California Independent
System Operator Corporation

October 31, 2011

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 2011
Docket Nos. ER08-1317-___, ER11-1830-___

Dear Ms. Bose:

Please find our third quarter 2011 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, Q3 2011".

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

Respectfully Submitted,
By: */s/ Baldassaro "Bill" DiCapo*

Nancy Saracino
General Counsel
Sidney Davies
Assistant General Counsel
Baldassaro "Bill" DiCapo
Senior Counsel
California Independent System
Operator Corporation
250 Outcropping Way
Folsom, CA 95630
Tel: (916) 608-7157
Fax: (916-608-7222
bdicapo@caiso.com

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 Q3 2011

Quarterly Reporting Period:
July 1, 2011 to September 30, 2011

Date: October 31, 2011

Robert Emmert
Manager, Interconnection Resources
California Independent System Operator Corporation

Baldassaro ("Bill") Di Capo
Senior Counsel
California Independent System Operator Corporation

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

This is the Third Quarter 2011 ("Q3 2011") report of California Independent System Operator Corporation (the "ISO"). The report describes the ISO's progress over the period July 1 to September 30, 2011 in processing generator interconnection requests under the ISO's interconnection process.

The current process, contained in ISO Tariff Appendix Y, is called the "Generator Interconnection Procedures ("GIP").[1] The GIP became effective December 19, 2010. 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 independently 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/2872/2872862b51c40.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 referred 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.

As the Commission is well aware, since 2008 the ISO has amended its interconnection tariff twice (in 2009 and 2010) and will soon submit another tariff amendment (an outcome of the GIP 2 stakeholder process) in November 2011. 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 LSE's satisfy their load requirements from 33% renewable energy sources by 2020.[3]

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

[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.

[3] 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).

In the December 2010 Order accepting the GIP (which the ISO now calls GIP 1, since the ISO has undertaken another (GIP 2) process this year), 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 interconnection studies (from initial application through final approval), and the reason for any rejections of projects requesting ISP treatment.[4]

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.[5]

Prior Quarterly Reports

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

2011
Q2 2011 report (dated August 1, 2011, accessible at http://www.caiso.com/Documents/2011-08-01_ER08-1317_ER11-1830_Q2InterconnectionRpt.pdf
Q1 2011report (dated May 2 2011) The corrected filing (errata filing) which re-submitted the report with corrected Table 6 is accessible at http://www.caiso.com/Documents/May32011ErrataQ1_2010quarterlyprogresscomprehensivestatusreportdocketnosER08-1317_ER11-1830.pdf
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).

[4] *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").
[5] *Id.* at P 117.

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:[6]

- ***Two legacy serial groupings***

o 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.[7]

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

o 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.

[6] 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.

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

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:

o 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.

o 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.

o 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.

o 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).[8].

  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 energy only in the combined Phase II interconnection studies that the ISO is conduction 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

[8] 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 forth 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

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 component 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 3: The Transition Cluster

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

Table 1
Transition Cluster Interconnection Customers Categorized by Prime Mover Technology

Prime Mover	Number	Technology				
		B	G	NG	S	W
Steam Turbine	9				9	
Photovoltaic	14				14	
Wind Turbine	8					8
Combined Cycle	4			4		
Combined Cycle/PV	1			0.5	0.5	
Combustion Turbine	2			2		
Total	**38**	**0**	**0**	**6.5**	**23.5**	**8**

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

Component 4: The First Queue Cluster

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

Table 2
First Queue Cluster Interconnection Customers Categorized by Prime Mover Technology

Prime Mover	Number	Technology				
		WTR	NU	NG	S	W
Steam Turbine	2		1		1	
Photovoltaic	8				8	
Wind Turbine	2					2
Combustion Turbine	0			0		
Hydraulic Turbine	1	1				
Total	**13**	**1**	**1**	**0**	**9**	**2**

WTR=Water; NU=Nuclear; NG=Natural Gas; S=Solar; W=Wind

Component 5: The Second Queue Cluster

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

Table 3
Second Queue Cluster Interconnection Customers Categorized by Prime Mover Technology

Prime Mover	Number	Technology				
		G	NG	S	W	WTR
Steam Turbine	1	1				
Photovoltaic	17			17		
Wind Turbine	4				4	
Combined Cycle	3		3			
Combustion Turbine	1		1			
Reciprocating Engine	1		1			
Total	**27**	**1**	**5**	**17**	**4**	**0**

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

Component 6: The Third Queue Cluster

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

Table 4
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	12			12		
Wind Turbine	2				2	
Wind Turbine/PV	0					
Combined Cycle/PV	1		0.5	0.5		
Combustion Turbine/PV	1		0.5	0.5		
Total	**18**	**0**	**1**	**14**	**2**	**1**

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

Component 7: The Fourth Queue Cluster

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

Table 5
Fourth Queue Cluster Interconnection Customers Categorized by Prime Mover Technology

Prime Mover	Number	Technology					
		G	NG	S	W	WTR	Li
Steam Turbine	14	6		8			
Photovoltaic	137			137			
Wind Turbine	12				12		
Wind Turbine/PV	1			0.5	0.5		
Combined Cycle	3		3				
Combustion Turbine	2		2				
Hydraulic Turbine	1					1	
Pumped Storage	1					1	
Battery Storage	1						1
Total	**172**	**6**	**5**	**145.5**	**12.5**	**2**	**1**

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

QUARTERLY PROGRESS IN PROCESSING THE LARGE GENERATOR QUEUE

Component 1: Projects Covered by Amendment 39 or the 2005 LGIP

Table 6 Component 1 Projects	Q3 2010	Q2 2011	Q1 2011	Q4 2010
Number of projects which have completed interconnection process	35	36	37	37
Number of projects which have not completed interconnection process	1	1	1	1
Number of projects withdrawn	7	6	5	5
Number of projects in this category	43	43	43	43
Breakdown of the status of projects in this Category				
Projects with completed studies for which LGIA not completed	1	1	1	1
Projects for which studies and LGIAs signed but which have not yet come online	11	12	14	15
Projects with signed LGIAs, which have completed Interconnection process and are now online and with declared Commercial Operation Date (COD).	24	24	23	22
Number of projects withdrawn	7	6	5	5
Number of projects in this category	43	43	43	43

This grouping consists of 43 projects. The remaining item to close out this queue component is a single project for which the LGIA has yet to be executed. The ISO continues to engage with the applicable participating transmission owner, Southern California Edison, in order to cause it to complete LGIA appendices and issue a draft LGIA to interconnection customer and ISO.

Component 2: The Serial Study Group

Table 7 Queue Component 2: The Serial Study Group	Q3 2010	Q1 2011	Q1 2011	Q4 2010
Number of projects which have completed interconnection process	8	7	6	6
Number of projects to be completed	54	55	59	61
Number of projects that have withdrawn from Serial Study Group	15	15	12	10
Total Number of projects in Category 2	77	77	77	77
Breakdown by milestone				
Study Work				
Projects for which studies are completed	55	55	59	60
Projects for which Facilities Study is in progress	0	0	0	1
Projects for which Systems Impact Study is in progress[1]	0	0	0	0
Projects for which Feasibility Study is in progress	0	0	0	0
Projects completed or withdrawn	22	22	18	16
Total Number of projects in Category 2	77	77	77	77
Interconnection Agreements				
Projects with completed studies for which LGIA not completed	21	23	26	29
Projects for which studies completed and LGIAs signed but which have not yet come online	33	32	33	31
Projects with signed LGIAs, which have completed Interconnection process and are now online and with declared Commercial Operation Date (COD).	8	7	6	6
Projects for which studies have not been completed	0	0	0	1
Projects that have withdrawn	15	15	12	10
Total Number of projects in Category 2	77	77	77	77

[1] Feasibility studies either completed, not applicable, or waived.

One additional project achieved commercial operation during Q3, bringing that total to eight. Commercial operation is a milestone which can be used to mark final completion of, and exit from, the interconnection process. Currently there are 54 active serial study projects which have not achieved commercial operation. All of the active serial study projects had already completed the normal study process before Q3 began. More than half of the active (i.e. non-withdrawn) serial study group have cleared the LGIA negotiation stage; twenty-one have yet to execute an LGIA (or have had an unexecuted LGIA filed at FERC).

During Q3, the ISO began its portfolio management process in earnest, to review projects still in queue for continued viability. Under the first step of that process, the ISO has been evaluating the status of projects in the Serial Study Group against their

commercial operation date and to validate the projects progress and viability of achieving that commercial operation date. Projects determined to no longer be viable are being considered for withdrawal from the queue. In the Q4 report, the ISO comment on initial results of this process.

Component 3: The Transition Cluster

Table 8 Queue Component 3: The Transition Cluster	Q3 2010	Q2 2011	Q1 2011	Q4 2010
Active Projects as of beginning of Quarter	38	40	50	52
Number of Interconnection Requests that withdrew during the Quarter	-1	2	10	2
Projects Completed during the Quarter	1	0	0	0
Active Projects as of end of Quarter	38	38	40	50

One project reached commercial operation during Q3. The table also corrects a mistake reported in the prior report. In the Q2 report, one project was erroneously characterized as withdrawn and so is added back into Table 8 above as an active project. This reflects the number of active transition cluster projects at 38.

Component 4: The First Queue Cluster (and Component 9, the SGIP Transition Cluster)

Table 9 Queue Component 4: Requests Within the First Queue Cluster under GIPR LGIP	Q3 2010	Q2 2011	Q1 2011	Q4 2010
Active Projects as of beginning of Quarter	13	13	14	18
Number of Interconnection Requests that withdrew during the Quarter	0	0	0	4
Projects Completed during the Quarter	0	0	1	0
Active Projects as of end of Quarter	13	13	13	14

The first queue cluster (Cluster 1) completed the Phase II study process during Q3, in combination with Cluster 2 projects. Under the Cluster LGIP, Cluster 1 and Cluster 2 underwent separate Phase I interconnection studies, and then were studied

together in a combined Phase II interconnection study process. This provision of the Cluster GIP was carried over into the GIP for Clusters 1 through 4 because these clusters were already in progress when the GIP (GIP 1) became effective. Accordingly, Cluster 3 and 4 (discussed below) are also being studied in this fashion (separate Phase I studies followed by a combined Phase II study).

Additionally, 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 smaller than 20 MW 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. A total of 65 projects are in the SGIP transition cluster, and were studied as energy-only projects.

Component 5: The Second Queue Cluster

Table 10 Queue Component 5: Requests Within the Second Queue Cluster under GIPR LGIP	Q3 2010	Q2 2011	Q1 2011	Q4 2010
Active Projects as of beginning of Quarter	27	27	36	37
Number of Interconnection Requests that withdrew during the Quarter	0	0	9	1
Projects Completed during the Quarter	0	0	0	0
Active Projects as of end of Quarter	27	27	27	36

As stated above, Phase II studies for the second queue (Cluster 2) projects were completed in Q3, having been part of a combined Phase II study process that included Clusters 1 and 2 as well as the 65 SGIP transition cluster projects. The ISO and participating transmission owners completed the study reports at the end of August.

The September 2008 order conditionally accepting the GIPR Amendment requires the ISO to file a second comprehensive report pertaining to the ISO's experience with interconnection studies for the first queue cluster. The ISO anticipates filing this report in Q4.

Component 6: The Third Queue Cluster

Table 11 Queue Component 6: Requests Within the Third Queue Cluster under GIPR LGIP	Q3 2010	Q2 2011	Q1 2011	Q4 2010
Active Projects as of beginning of Quarter	39	43	43	50
Number of Interconnection Requests that withdrew during the Quarter	21	4	0	7
Projects Completed during the Quarter	0	0	0	0
Active Projects as of end of Quarter	18	39	43	43

The ISO completed the Phase I studies for the third queue cluster (Cluster 3) during Q3. The 39 projects which studied in Phase 1 were required to post their first financial security posting by the end of August. Eighteen projects posted their financial security to move forward to Phase II. Twenty-one projects withdrew from the interconnection process. The ISO will study the 18 projects which elected to move forward along with the fourth queue cluster (Cluster 4) projects in a combined Phase II interconnection study.

Component 7: The Fourth Queue Cluster

Table 12 Queue Component 7: Requests Within the Fourth Queue Cluster under GIPR LGIP	Q3 2010	Q2 2011	Q1 2011
Active Projects as of beginning of Quarter	172	193	193
Number of Interconnection Requests that withdrew during the Quarter[1]	4/4	21	0
Total Interconnection Requests	172	172	193
[1] Four projects withdrew and four switched from the ISP to Cluster 4			

The fourth queue cluster (Cluster 4) window closed on March 31, 2011 and 193 interconnection requests were received, representing 36,480 MW. At the conclusion of the validation process and project scoping meetings, 21 projects either withdrew from the process or were deemed invalid. The remaining 172 projects will be studied in the Cluster 4 Phase I study process. This study process was originally scheduled for

completion by the end of Q3 2011. However, some delays attributable to processing of the earlier clusters caused a delay in starting the Cluster 4 Phase I study effort.

The number of interconnection requests in Cluster 4 is unprecedented, as is the MW of proposed generating facility capacity. The ISO has determined that the interconnection study approach that the ISO has used to date for cluster studies is inappropriate and would produce anomalous results. Accordingly, the ISO has proposed and is moving forward utilizing an alternative Phase I interconnection study methodology which derives delivery network upgrades by studying a representative imputed quantity of MW generating capacity rather than the approximate total 36,000 MW in Cluster 4. As the ISO has explained in a discussion with stakeholders and a technical bulletin, the ISO has determined that this alternate approach can be carried out under the existing provisions of the GIP.[9]

During Q3 four projects withdrew from Custer 4 and four projects were allowed to switch from the Independent Study Process to Cluster 4 since their assessment for independence would have had to wait until Cluster 4 Phase I studies were complete before the assessment could be done.

[9] The ISO webpage entitled "Generation Interconnection Cluster 4 Phase 1 Methodology" can be accessed at http://www.caiso.com/informed/Pages/StakeholderProcesses/GenerationInterconnectionCluster4Phase1Methodology.aspx. The Technical Bulletin "Revisions to Cluster 4, Phase 1 Study Methodology" can be accessed from the page, at hyperlink http://www.caiso.com/Documents/Generation%20interconnection%20cluster%204%20phase%201%20methodology%20-%20papers%20and%20proposals/FinalTechnicalBulletin-GenerationInterconnectionProceduresRevisionCluster4Methodolog.pdf

Component 8: Independent Study Process

Table 13 Queue Component 9: Requests Within the Independent Study Process under GIP	Q3 2010	Q2 2011	Q1 2011
Active Projects as of beginning of Quarter	4	3	0
Interconnection Requests received	0	1	3
Number of Interconnection Requests that withdrew during the Quarter[1]	4	0	0
Total Interconnection Requests	0	4	3
[1] Four projects switched from the ISP to Cluster 4			

During Q3, the four projects in the Independent Study Process elected to withdraw to re-join under the Custer 4 study process. The ISO allows this, since the assessment for independence for these projects would have otherwise had to wait until Cluster 4 Phase I studies were complete, before their independent study assessments could be done. It is the ISO's policy that, if the test for independence for a project in the Independent Study Process is not done before a new cluster window closes, it will need to be tested against the new cluster' results from the Phase I studies

(ISP requests can be submitted any time during the year, not just during the queue cluster window period).

Component 9: SGIP Serial Study projects and SGIP Transition Cluster projects

Currently, 54 projects remain in the SGIP serial study group with all but four having received their facilities study results. Consequently 50 of the 54 projects have completed the SGIP serial study process and ten of the 50 have executed interconnection agreements. The 65 SGIP transition cluster projects in the combined Cluster 1 and Cluster 2 Phase II interconnection studies have received their final study report, which completes their study process. These SGIP transition cluster projects are now required to post their interconnection financial security along with the other projects in the Cluster 1 and Cluster 2 study process, the standard cluster study process.

Component 10: Fast Track Process

Table 14 Queue Component 10: Requests Within the Fast Track Process under GIP	Q3 2010	Q2 2011	Q1 2011
Active Projects as of beginning of Quarter	4	4	0
Interconnection Requests received	0	1	4
Number of Interconnection Requests that withdrew or deemed to not qualify for the Fast Track Process during the Quarter	0	1	0
Total Interconnection Requests	4	4	4

It was determined that all four fast track projects failed to pass the Fast Track screens. The screen they failed was the fourth screen (see tariff section below).

> **5.3.1.4** The proposed Generating Facility, in aggregation with other generation on the transmission circuit, shall not contribute more than 10 percent to the transmission circuit's maximum fault current at the point on the high voltage (primary) level nearest the proposed point of change of ownership.

An options meeting between the ISO, the PTO and each of these customers will be held during Q4 to discuss the results of the screening assessments, options and next steps.

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 31st day of October, 2011 at Folsom, California.

/s/ Anna Pascuzzo

Anna Pascuzzo