

Action may be required from Small Generation Interconnection Procedures (SGIP) Customers by December 27, 2010.

At yesterday's Commission meeting, FERC approved our generation interconnection reforms. This order, with an effective date of December 19, 2010, will enable us to conduct our interconnection study process in a more streamlined and efficient manner. We would like to thank the many stakeholders that worked so hard on this initiative and all who supported the effort.

Along with the approval comes a fast deadline for some decisions. **Within the next 5 (five) Business Days you will need to notify the CAISO of your selection to (1) remain in the serial study process (if you are eligible to do so) or (2) enter the SGIP transition cluster to the GIP cluster study process.**

The tariff Appendix 8 (Transition of Existing SGIP Interconnection Requests to the GIP) states:

2. Transition of Projects in SGIP Serial Study Group

- 2.1 An Interconnection Request deemed to be included in the SGIP Serial Study Group that wishes to be studied as an Energy-Only Deliverability Status Generating Facility shall not be required to conform to the provisions of Appendix Y of the CAISO Tariff. Rather, such Interconnection Requests will continue to be processed per the procedures set forth in Appendix S to the CAISO Tariff, unless they specifically indicate, in writing, within five (5) Business Days from the effective date of this Appendix 8 to the GIP, that they wish to be included in either the SGIP Transition Cluster, studied for Full Capacity Deliverability Status, or, if eligible, studied under the Independent Study Process set forth in Section 4 of Appendix Y.

3. Transition of Generating Facilities in SGIP Transition Cluster

- 3.1 "...Interconnection Requests deemed to be included in the SGIP Transition Cluster may, by indicating in writing within five (5) Business Days from the effective date of this Appendix 8 to the GIP, elect to be studied for Full Capacity Deliverability Status, or, if eligible, as part of the Independent Study Process set forth in Section 4 of Appendix Y. "
- 3.3 An Interconnection Customer in the SGIP Transition Cluster must post, within thirty (30) calendar days of the effective date of this Appendix 8, all of the following: (i) an Interconnection Study Deposit equal to the amount set forth in Section 3.5.1 of Appendix Y, if it has not done so already; and (ii) a demonstration of Site Exclusivity, if it has not done so already. An Interconnection Customer that does not satisfy these posting requirements will be withdrawn from the SGIP Transition Cluster. An Interconnection Customer who withdraws from the SGIP Transition Cluster will be refunded the entire amount of its Interconnection Study Deposit upon withdrawal, less any amounts that the CAISO, Participating TO(s), and third parties have incurred in performing studies on the Interconnection Customer's behalf.

Please see the attached document that identifies by queue number whether current SGIP projects are eligible to remain in the SGIP serial study process or will be included in the SGIP Transition Cluster. If you have not yet been assigned a queue number, you are automatically assigned to the SGIP Transition Cluster.

Serial eligible SGIP projects wishing to be studied in the SGIP Transition group, or if eligible, in the Independent Study Process (ISP) must provide written (e-mail) notification to their ISO project manager (Ed Fishback, Judy Brown or Linda Wright) which must be received no later than 5:00 pm Pacific Standard Time on **Monday, December 27, 2010**. If no notice is received, the project will remain in the serial study process.

SGIP Transition Cluster projects wishing to be included in the Independent Study Process (ISP) must provide written (e-mail) notification to their ISO project manager (Ed Fishback, Judy Brown or Linda Wright) which must be received no later than 5:00 pm Pacific Standard Time on **Monday, December 27, 2010**. If no notice is received, the project will remain in the SGIP Transition Cluster study process.

All SGIP projects (Serial, SGIP Transition Cluster, and Independent Study Process) wishing to change from Energy Only status to Full Capacity Deliverability status must provide written notification to their ISO project manager (Ed Fishback, Judy Brown or Linda Wright) which must be received no later than **Monday, December 27, 2010**. If no notice is received, the project will remain as Energy Only.

Projects in the SGIP Transition Cluster and projects to be studied under the Independent Study Process will be required to post, by **January 18, 2011** at 5:00 pm Pacific Standard Time, an interconnection study deposit amount necessary to bring their study deposit to an amount equal to \$50,000 plus \$1,000 per MW of the interconnection request, up to a maximum of \$250,000. A separate notification of your deposit requirement will be sent separately to each interconnection customer.