



California Independent
System Operator Corporation

October 29, 2010

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

**Re: Q3 Quarterly Report on Progress in Processing Interconnection Requests;
Docket No. ER08-1317-___**

Dear Ms. Bose:

Please find our third quarter report. The California Independent System Operator Corporation ("ISO") submits the report 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 document is submitted by electronic filing and is entitled "Q3 2010 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,

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**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

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

**Q3 2010 QUARTERLY REPORT OF THE CALIFORNIA INDEPENDENT
SYSTEM OPERATOR ON PROGRESS IN PROCESSING INTERCONNECTION
REQUESTS**

Reporting Period: July 1, 2010 to September 30, 2010

Date: October 29, 2010

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

Part One: Introduction

This is the Third Quarter 2010 (“Q3 2010”) report of California Independent System Operator Corporation (“ISO”). The report describes the ISO’s progress over the period July 1 to September 30, 2010 in processing interconnection requests under the ISO’s Cluster LGIP embodied in ISO Tariff Appendix Y.¹ In 2008, the ISO revised its Large Generator Interconnection Process (LGIP) to change the processing approach from serial processing to a queue cluster approach. This tariff amendment was called the “Generator Interconnection Process Reform (GIPR),” and the ISO refers to its revised LGIP as the “Cluster LGIP.”

The Reporting Requirement and Prior Quarterly Reports

The Commission accepted the GIPR tariff amendment in its September 26, 2008 Order. The Commission’s order also included a requirement for the ISO to make quarterly reports on the ISO’s progress in processing interconnection requests under the queue cluster process. The Commission explained that the reports are intended as a tool to evaluate how well the ISO’s queue cluster process is working.²

This is the ISO’s eighth quarterly report. The prior reports are as follows:

2010
Q2 2010 report (dated July 30, 2010) ³
Q 1 2010 report (dated April 30 2010) ⁴
2009
Q4 2009 report (dated January 29, 2010) ⁵
Q3 2009 report (dated October 30, 2009) ⁶
Q2 2009 report (dated July 30, 2009) ⁷

¹ ISO Tariff Appendix Y can be accessed on the ISO’s website at <http://www.caiso.com/2779/27798a00271c0.pdf>.

² *Order Conditionally Approving Tariff Amendment*, dated September 28, 2008, at P 200 (*California Independent System Operator Corp.* 124 FERC ¶ 61,292) (hereinafter, “September 26 Order”).

³ The report can be accessed on ISO website at <http://www.caiso.com/27e3/27e3d90ce6a0.pdf>

⁴ Access ISO webpage at <http://www.caiso.com/2788/2788c4ca34340.pdf>

⁵ Access ISO webpage at <http://www.caiso.com/272d/272dbd991d4c0.pdf>

⁶ Access ISO webpage at <http://www.caiso.com/2457/2457e6f4470c0.pdf>

⁷ Access ISO webpage at <http://www.caiso.com/2403/2403907271f30.pdf>

Q1 2009 report (filed April 30, 2009)⁸

2008

Q 4 2008 report (filed Feb 27 2009)⁹

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

Interconnection requests are now processed in clusters. The heart of the Cluster LGIP is the 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).

The interconnection queue is broken down into components. This report breaks down the interconnection queue into the following queue components¹⁰:

- *Two legacy groupings.* These are interconnection requests being processed under prior (legacy) interconnection processes;
 - 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.¹¹
 - Component 2: projects known as “the Serial Study Group.” These projects needed to have studies completed at the time of categorization.
- *Three cluster groupings* under the Cluster LGIP;
 - Component 3: projects in the Transition Cluster: requests received at time of categorization that would transition to the new cluster study process.
 - 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)

⁸ Access ISO webpage at <http://www.caiso.com/23a0/23a0de6d701a0.pdf>

⁹ Access ISO webpage at <http://www.caiso.com/2362/2362d4e612850.pdf>.

¹⁰ 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.

¹¹ See discussion of the ISO’s waiver petition in earlier quarterly reports, such as the Q1 2009 Report at p. 1.

- **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)
- **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)

As of the date of this report, another queue cluster window is currently open for the Fourth Queue Cluster. This window opened on October 1, 2010 and will close on January 31, 2011. During Q1 2011, the ISO will review and validate the interconnection requests for Queue Cluster Four, and the ISO will include the pertinent information in its Q1 2011 quarterly report.

Components 1 and 2 are included so that the report covers the entire queue.

The Commission's September 26 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-GIPR amendment interconnection requests. Nevertheless, the ISO has included the legacy interconnection requests in its reporting, so that each report covers the entire ISO interconnection queue. Accordingly, the ISO's report includes a discussion of the legacy interconnection requests as Components 1 and 2 of the interconnection queue.

Interconnection Requests Being Processed under the Cluster Study Process

Component 3: The Transition Cluster. The Transition Cluster is the first queue cluster being processed under the Cluster LGIP. The term "Transition Cluster" reflects the fact that the ISO received these requests when the ISO's LGIP was still serial, but that, with Commission approval, these interconnection requests were transitioned to cluster study and processing under the Cluster LGIP. This component consists of LGIP interconnection requests:

- (i) that had been made under the ISO's 2005 version of the LGIP,
- (ii) that were still pending as of June 2, 2008, but
- (iii) which the ISO did not assign to the Serial Study Group.¹²

¹² As the ISO explained in its transmittal letter transmitting its GIPR Amendment request to FERC on July 28, 2008:

The applicable ISO tariff is 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*.

Component 4: The First Queue Cluster. . The First Queue Cluster consists of the interconnection requests received under the request window that was opened after the Cluster LGIP was approved. This window period opened June 2, 2008 and closed July 31, 2009. The applicable tariff is Appendix Y, *Large Generator Interconnection Procedures (LGIP) for the Interconnection Requests in a Queue Cluster Window*.

Component 5: The Second Queue Cluster. This component consists of interconnection requests received during the Second Queue Cluster window, which opened October 1, 2009 and closed January 31, 2010. The Second Queue Cluster is processed under Appendix Y.

Component 6: The Third Queue Cluster. This component consists of interconnection requests received during the Third Queue Cluster window, which opened March 1, 2010 and closed July 31, 2010. The Third Queue Cluster is processed under Appendix Y.

Interconnection Requests Subject to Legacy (Pre-GIPR) Procedures

Component 1: Projects Predating the Serial Study Group. As stated above, the ISO grouped these requests because, at the time the ISO made its waiver request,

The Serial Study Group consists of certain “late stage” Interconnection Requests, which the ISO will continue to study serially and pursuant to existing timelines. The ISO 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 ISO. The ISO 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, dated July 28, 2008 at p10.n15. The ISO’s Transmittal Letter can be accessed on the ISO’s web site at <http://www.caiso.com/2012/2012c70a7880.pdf> .

these requests had already completed the study phase of the interconnection process. The governing tariff provision for each project depends on the date that the interconnection customer submitted the request. If the date was prior to 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).

Component 2: the Serial Study Group. 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 preceded the 2008 GIPR Amendment.

Part Three: Composition of GIPR 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	19	1	7		11	
Photovoltaic	16				16	
Wind Turbine	8					8
Combined Cycle	6			6		
Combined Cycle/PV	1			0.5	0.5	
Combustion Turbine	2			2		
Total	52	1	7	8.5	27.5	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	4		1		3	
Photovoltaic	9				9	
Wind Turbine	2					2
Combined Cycle	1			1		
Wind Turbine/PV	1				0.5	0.5
Combustion Turbine	0			0		
Hydraulic Turbine	1	1				
Total	18	1	1	1	12.5	2.5
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	25			25		
Wind Turbine	4				4	
Combined Cycle	3		3			
Combustion Turbine	3		3			
Hydraulic Turbine	1					1
Total	37	1	6	25	4	1
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	28			28		
Wind Turbine	6				6	
Wind Turbine/PV	2			1	1	
Combined Cycle/PV	1		0.5	0.5		
Combustion Turbine/PV	6		3	3		
Total	50	3	3.5	35.5	7	1
B=Biomass; G=Geothermal; NG=Natural Gas; S=Solar; W=Wind						

Part Four: Progress in Processing the Interconnection Requests

Component 3: The Transition Cluster

Table 5			
Queue Component 3: The Transition Cluster	Q3 2010	Q2 2010	Q1 2010
Active Projects as of beginning of Quarter	52	52	52
Transition Cluster eligible Projects having withdrawn during the Quarter	0	0	0
Projects added to Transition Cluster during the Quarter	0	0	0
Active Transition Cluster Projects as of end of Quarter	52	52	52

There has been no change in the number of projects in the Transition Cluster over Q3 2010. It has remained at has remained at 52 projects. During Q3 2010, the ISO completed all of the Phase II interconnection study reports, transmitted them to all interconnection customers, and conducted results meetings to allow customers an opportunity to discuss the study results. The ISO is now engaged in negotiations for Large Generator Interconnection Agreements (LGIAs) for the projects in this cluster.

The second posting of interconnection financial security will come due for customers in the Transition Cluster approximately during the period of December 2010 - January 2011.

Component 4: The First Queue Cluster

Table 6 Queue Component 4: Requests Within the First Queue Cluster under GIPR LGIP	Q3 2010	Q2 2010	Q1 2010
Interconnection Requests received	23	23	23
Number of Interconnection Requests that withdrew during the Quarter	5	1	0
Total Interconnection Requests	18	22	23

The number of projects in the First Queue Cluster has decreased to 18, as 4 projects withdrew during Q3 2010. As ISO reported in its last report, all of the Phase I interconnection study reports were completed and delivered to interconnection customers in Q2 2010. Under the cluster process, issuance of interconnection study reports are followed by “results meetings,” which provide the customer the opportunity to ask clarifying questions regarding study results. The ISO conducted most of these meetings in Q2, and the remaining meetings were completed in early Q3 2010.

The queue cluster has reached the point in processing where the first financial security postings have come due. 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 and the first and second installments are 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 I interconnection studies to Phase II: only those customers who make an initial posting will be included in the Phase II interconnection studies; the remaining interconnection requests will be deemed withdrawn.

The ISO will provide an update in its Q4 2010 report as to the number of interconnection requests and corresponding projects that posted their first interconnection financial security instrument.

Component 5: The Second Queue Cluster

Table 7 Queue Component 4: Requests Within the Second Queue Cluster under GIPR LGIP	Q3 2010	Q2 2010	Q1 2010
Interconnection Requests received	44	44	44
Number of Interconnection Requests that withdrew during the Quarter	7	5	0
Total Interconnection Requests	37	39	44

Over Q3 2010, two projects withdrew from the cluster, reducing the number of projects from 39 to 37.

The ISO's processing schedule calls for Phase I studies to be conducted over the period May 1 through September 30 2010. The completion of the Phase I studies has been delayed, due to lingering issues from the First Queue Cluster and as inconsistent transfer assumptions between participating transmission owners delayed the modeling process. The majority of the study reports are scheduled for delivery to the interconnection customers by November 1, but some may be delayed until the second week of November 2010. The ISO has communicated this situation to the interconnection customers.

Component 6: The Third Queue Cluster

Table 8 Queue Component 4: Requests Within the Third Queue Cluster under GIPR LGIP	Q3 2010
Interconnection Requests received	50
Number of Interconnection Requests that withdrew during the Quarter	0
Total Interconnection Requests	50

The ISO validated Third Queue Cluster interconnection requests over August and September, and has been conducting scoping meetings during the remainder of Q3 2010.

Component 2: The Serial Study Group

Table 9			
Queue Component 2: The Serial Study Group	Q3 2010	Q2 2010	Q1 2010
Number of projects which have completed interconnection process	3	3	2
Number of projects to be completed	64	66	68
Number of projects that have withdrawn from Serial Study Group	10	8	7
Total Number of projects in Category 2	77	77	77
<u>Breakdown by milestone</u>			
<u>Study Work</u>			
Projects for which studies are completed	59	55	50
Projects for which Facilities Study is in progress	4	10	17
Projects for which Systems Impact Study is in progress ¹	1	1	1
Projects for which Feasibility Study is in progress	0	0	0
Projects completed or withdrawn	13	11	9
Total Number of projects in Category 2	77	77	77
<u>Interconnection Agreements</u>			
Projects with completed studies for which LGIA not completed	31	34	29
Projects for which studies completed and LGIAs signed but which have not yet come online ²	28	21	21
Projects with signed LGIAs, which have completed Interconnection process and are now online and with declared Commercial Operation Date (COD).	3	3	2
Projects for which studies have not been completed	5	11	18
Projects that have withdrawn	10	8	7
Total Number of projects in Category 2	77	77	77
¹ Feasibility studies either completed, not applicable, or waived.			
² Three LGIAs are being circulated for signatures in Q1 2010, but yet to be fully executed.			

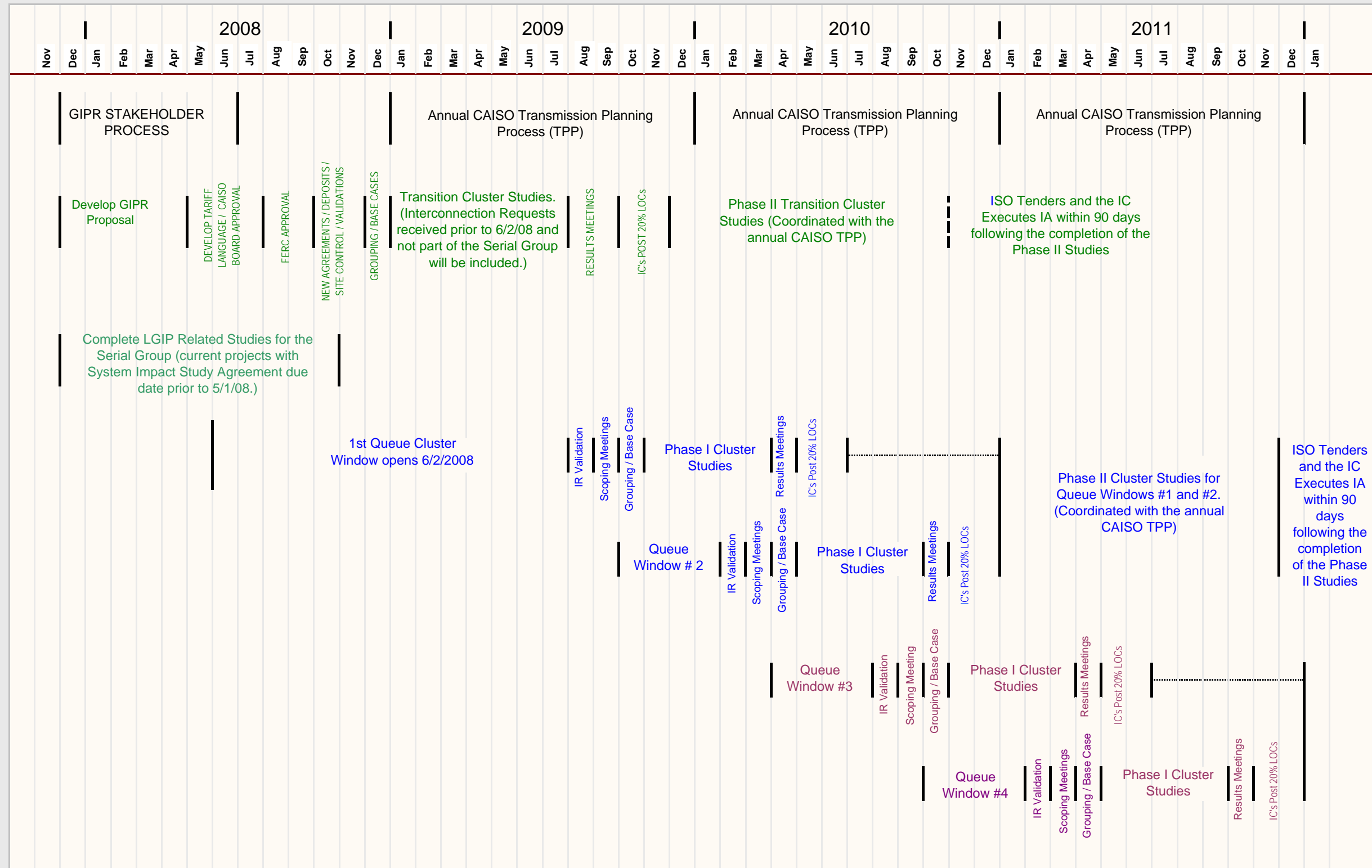
During Q3 2010, two projects withdrew from the process (one withdrawn project had progressed to the point of having executed an LGIA and the other had completed all studies and was in the LGIA negotiation process). Four additional projects completed the study phase and entered the LGIA phase.

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

Table 10			
Component 1 Projects	Q3 2010	Q2 2010	Q1 2010
Number of projects which have completed interconnection process	37	37	37
Number of projects which have not completed interconnection	1	1	1
Number of withdrawn requests	5	5	5
Number of projects in this category	43	43	43
<u>Breakdown of the status of projects in this Category</u>			
Projects with completed studies for which LGIA not completed	1	1	1
Projects for which studies and LGIAs signed but which have not yet come online	16	16	18
Projects with signed LGIAs, which have completed Interconnection process and are now online and with declared Commercial Operation Date (COD).	21	21	19
Projects completed or withdrawn	5	5	5
Number of projects in this category	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 must be completed.

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



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 29th day of October, 2010 at Folsom, California.

Asl Anna Pascuzzo

Anna Pascuzzo