California Independent
System Operator Corporation

July 30, 2009

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

Re: Q2 2009 Quarterly Report on Progress in Processing Interconnection Requests
Docket No. ER08-1317-___

Dear Ms. Bose:

Pursuant to Paragraph 200 of the Commission's "Order Conditionally Approving Tariff Amendment" issued in this docket on September 26, 2008, 124 FERC ¶ 61,292 (2008), , the California Independent System Operator Corporation ("CAISO") respectfully submits by electronic filing the "Q2 2009 Quarterly Report of the California Independent System Operator on Progress In Processing Interconnection Requests."

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

Respectfully Submitted,

/s/ Baldassaro Di Capo
Baldassaro "Bill" Di Capo
Counsel for the California Independent System Operator Corporation

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

California Independent System Operator Corporation	))	Docket No. ER08-1317-___

Q2 2009 QUARTERLY REPORT OF THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR ON PROGRESS IN PROCESSING INTERCONNECTION REQUESTS

Reporting Period: April 1, 2009 to June 30, 2009

Date: July 30, 2009

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

Part One: Introduction

The California Independent System Operator Corporation ("ISO") submits this "Q2 2009 Quarterly Report of the California Independent System Operator on Progress in Processing Interconnection Requests." The report is submitted pursuant to the Commission's order that the ISO submit quarterly reports on the ISO's processing of interconnection requests under the Generator Interconnection Process Reform (GIPR), which is the ISO's reformed interconnection process approved by the Commission on September 26, 2008.

The Reporting Requirement and Prior Quarterly Reports

In the Commission's September 26, 2008 Order Conditionally Approving Tariff Amendment (*California Independent System Operator Corp.* 124 FERC ¶ 61,292 (2008) (hereinafter, "September 26 Order")) the Commission approved the ISO's new interconnection process and timelines and included a requirement that the ISO submit periodic reports on the ISO's progress in processing interconnection requests, as a tool to evaluate whether the ISO's new, reformed process is working as planned. Paragraph 200 of the order contains the reporting requirement.

This report covers the period from April 1, 2009 through June 30, 2009, which is the second quarter of this year ("referenced as Q2 2009"). This is the ISO's third report following issuance of the order. Prior reports are

The ISO's Q4 2008 Quarterly Report, dated and filed February 27, 2009[1]; and

The ISO's Q1 2009 Quarterly Report, dated and filed April 30, 2009[2].

[1] Accessible on the ISO's Web site at http://www.caiso.com/2362/2362d4e612850.pdf
[2] Accessible on the ISO's Web site at http://www.caiso.com/23a0/23a0de6d701a0.pdf

Part Two: A Description of the Components of the Interconnection Queue

The heart of the reform of the Large Generator Interconnection Process (LGIP) under the GIPR Amendment is a change from a serial process (processing requests sequentially in the order received) to a cluster process (processing requests in clusters received during a request window period).

As an initial step, before the GIPR Amendment was filed, the ISO made a waiver request to FERC relating to the processing of interconnection requests. Following the Commission's grant of the ISO's waiver request[3], the ISO grouped the existing interconnection requests into four categories. These four categories make up the existing four components of the interconnection queue. The component number (1 through 4) generally corresponds 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.

As time progresses, new interconnection requests will be received (in clusters) and each new cluster will become a new component of the overall interconnection queue. As the currently pending individual interconnection customers complete the interconnection process (or withdraw), and exit the queue, the current queue components of which they are part of will be completed, and that queue component will fall away from the active interconnection queue. Because the requests progress in this manner, the interconnection queue is a dynamic tracking device. The quarterly report represents a snapshot of the interconnection queue at the end of each quarter.

Queue Components 3 (the Transition Cluster) and 4 (the First Queue Cluster) are the groupings of requests which are subject to the reporting requirement under the

[3] On May 15, 2008, the ISO filed the Waiver Petition in Docket No. ER08-960, seeking a one-time waiver of limited provisions of the then-effective ISO tariff governing generator interconnection, in order to facilitate the transition between the ISO's original pro-forma LGIA and LGIP regime to the new Generator Interconnection Process Reform ("GIPR") process. On July 14, 2008, the Commission issued an order granting the ISO's waiver request. (*California Indep. System Operator*, 124 FERC ¶ 61,013 (2008).)

September 26 Order. However, Categories 1 and 2 (consisting of earlier, still pending requests that are being handled serially) have also been included in this report, to give fuller context to the ISO's efforts to process its interconnection queue.

Interconnection Requests Subject to the New Procedures

The Transition Cluster. The Transition Cluster is the first group of generation interconnection requests to be handled under the GIPR process. The term "Transition Cluster" reflects the fact that this is a grouping of requests that were received before the GIPR LGIP was in place, but, with Commission approval, are being transitioned into the new process. In terms of the four categories the Transition Cluster is Component 3.

> Component 3 This component consists of the projects in the Transition Cluster. The Transition Cluster consists of LGIP Interconnection Requests
>
> (i) that had been made under the ISO's 2005 version of the LGIP,
> (ii) were still pending as of June 2, 2008, but
> (iii) which the ISO did not assign to the Serial Study Group.[4]
>
> This category of interconnection requests is being processed under ISO Tariff Appendix Y, *Large Generator Interconnection Procedures (LGIP) for Interconnection Requests in a Queue Cluster Window*, and Appendix 2 to Appendix Y, *Large Generator Interconnection Procedures (LGIP) Relating to the Transition Cluster*.

[4] As the ISO explained in its transmittal letter transmitting its GIPR Amendment request to FERC on July 28, 2008:

The Serial Study Group consists of certain "late stage" Interconnection Requests, which the CAISO will continue to study serially and pursuant to existing timelines. The CAISO elected to define late stage Interconnection Requests as those that either: (1) had met specific advanced milestones in the current LGIP Interconnection Study process, (2) had a power purchase agreement approved, or pending approval, by the CPUC or Local Regulatory Authority, or (3) were next in queue order to interconnect to any 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 CAISO explained that these criteria were logical and consistent with the Commission's guidance in the March 20 Order.

ISO Transmittal Letter to FERC submitted the ISO's GIPR Tariff Initiative, sated July 28, 2008 at p10.n 15. The ISO's Transmittal Letter can be accessed on the ISO's Web site at http://www.caiso.com/2012/2012c70a7880.pdf .

The First Queue Cluster. As mentioned above, under the new GIPR LGIP, the ISO processes interconnection requests in clusters, with each cluster comprising of the requests that have been collected during an open request window. The ISO opens a request window to receive interconnection requests. When the request window closes, all of the eligible requests constitute a cluster, and the clustered projects are studied and otherwise handled on the same time line. (A graphic that depicts the LGIP stages and timelines is included at the end of this report). Under the GIPR LGIP, the ISO opens a request window two times per year. In terms of the four current components to the interconnection queue, the First Queue Cluster is Component 4.

> Component 4 The component consists of those interconnection requests received under the First Queue Cluster. The First Queue Cluster is the first group of Interconnection Requests to be processed entirely (from receipt of request to executed interconnection agreement and physical interconnection) under the approved GIPR LGIP. All interconnection requests received during the period from June 2, 2008 to July 31, 2009 are being placed in this category, and are being processed under ISO Tariff Appendix Y, *Large Generator Interconnection Procedures (LGIP) for the Interconnection Requests in a Queue Cluster Window*).

Interconnection Requests Subject to Pre-GIPR Procedures

This report also includes information on the ISO's processing of the earlier pending interconnection requests that are not being processed under the reformed, cluster interconnection process (i.e. the GIPR LGIP). In terms of the four categories, these groupings are Categories 1 and 2.

> Component 1 The interconnection requests placed in this category comprise certain projects that predated the Serial Study Group. These requests were grouped together because, at the time the ISO made its waiver request, the associated interconnection studies for these projects had already been completed. The projects themselves were being processed under one of two processes, as applicable. The projects are either processed under the ISO's "Amendment 39 procedures, or the ISO's 2005 version of the ISO LGIP.
>
> The ISO is finishing out these projects under the pertinent process under which the interconnection requests were made. (In the case of those projects under the Amendment 39 procedures, this is ISO Tariff Appendix W, *Interconnection Procedures in Effect Prior to July 1, 2005 ("Amendment 39 Procedures")*); in the

case of requests made under the ISO's 2005 version of the LGIP (i.e. the procedures which preceded the GIPR Amendment) that process is ISO Tariff Appendix U, *Standard Large Generator Interconnection Procedures* (LGIP).)

Component 2 The Serial Study Group comprises this category. Applying the same approach as with the Component 1, the ISO is processing this group under the process which was in place when these requests were first made to the ISO. For all of the projects in this component, the applicable process is the 2005 version of the LGIP (i.e. the procedures which preceded the GIPR Amendment), This process is set forth within ISO Tariff Appendix U, *Standard Large Generator Interconnection Procedures (LGIP)*;

Part Three: Composition of GIPR Interconnection Requests By Technology

The Transition Cluster (Component 3):

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	Queue Number	Technology				
		B	G	NG	S	W
Steam Turbine	44	1.5	7		35.5	
Photovoltaic	27				27	
Wind Turbine	16					16
Combined Cycle	13			13		
Combined Cycle/PV	1			0.5	0.5	
Combustion Turbine	4			4		
Reciprocating Engine	1			1		
Other	2				2	
Total	108	1.5	7	18.5	65	16

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

The First Queue Cluster (Component 4):

As of the date of this report, the ISO has 8 active interconnection requests. The request window period remains open until July 31. The technology for the projects associated with these requests is as follows:

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

Prime Mover	Number	Technology			
		B	N	S	W
Steam Turbine	4	0.5	1	2.5	
Photovoltaic	3			3	
Wind Turbine	1				1
Total	8	0.5	1	5.5	1

B=Biomass; N=Nuclear; S=Solar; W=Wind

Part Four: Progress in Processing the Interconnection Requests

The Transition Cluster (Component 3)

Table 3 Queue Component 3: The Transition Cluster	Q2 2009	Q1 2009
Number of eligible Projects as of 9/26/2008 (date of FERC Sept 26 Order)	230	230
Transition Cluster eligible Projects having withdrawn as of November 25, 2008	122	122
Active Transition Cluster Projects as of 6/30/2009	108	108

The Transition Cluster consists of 108 interconnection requests.. No projects withdrew during Q2. Pursuant to the GIPR LGIP, the requests were further grouped into study groups for purposes of conducting the interconnection studies.

The ISO is completing the Phase 1 interconnection study work for the 108 projects for release to interconnection customers.. These study results contain the customer estimates of interconnection costs and descriptions of necessary interconnection facilities and network upgrades..

After release of the studies, the next step in the GIPR process involves customer receipt and evaluation of the study results and customer discussion with the ISO and Participating Transmission Owner (PTO). The ISO, therefore, will schedule Results Meetings (one meeting with each customer) with each of the 108 customers. In these meetings, the interconnection study results will be discussed with customers, and the meetings are intended as an opportunity for the customers to raise questions. Under the Transition Cluster timeline, the 108 results meetings are scheduled to take place over the 60 day time period from August 1 to September 30. During this period, customers evaluate the interconnection costs and descriptions of necessary interconnection facilities and network upgrades, for purposes of determining how to proceed, and whether to proceed, to the Phase II Interconnection study step. Moving forward will requires customers to provide financial security instruments (such as letters of credit) to finance the construction of network and interconnection infrastructure.

The First Queue Cluster (Component 4)

Table 4 Queue Component 4: Requests Within the First Queue Cluster under GIPR LGIP	Q2 2009	Q1 2009
Interconnection Requests received to date	13	8

The window period for interconnection requests for this next study cycle has been open since June 2, 2008 and comes to a close on July 31. To date, the ISO has received 13 interconnection requests. Five parties who submitted interconnection requests during the window period have since withdrawn.[5] In this regard, one of the five withdrawn requests was deemed invalid when it was determined that the interconnection request should be processed by another system operator.

ISO project managers are currently processing and validating 8 interconnection requests. The ISO anticipates that it will receive additional requests in the closing days of the window period, which is the situation we experienced for the request window for the Transition Cluster.

The Serial Study Group (Component 2)

Seventy-six projects are referenced in this category.

During Q2, one project completed the interconnection process and became operational. In addition, one project withdrew from the interconnection process, at the customer's request.

[5] Under CAISO GIPR LGIP Section 3.5.1.2 (a), the parties will receive a refund of their deposit less any costs incurred by the ISO or the PTO in connection on the customer's behalf. Subject to check, the ISO understands that no time was charged in the processing of the interconnection requests, and so these four parties will receive a full refund of their interconnection study deposit monies.

Table 5 Queue Component 2: The Serial Study Group	Q2 2009	Q1 2009
Number of projects in Category 2	76	75
Number of projects which have completed interconnection process	1	0
Number of projects to be completed	74	75
Number of projects that have withdrawn	1	0
Breakdown by milestone		
Study Work		
Projects for which studies are completed and LGIA negotiations are in progress	27	27
Projects for which Facilities Study is in progress	35	36
Interconnection Agreements		
Projects with signed LGIAs, which have completed Interconnection process and are now online and with declared Commercial Operation Date (COD)	1	0
Projects for which studies completed and LGIAs signed but which have not yet come online	8	0

Requests Under the Amendment 39 Process and/or pre GIPR LGIP, for which study work had already been completed at the time of ISO's Request to Approve the GIPR LGIP (Component 1)

Table 6 Component 1 Projects	Q2 2009	Q1 2009
Number of projects in this category	43	45
Number of projects which have completed interconnection process	16	16
Number of projects which have not completed interconnection process	24	29
Number of withdrawn requests	3	0
Breakdown of the status of projects in this Category		
Projects with signed LGIAs, which have completed Interconnection process and are now online and with declared Commercial Operation Date (COD). These projects have completed the process; completed projects are shown as "Complete" in the ISO Queue and are not removed from the Queue.	16	16
Projects which have signed LGIAs and are online but have not yet declared Commercial Operation	1	1
Projects for which studies and LGIAs have been completed but which have not yet come online	21	27
Projects for negotiation of LGIA is still ongoing	3	1

The ISO currently references 43 projects in this category. Three interconnection requests were designated as withdrawn during Q2. In each circumstance, withdrawal was based upon events relating to cessation of the generation project intending to interconnect. Also, in two situations, the events occurred prior to Q2, but the ISO did not receive notice of withdrawal due to those events until Q2. [6]

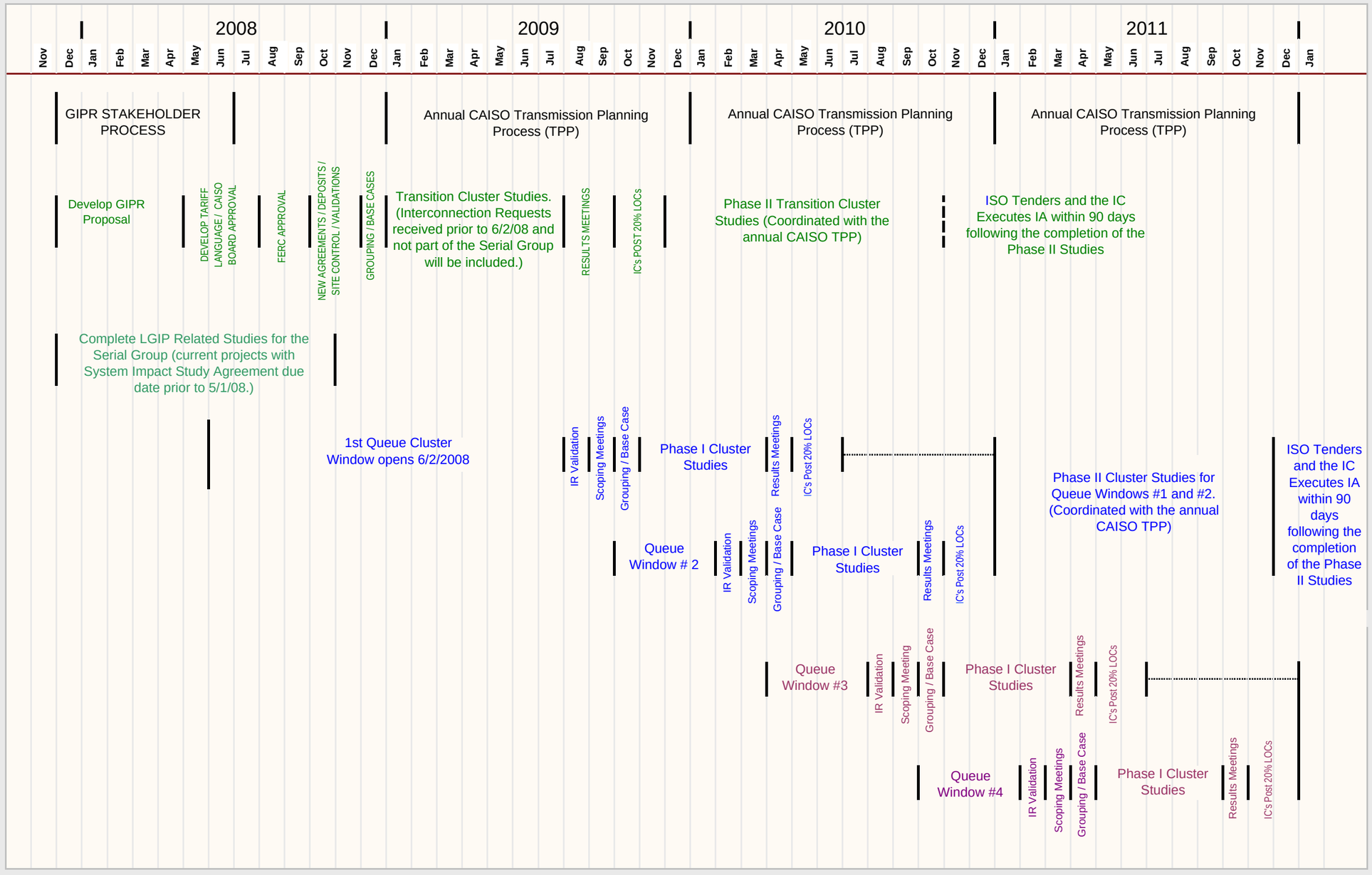
[6] With respect to two interconnection requests, the customer was a local government entity which determined not to pursue development of the generation projects. In another instance, the customer withdrew because it did not receive a regulatory approval to operate.

Attachment - Timeline Chart

Generation Interconnection Process Reform (GIPR) Proposal Timelines

Transition Cluster and Future Cluster Windows

Generation Interconnection Process Reform (GIPR) Proposal Timelines
Transition Cluster and Future Cluster Windows



7/16/08 CAISO

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 proceedings, in accordance with the requirements of Rule 2010 of the Commission's Rules of Practice and Procedure (18 C.F.R. § 385.2010).

Dated this 30th day of July 2009 at Folsom in the State of California.

/s/ Jane Ostapovich

Jane Ostapovich