteria: (1) the IC has executed an ISIS agreement that specifies an original ISIS results due date prior May 1, 2008; (2) the project underlying the IR has a PPA, approved or pending approval by the CPUC or other Local Regulatory Agency as of May 1, 2008; or (3) the IR, in queue order and up to the capacity studied by the CAISO, seeks interconnection to a new transmission project that has received applicable land use permits from the appropriate local, state, or federal agency (e.g., certain segments of the Tehachapi Renewable Transmission Project).

Several reasons prompt the CAISO to propose these particular Serial Study Group criteria for defining the demarcation between the Serial Study Group and the Transition Cluster. First, the ISIS “due date” represents an important milestone and, therefore, a reasonable and logical demarcation between those IRs in the more advanced stages of processing and those in the less advanced stages of processing. The March 20 Order recognizes that such a distinction between IRs in the early stage of

---

10 Even though the CAISO has existing authority to create a Queue Cluster Window, suspension of Interconnection Study activities for IRs in the Initial GIPR Cluster is necessary. The clustering authority in LGIP Section 4.2 relates to Interconnection System Impact Studies ("ISISs"). The interaction or coordination with current Interconnection Feasibility Studies is not clearly addressed. Thus, in order to avoid doing Interconnection Feasibility Studies on new IRs in the Initial GIPR Cluster, it is necessary to seek a waiver to suspend all work on IRs until the close of the Queue Cluster Window or as otherwise required by the Commission.
processing and the later stages of processing is a reasonable and appropriate feature of the queue reform process. The ICs who have executed ISIS agreements that anticipated and specified ISIS completion dates prior to May 1, 2008 are significantly advanced in the LGIP process, and it is reasonable to continue processing them according to the LGIP procedures. Those ICs who do not have specified Interconnection Study completion dates prior to the date of this filing have simply not completed as much of the process, and can more easily be transferred to the GIPR process.

Acknowledging the existence of an approved PPA or PPA pending approval is appropriate because it gives projects for which power or capacity has been identified by a load serving entity as needed to meet demand, reliability or RPS requirements the opportunity to complete processing as part of the Serial Study Group. In addition, it is reasonable to assume that a project with an approved or pending PPA has engaged in activities, such as procurement of long lead time equipment, in reliance on the approved or pending PPA that demonstrate a greater ability to finance and move forward with the associated project.

---

11 March 20 Order at PP 11 and 19.

12 The CAISO recognizes that as a result of these criteria certain IRs higher in the CAISO interconnection queue (i.e., with an earlier submission date) will not receive the highest processing priority. The CAISO's approach, however, is wholly consistent with the March 20 Order, which distinguished between IRs in the early and late stages "of the interconnection process," not by Queue Position. (March 20 Order at P 11.) However, the CAISO further acknowledges that there are a myriad of reasons, some outside the IC's control, why an IR may not have advanced in a timely manner through the interconnection process. Nevertheless, to require the CAISO to conduct a case-by-case and highly factual assessment of the reasons for delay in the processing of higher-queued IRs is incompatible with the Commission's directive for urgent action by the CAISO.

13 This criterion accords with the Commission's suggestion that there "may be merit in a first-ready, first-served approach, whereby customers who demonstrate the greatest ability to move forward with project development are processed first." March 20 Order at P 18.
Finally, IRs seeking interconnection to transmission assets, which have been approved by the CAISO as well as other applicable land use siting entities, whether local, state, or federal, should have assurance that the interconnection process will be completed in a timely manner to allow coordination between the commercial operation of the Generating Unit and the transmission project. Accordingly, the Serial Study Group will encompass additional IRs in queue order, seeking interconnection to a new transmission project that has received its applicable local, state, or federal licensing approvals consistent with the transmission projects studied capacity.\textsuperscript{14} The GIPR will also include a procedure to expedite the interconnection of IRs seeking interconnection to such approved transmission projects.

Other practical and policy reasons justify the Serial Study Group criteria as an appropriate division between the Serial Study Group and the Transition Cluster. As a practical matter, the criteria result in the inclusion in the Serial Study Group of a manageable number of IRs that the CAISO believes can be efficiently processed under the existing LGIP process in the time frame necessary to accommodate the expeditious transition to clear the queue. Pursuant to these criteria, the Serial Study Group would encompass 85 of the 265 IRs in the queue or pending validation.\textsuperscript{15} The CAISO’s ability to process these particular IRs efficiently is aided by their distribution among the three PTOs and the fact that 60 of the 85 are in the Interconnection Facilities Study phase or later.\textsuperscript{16} Similarly, the use of the Serial Study Group criteria places into the Transition

\textsuperscript{14} As noted above, a single renewable generation project will be included in the Serial Study Group as a result of this criterion. See supra note 4; see also infra note 17.

\textsuperscript{15} Rutty Declaration at ¶ 5

\textsuperscript{16} See Rutty Declaration at ¶ 5.
Cluster a manageable number of IRs that can be processed within the time frame envisioned for the Transition Cluster.

From a policy perspective, the Serial Study Group complements CAISO transmission planning efforts. The CAISO has previously approved, following close cooperation with the CPUC, PTOs and other stakeholders, two network transmission projects intended to facilitate renewable resource development, the Tehachapi Renewable Transmission Project and the Sunrise Power Link. The Serial Study Group includes approximately 12,054 MW of renewable capacity, of which approximately 4,413 MW seeks interconnection to the Tehachapi Renewable Transmission Project and 1,760 MW seeks interconnection to the Sunrise Power Link. Accordingly, by focusing the CAISO’s resources on expediting the processing of these projects within the Serial Study Group, this waiver petition supports California’s RPS goal of supplying 20% of its energy deliveries from renewable resources.

The CAISO recognizes that establishing criteria to separate early from later-stage IRs is necessarily imperfect. Nevertheless, the CAISO proposes criteria that it believes to be reasonable, fair, practical, and in furtherance of state and federal public policy. The creation of the Transition Cluster and the associated reforms that will be proposed as part of the GIPR will add efficiencies that will benefit all IRs in the queue.

The CAISO believes it is critical to the success of its queue reform initiative to concentrate its resources on processing the IRs in the Serial Study Group as quickly as possible to move them out of the queue. This will be difficult, if not impossible, to

---

17 Of the 4,413 MW of capacity interconnecting to the Tehachapi Renewable Transmission Project in the Serial Study Group, 3616 MW are eligible under the first criterion (ISIS due date prior to May 1, 2008), 1 project of 500 MW is eligible under the second criterion (approved or pending PPA), and 1 project of 297 MW is eligible under the third criterion (next project in the queue interconnecting up to capacity included in prior clustered ISIS). Rutty Declaration at ¶¶ 5 and 6.
achieve if a constant stream of new IRs is allowed into the queue, each with its own individualized set of mandatory time deadlines. The length of the requested suspensions of the LGIP deadlines and the specific procedures proposed to resume processing the IRs in the Transition Cluster and the Initial GIPR Cluster will be detailed in the GIPR Filing and will be subject to Commission review and approval.

Thus, the CAISO requests waiver of the time deadlines set forth in its current LGIP at sections 3.5, 6, 7, 8 and 11 and as they may be incorporated into Interconnection Study agreements for the IRs that do not satisfy the Serial Study Group criteria.

2. Waiver of Queue Cluster Window Timelines Will Facilitate Processing the Transition Cluster and the Initial GIPR Cluster

The CAISO seeks waiver of the 180-day limitation on the duration of Queue Cluster Windows to avoid the uncertainty, inaccuracy, and, ultimately, greater risk of restudy resulting from an obligation to commence processing of the Initial GIPR Cluster prematurely. The orderly transition to the GIPR requires that IRs be processed in a sequence beginning with the Serial Study Group and ending with the Initial GIPR Cluster. Under this sequencing approach, the processing of the Initial GIPR Cluster is not contemplated to commence until more than 180 days after the opening of the Queue Cluster Window defining the Initial GIPR Cluster. Consequently, the CAISO will require a waiver to allow the window for the Initial GIPR Cluster to remain open longer than 180 days.\(^{18}\)

---

\(^{18}\) The waiver of the 180-day limit for a Queue Cluster Window is not necessarily required at this time to begin the interconnection reform. Current CAISO Tariff authority allows the Queue Cluster Window for the Initial GIPR Cluster to remain open until at least November 28, 2008, after the GIPR Filing. The CAISO proposes to establish the precise closing date for the Initial GIPR Cluster in the GIPR tariff revision filing. Nevertheless, the CAISO prefers including waiver requests in this filing to inform the market as soon as possible as to the probable implications of submitting an IR on or after June 2, 2008. Further, the CAISO prefers to defer the determination of a final closing date for the Initial GIPR Cluster to
Section 4.2 of the CAISO’s current LGIP permits the CAISO to establish Queue Cluster Windows for performing ISISs, but limits the duration of such windows to a maximum of 180 days. On April 8, 2008, the CAISO exercised its LGIP Section 4.2 authority to notice a Queue Cluster Window, commencing on June 2, 2008 and closing no sooner than November 28, 2008. This Queue Cluster Window serves to define the Initial GIPR Cluster. However, given that the transition to the GIPR must necessarily entail the sequential processing of the Serial Study Group, the Transition Cluster, and finally the Initial GIPR Cluster, it is almost certain that the CAISO will not be able to begin studying IRs received during this Queue Cluster Window until well after 180 days. As such, the need for a waiver to exceed the 180-day limit is a pragmatic one that simply acknowledges that performing the Interconnection Studies necessary to clear the CAISO’s existing queue backlog will take longer than 180 days.

As noted above, the CAISO is not proposing in this waiver petition a precise new closing date for the Queue Cluster Window for the Initial GIPR Cluster - that will occur in the GIPR Filing. The CAISO believes that this approach is more efficient by allowing the CAISO to coordinate the sequencing of the Serial Study Group, Transition Cluster, and Initial GIPR Cluster in a single filing after final development of the GIPR. However, the CAISO notes for Commission reference that the CAISO currently anticipates initiating IR validation and base case development for the Initial GIPR Cluster in August

the GIPR tariff revision filing, rather than request a date in this waiver petition, so that it can establish the going forward processing timelines that coordinate the sequencing of the Serial Study Group, Transition Cluster, and Initial GIPR Cluster in a single filing.
2009. As a result, the waiver may increase the duration of the Queue Cluster Window significantly.\textsuperscript{19}

III. REQUEST FOR EXPEDITED ACTION

The CAISO asks that the Commission expeditiously issue an order in response to this waiver petition to best enable the CAISO to submit the GIPR Filing and complete the transition to the GIPR procedures as soon as possible. Delays in the transition to more efficient generator interconnection procedures will serve to delay the ability of the CAISO to offer new Large Generator Interconnection Agreements for needed new generation, much of which is renewable. In addition, a prompt response to this waiver petition will benefit all involved in the interconnection process by providing some certainty of direction with respect to the reform effort as soon as possible. Further, if the Commission wishes to provide any guidance with respect to the CAISO’s reform efforts, early guidance will facilitate any needed adjustments for the GIPR tariff revision filing.

Accordingly, the CAISO asks that the Commission issue an order on this waiver petition within 45 days from the date of this filing. The CAISO is aware that Rule 213(d) of the Commission’s rules generally allows a 30-day comment response period for petitions, but requests that the Commission shorten that period pursuant to its authority under Rule 101(e) to waive any procedure, so that expedited action by the Commission

\textsuperscript{19} The CAISO notes that the size of the CAISO’s current interconnection queue and the estimate of current processing timelines overwhelm any potential impact on generation development within California or on individual developers from extending the duration of the Queue Cluster Window for the Initial GIPR Cluster. In this regard, the CAISO’s generation interconnection queue currently has approximately 77,000 MW of IRs, of which approximately 50,000 MW is for renewable generation. Rutty Declaration at ¶2. Even assuming 2% load growth and achievement of California’s 20% renewable portfolio standards goals, there is more than enough capacity in the current queue to meet all of California’s near term needs for additional capacity. Also, the CAISO estimated in its Status Report to the Commission in response to the March 20 Order that it will take approximately 40 months to study fully all existing projects in the queue. Thus, the timeframe in which future IRs are likely to receive meaningful Interconnection Study results without the GIPR is likely to entail delays roughly equivalent to those resulting from the transition plan, but without the other benefits sought to be created by the GIPR.
can be accommodated. As the CAISO has been conducting stakeholder outreach on issues related to this waiver petition since January 2008, no party should be prejudiced by a shortened comment period.

IV. CORRESPONDENCE AND COMMUNICATIONS

All correspondence and communications with respect to this proceeding should be addressed to the following persons:

Grant Rosenblum  
Senior Counsel  
California Independent System Operator Corporation  
151 Blue Ravine Road  
Folsom, CA 95630  
Phone: (916) 351-4400  
Fax: (916) 608-7296  
Email: GRosenblum@caiso.com

Brian R. Gish  
Davis Wright Tremaine LLP  
1919 Pennsylvania Avenue, NW  
Suite 200  
Washington, DC 20006-3402  
Phone: (202) 973-4200  
Fax: (202) 973-4499  
Email: briangish@dwt.com

Jeffrey P. Gray  
Davis Wright Tremaine LLP  
505 Montgomery Street  
Suite 800  
San Francisco, CA 94111-6533  
Phone: (415) 276-6500  
Fax: (415) 276-6599  
Email: jeffgray@dwt.com
V. CONCLUSION

For the foregoing reasons, the CAISO respectfully requests that the Commission grant the waivers and other relief requested in this filing.

Respectfully submitted,

/s/ Brian R. Gish
Brian R. Gish
Davis Wright Tremaine LLP
1919 Pennsylvania Avenue, NW
Suite 200
Washington, DC 20006-3402
Phone: (202) 973-4200
Fax: (202) 973-4499
Email: briangish@dwt.com

Jeffrey P. Gray
Davis Wright Tremaine LLP
505 Montgomery Street
Suite 800
San Francisco, CA 94111-6533
Phone: (415) 276-6500
Fax: (415) 276-6599
Email: jeffreygray@dwt.com

Attorneys for the California Independent System Operator Corporation

Dated: May 15, 2008W
I, Stephen Rutty, declare as follows:

1. I am currently employed by the California Independent System Operator Corporation ("CAISO") as Manager of Grid Assets. One of my responsibilities is to manage the CAISO’s Large Generator Interconnection Procedures ("LGIP") and Small Generator Interconnection Procedures ("SGIP") and therefore I am familiar with the generation projects in the CAISO’s generator interconnection queue.

2. As the CAISO reported in Docket No. AD08-2-000 in its April 21, 2008 status report, in total, as of that date there were 265 active projects in the CAISO’s generator interconnection queue, including 35 submitted Interconnection Requests ("IRs") that await validation. The active projects represent approximately 77,614 MW, with the pending IRs awaiting validation accounting for 4,048 MW of that total. Over two-thirds of the active projects are renewable resources that total approximately 50,000 MW. The CAISO’s historic peak demand experienced during the summer of 2006 was 50,270 MWs.

3. The waivers requested in the accompanying waiver petition facilitate the Commission’s directive in its March 20, 2008 Order to improve the CAISO’s interconnection processes and to do so in a manner distinguishing between reforms that apply to future/early-stage IRs and those that affect later-stage IRs. In this regard, the
CAISO has been working with stakeholders to develop the reforms, which the CAISO has called the Generator Interconnection Process Reforms ("GIPR"). The CAISO intends the GIPR to apply to future IRs as well as IRs that are still at an early stage in the current interconnection process and therefore the waivers request suspension of study activities on the early stage IRs pending filing and consideration of the GIPR. The late stage existing IRs will not be suspended and will be the subject of efforts to expedite final processing under the CAISO’s LGIP. This group of IRs is referred to as the “Serial Study Group” in the waiver petition.

4. The criteria delineating between the Serial Study Group and other existing IRs is as follows: (1) all IRs whose Interconnection System Impact Study ("ISIS") Agreements included a good faith estimate that study results would be provided prior to May 1, 2008; (2) IRs for projects with power purchase agreements ("PPAs") approved, or pending approval, by the California Public Utilities Commission ("CPUC") or appropriate Local Regulatory Authority; and (3) additional IRs in queue order seeking to interconnect to a new transmission project that has received land use approvals from any local, state, or federal entity, as applicable, up to the capacity studied by the CAISO.

5. Of the 265 IRs in the CAISO generation interconnection queue, 85 are in the Serial Study Group using the above-mentioned criteria. Three (3) of the IRs in the Serial Study Group are included solely because they satisfy the PPA criterion and therefore are in the Interconnection Feasibility Study phase as set forth in Table 2. Each of these three IRs involves renewable generating resources. A single project is included in the Serial Study Group solely as a result of the third criterion relating to the
aggregate capacity for the Tehachapi Renewable Transmission Project and is also a renewable generating resource. The following tables provide information on the characteristics of the IRs in the Serial Study Group.

Table 1

Interconnection Request by Participating Transmission Owner Service Territory

<table>
<thead>
<tr>
<th>IR'S</th>
<th>SCE</th>
<th>MW</th>
<th>PG&amp;E</th>
<th>MW</th>
<th>SDG&amp;E</th>
<th>MW</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>49</td>
<td>16,144</td>
<td>18</td>
<td>2,907</td>
<td>18</td>
<td>3,851</td>
<td>22,902</td>
</tr>
</tbody>
</table>

Table 2

Description by Interconnection Process Phase

<table>
<thead>
<tr>
<th>IFeS</th>
<th>SCE</th>
<th>MW</th>
<th>PG&amp;E</th>
<th>MW</th>
<th>SDG&amp;E</th>
<th>MW</th>
<th>Total</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>4</td>
<td>1633</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>4</td>
<td>1633</td>
</tr>
<tr>
<td>ISIS</td>
<td>12</td>
<td>4284</td>
<td>7</td>
<td>1385</td>
<td>2</td>
<td>443</td>
<td>21</td>
<td>6112</td>
</tr>
<tr>
<td>IFaS</td>
<td>25</td>
<td>7411</td>
<td>7</td>
<td>1098</td>
<td>13</td>
<td>2392</td>
<td>45</td>
<td>10901</td>
</tr>
<tr>
<td>LGIA</td>
<td>8</td>
<td>2816</td>
<td>4</td>
<td>424</td>
<td>3</td>
<td>1016</td>
<td>15</td>
<td>4256</td>
</tr>
<tr>
<td>Total</td>
<td>49</td>
<td>15647</td>
<td>18</td>
<td>2907</td>
<td>18</td>
<td>3851</td>
<td>85</td>
<td>22902</td>
</tr>
</tbody>
</table>

Table 3

Description by Resource Technology Type

<table>
<thead>
<tr>
<th>NG</th>
<th>SCE</th>
<th>MW</th>
<th>PG&amp;E</th>
<th>MW</th>
<th>SDG&amp;E</th>
<th>MW</th>
<th>Total</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>15</td>
<td>6879</td>
<td>7</td>
<td>1806</td>
<td>12</td>
<td>2163</td>
<td>34</td>
<td>10848</td>
</tr>
<tr>
<td>S</td>
<td>9</td>
<td>2779</td>
<td>3</td>
<td>402</td>
<td>1</td>
<td>600</td>
<td>13</td>
<td>3781</td>
</tr>
<tr>
<td>W</td>
<td>23</td>
<td>5836</td>
<td>6</td>
<td>614</td>
<td>4</td>
<td>1061</td>
<td>33</td>
<td>7511</td>
</tr>
<tr>
<td>B</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>27</td>
<td>1</td>
<td>27</td>
</tr>
<tr>
<td>G</td>
<td>1</td>
<td>150</td>
<td>2</td>
<td>85</td>
<td>0</td>
<td>0</td>
<td>3</td>
<td>235</td>
</tr>
<tr>
<td>H</td>
<td>1</td>
<td>500</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>500</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>49</td>
<td>16144</td>
<td>18</td>
<td>2907</td>
<td>18</td>
<td>3851</td>
<td>85</td>
<td>22902</td>
</tr>
<tr>
<td>Renewable</td>
<td>34</td>
<td>9265</td>
<td>11</td>
<td>1101</td>
<td>6</td>
<td>1688</td>
<td>51</td>
<td>12054</td>
</tr>
</tbody>
</table>
6. Seventeen (17) projects in the Serial Study Group interconnect to facilities associated with the Tehachapi Renewable Transmission Project with a total capacity of 4,413 MW. Five (5) projects in the Serial Study Group interconnect to facilities associated with the Sunrise Power Link with a total capacity of 1,760 MW.

I declare under the penalty of perjury that the foregoing is true and correct.

Executed this 15th day of May, 2008 in Sacramento.

[Signature]

Stephen Rutty
Manager, Grid Assets

Dated: May 15, 2008