

May 1, 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, Q1 2011
Docket Nos. ER08-1317-____, ER11-1830-____**

Dear Ms. Bose:

Please find our first 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, Q1 2011”.

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

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

California Independent System
Operator Corporation

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

**CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION
INTERCONNECTION QUEUE QUARTERLY PROGRESS REPORT
Q1 2011**

Quarterly Reporting Period:
January 1, 2011 to March 31, 2011

Date: May 2, 2011

Baldassarro ("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 First Quarter 2011 (“Q1 2011”) report of California Independent System Operator Corporation (the “ISO”). The report describes the ISO’s progress over the period January 1 to March 31, 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 and combines the processes for large generator and small generator interconnection into one interconnection tariff. Under the GIP, there are three study tracks:

- (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
- (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.

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

The ISO revised its Large Generator Interconnection Process (LGIP) in 2008 to change from a serial approach to a queue cluster approach. The ISO called this tariff amendment “Generator Interconnection Process Reform (GIPR),” and the ISO referred to its revised LGIP as the “Cluster LGIP.”

When the Commission accepted the ISO’s 2008 GIPR Amendment establishing

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 Cluster LGIP, the Commission included a requirement for the ISO to file quarterly status reports on the ISO's progress in processing interconnection requests under the cluster approach.² The Commission explained that the quarterly reports were intended as a tool to evaluate how well the ISO's queue cluster process is working.

The Reporting Requirements Added in the December 2010 Order on the GIP

The Commission's order accepting the GIP directed the ISO to include additional reporting requirements within the quarterly status reports. In the December 2010 Order, the Commission instructed the ISO to include additional information on interconnection requests submitted under the independent study process ("ISP") and fast track process. Regarding the ISP, the ISO was directed 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.³

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

Prior Quarterly Reports

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

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

⁴ *Id.* at P 117.

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/2b17/2b17d2c45a8d0.pdf>).

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

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

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

2009

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

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

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

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

2008

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

The Component Parts of the ISO's Interconnection Queue

Given that the ISO's interconnection processes have been revised over time, the interconnection queue consists of various queue components:⁵

- *Two legacy serial groupings*
 - Component 1: certain projects that predated the serial study group. These requests were grouped together because, at the time the ISO made its waiver request, the associated interconnection studies for these projects had already been complete.⁶

The governing tariff provision for each project 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.

⁵ 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.

⁶ See, e.g. Q1 2009 Report at p. 1 for discussion of the ISO's waiver petition.

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

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

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

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

- Component 3: projects in the transition cluster: requests received at time of categorization that would transition to the new cluster study process.

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

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

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

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

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

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

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

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

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

⁷ Under the Cluster LGIP, the fourth queue cluster window opened on October 1, 2010 and was set to close on January 31, 2011. However, while the window period was opened, the GIP became effective. Under the GIP, a further fourth queue cluster window was opened during the month of March (March 1-31, 2011). All earlier fourth queue cluster applications received during 2010 will be processed together with the cluster track applications received during March 2011 window period

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

The Commission's September 2008 Order only directs the ISO to report on the queue cluster 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 | 10 | 1 | | | 9 | |
| Photovoltaic | 14 | | | | 14 | |
| Wind Turbine | 8 | | | | | 8 |
| Combined Cycle | 5 | | | 5 | | |
| Combined Cycle/PV | 1 | | | 0.5 | 0.5 | |
| Combustion Turbine | 2 | | | 2 | | |
| Total | 40 | 1 | 0 | 7.5 | 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 | | | | | |
| 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 | 2 | | 2 | | | |
| Hydraulic Turbine | 0 | | | | | |
| 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 | 7 | 3 | | 3 | | 1 |
| Photovoltaic | 24 | | | 24 | | |
| Wind Turbine | 3 | | | | 3 | |
| Wind Turbine/PV | 2 | | | 1 | 1 | |
| Combined Cycle/PV | 1 | | 0.5 | 0.5 | | |
| Combustion | 6 | | 3 | 3 | | |
| Total | 43 | 3 | 3.5 | 31.5 | 4 | 1 |
| B=Biomass; G=Geothermal; NG=Natural Gas; S=Solar; W=Wind | | | | | | |

QUARTERLY PROGRESS IN PROCESSING THE LARGE GENERATOR QUEUE

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

| Table 5 | | | | |
|--|---------|---------|---------|---------|
| Component 1 Projects | Q1 2011 | Q4 2010 | Q3 2010 | Q2 2010 |
| Number of projects which have completed interconnection process | 37 | 37 | 37 | 37 |
| Number of projects which have not completed interconnection process | 1 | 1 | 1 | 1 |
| Number of projects withdrawn | 5 | 5 | 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 | 14 | 15 | 16 | 16 |
| Projects with signed LGIAs, which have completed Interconnection process and are now online and with declared Commercial Operation Date (COD). | 23 | 22 | 21 | 21 |
| Number of projects withdrawn | 5 | 5 | 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 is in negotiations, but has yet to be executed. The ISO is communicating with the applicable Participating TO in order to cause the Participating TO to complete LGIA appendices and issue a draft LGIA to interconnection customer and ISO.

Component 2: The Serial Study Group

| Table 6 | | | | |
|--|---------|---------|---------|---------|
| Queue Component 2: The Serial Study Group | Q1 2011 | Q4 2010 | Q3 2010 | Q2 2010 |
| Number of projects which have completed interconnection process | 7 | 6 | 3 | 3 |
| Number of projects to be completed | 58 | 61 | 64 | 66 |
| Number of projects that have withdrawn from Serial Study Group | 12 | 10 | 10 | 8 |
| Total Number of projects in Category 2 | 77 | 77 | 77 | 77 |
| <u>Breakdown by milestone</u> | | | | |
| <u>Study Work</u> | | | | |
| Projects for which studies are completed | 59 | 60 | 59 | 55 |
| Projects for which Facilities Study is in progress | 0 | 1 | 4 | 10 |
| Projects for which Systems Impact Study is in progress ¹ | 0 | 0 | 1 | 1 |
| Projects for which Feasibility Study is in progress | 0 | 0 | 0 | 0 |
| Projects completed or withdrawn | 18 | 16 | 13 | 11 |
| Total Number of projects in Category 2 | 77 | 77 | 77 | 77 |
| <u>Interconnection Agreements</u> | | | | |
| Projects with completed studies for which LGIA not completed | 26 | 29 | 31 | 34 |
| Projects for which studies completed and LGIAs signed but which have not yet come online ² | 33 | 31 | 28 | 21 |
| Projects with signed LGIAs, which have completed Interconnection process and are now online and with declared Commercial Operation Date (COD). | 6 | 6 | 3 | 3 |
| Projects for which studies have not been completed | 0 | 1 | 5 | 11 |
| Projects that have withdrawn | 12 | 10 | 10 | 8 |
| Total Number of projects in Category 2 | 77 | 77 | 77 | 77 |
| ¹ Feasibility studies either completed, not applicable, or waived. | | | | |
| ² Two LGIAs are being circulated for signatures, but yet to be fully executed. | | | | |

Two additional serial study projects withdrew during Q1 2011 bringing the total of withdrawn projects to 12. Currently there are 58 active serial study projects which have not achieved commercial operation, a milestone which can be used to mark final completion of, and exit from, the interconnection process. All of these projects have completed the normal study process; however, five projects are in a facilities re-study process. More than half of the active (i.e. non-withdrawn) serial study group has cleared the LGIA negotiation stage; thirty-three have executed LGIAs. The ISO is undertaking a portfolio management process to evaluate the status of each project as against its commercial operation date and to validate the customer's continued progress toward achieving that date, with the corollary that projects which are not making progress should be considered for withdrawal from the queue or LGIA termination.

Component 3: The Transition Cluster

| Table 7 | | | | |
|---|---------|---------|---------|---------|
| Queue Component 3: The Transition Cluster | Q1 2011 | Q4 2010 | Q3 2010 | Q2 2010 |
| Active Projects as of beginning of Quarter | 50 | 52 | 52 | 52 |
| Number of Interconnection Requests that withdrew during the Quarter | 10 | 2 | 0 | 0 |
| Projects Completed during the Quarter | 0 | 0 | 0 | 0 |
| Active Projects as of end of Quarter | 40 | 50 | 52 | 52 |

Ten projects withdrew during Q1, reducing the number of active transition cluster projects to 40. Large Generator Interconnection Agreement (LGIA) negotiations have been completed for 10 of the projects... The remaining 30 LGIAs are in negotiation.

Under the ISO's interconnection tariff, the second posting of financial security is due 180 days from issuance of the final Phase 2 study report. The second posting of interconnection financial security has come due for the majority of the customers in the transition cluster, with a small number of second postings not being due until Q2 2011, as these customers received a revised Phase 2 study report which triggered additional time for posting as their reports either included increased customer cost responsibility or altered the in-service date of the necessary transmission upgrades for interconnection in a way that affected the customer's desired commercial operation date. As the Commission knows, the ISO sought a tariff waiver to allow additional posting time for seven of these interconnection customers because they were erroneously informed by the ISO that the posting date was later than the actual due date. The Commission granted this waiver request in April. In addition, the Commission has granted one request for a tariff waiver to permit the interconnection customer additional time to post the second posting for its project, and has denied another such request to extend the posting deadlines with respect to four project that are now deemed withdrawn.

The ISO has also submitted to FERC its comprehensive status report discussing the ISO’s experience with the study process for the transition cluster. This report was submitted together with the ISO’s Q4 2010 Quarterly Report.⁸

Component 4: The First Queue Cluster

| Table 8 Queue Component 4: Requests Within the First Queue Cluster under GIPR LGIP | Q1 2011 | Q4 2010 | Q3 2010 | Q2 2010 |
|--|---------|---------|---------|---------|
| Active Projects as of beginning of Quarter | 14 | 18 | 22 | 23 |
| Number of Interconnection Requests that withdrew during the Quarter | 0 | 4 | 4 | 1 |
| Projects Completed during the Quarter | 1 | 0 | 0 | 0 |
| Active Projects as of end of Quarter | 13 | 14 | 18 | 22 |

One of the projects in the first queue cluster (Cluster 1) completed the interconnection process and achieved commercial operation through an accelerated Phase 2 study process. This decreased the number of active projects in Cluster 1 from 14 to 13. The remaining 13 projects have are proceeding in the Phase 2 study process, in combination with Cluster 1 projects. (Under the Cluster LGIP, Cluster 1 and Cluster 2 underwent separate Phase 1 interconnection studies, and then were to be studied together in a combined Phase 2 interconnection study process. The ISO will continue to study Cluster 1 and 2 in this fashion, as well as Clusters 3 and 4.)

Additionally, the “SGIP transition cluster projects,” part of the GIP Amendment, will be included in this combined Phase 2 study. 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 have transitioned to the GIP, as approved by the Commission under the Commission’s December 16, 2010

⁸ ISO Combined Comprehensive Status Report Following Completion of Interconnection Studies for the Transition Cluster and Q4 2010 report, filed January 31, 2010.

Order conditionally accepting the GIP Amendment.⁹ A total of 65 projects are in the SGIP transition cluster, and are currently being studied as energy only projects.

Component 5: The Second Queue Cluster

| Table 9 Queue Component 5: Requests Within the Second Queue Cluster under GIPR LGIP | Q1 2011 | Q4 2010 | Q3 2010 | Q2 2010 |
|---|---------|---------|---------|---------|
| Active Projects as of beginning of Quarter | 36 | 37 | 39 | 44 |
| Number of Interconnection Requests that withdrew during the Quarter | 9 | 1 | 2 | 5 |
| Projects Completed during the Quarter | 0 | 0 | 0 | 0 |
| Active Projects as of end of Quarter | 27 | 36 | 37 | 39 |

The Phase 1 studies for the second queue cluster were completed last year, in Q4 2010. As the ISO explained in its Q3 2010 Quarterly Report, the completion of the second queue cluster Phase 1 study process was somewhat delayed due to lingering issues from the first queue cluster and as inconsistent assumptions dealing with energy transfers between Participating TOs, which delayed the modeling process.¹⁰ These studies were completed during mid-November 2010.

After the close of the Phase 1 studies, the first financial security postings for projects in this queue cluster came due during Q1 2011. Nine projects did not post and were deemed withdrawn, with 27 making their posting and continuing on to the Phase 2 studies.

Under the ISO’s cluster process, customers provide security for construction of the necessary network upgrades and participating transmission owner interconnection facilities in three installments, with the first and second installments being made in advance of start of construction. The first financial security instrument posting serves as the demarcation to determine what interconnection requests continue from the Phase 1 interconnection studies to Phase 2: only those customers who make an initial posting will

⁹ December 2010 Order.

¹⁰ Q3 2010 Quarterly Report at p. 10.

be included in the Phase 2 interconnection studies; the remaining interconnection requests will be deemed withdrawn.

The combined Phase 2 interconnection studies for Queue Clusters 1 and 2 began in January 2011. The ISO began this process by building the Phase 2 base cases during January, and other study work began in February.

Component 6: The Third Queue Cluster

| Table 10 Queue Component 6: Requests Within the Third Queue Cluster under GIPR LGIP | Q1 2011 | Q4 2010 | Q3 2010 |
|---|---------|---------|---------|
| Active Projects as of beginning of Quarter | 43 | 50 | 50 |
| Number of Interconnection Requests that withdrew during the Quarter | 0 | 7 | 0 |
| Projects Completed during the Quarter | 0 | 0 | 0 |
| Active Projects as of end of Quarter | 43 | 43 | 50 |

No changes in the composition of the generator projects occurred to the third queue cluster over Q1 2011. The ISO is in the midst of Phase 1 studies. The ISO was scheduled to complete Phase 1 studies at the end of March 2011. Completion of the studies has been delayed however, which is largely an effect of “creep” from the delay in completion of Phase 1 studies for the second queue cluster, which were completed in mid-November 2010. In this regard, it was necessary to identify those Cluster 2 interconnection customers who would post their first financial security to continue into Phase 2, in order to build the base cases for the Phase 1 studies for Cluster 3.

Component 7: The Fourth Queue Cluster

| Table 11 Queue Component 7: Requests Within the Fourth Queue Cluster under GIPR LGIP | Q1 2011 |
|--|---------|
| Interconnection Requests received | 193 |
| Number of Interconnection Requests that withdrew during the Quarter | 0 |
| Total Interconnection Requests | 193 |

The fourth queue cluster window closed on March 31, 2011 and 193 interconnection requests were received representing 36,480 MW. The interconnection requests are now in the validation process and the number of projects that are validated and proceed to the Phase 1 study process will be reported in the 2011 Q2 report.

Component 8: Independent Study Requests Received Within the Fourth Queue Cluster Window

| Table 12 Queue Component 8: Requests Within the Independent Study Process under GIP | Q1 2011 |
|---|------------|
| Interconnection Requests received | 3 |
| Number of Interconnection Requests that withdrew during the Quarter | 0 |
| Total Interconnection Requests | 3 |

The ISO received three ISP requests within the March 1-31 window period for the fourth queue cluster. The ISO is still evaluating all the interconnection requests received within this window for validity. Accordingly, the three ISP interconnection requests are still under review to determine if they meet the independent study process criteria for independence.

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

The ISO is still processing the SGIP serial study group projects on a serial basis, and will include the 65 transition cluster projects in the combined Cluster 1 and Cluster 2 Phase 2 interconnection studies.

Component 10: Fast Track Process Requests Received Within the Fourth Queue Cluster Window

| Table 13 Queue Component _: Requests Within the Fast Track Process under GIP | Q1 2011 |
|--|------------|
| Interconnection Requests received | 4 |
| Number of Interconnection Requests that withdrew during the Quarter | 0 |
| Total Interconnection Requests | 4 |

The ISO received four fast track requests within the March 1-31 window period for the Fourth Queue Cluster. These requests are either undergoing validation, or are being evaluated to determine if they pass the fast track screens.

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 2nd day of May, 2011 at Folsom, California.

Asl Anna Pascuzzo

Anna Pascuzzo