



California Independent
System Operator Corporation

January 29, 2010

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

**Re: Q4 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 ("ISO") respectfully submits by electronic filing the "Q4 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 "Bill" DiCapo
Baldassaro "Bill" DiCapo
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System Operator Corporation*

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

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

**Q4 2009 QUARTERLY REPORT OF THE CALIFORNIA INDEPENDENT
SYSTEM OPERATOR ON PROGRESS IN PROCESSING INTERCONNECTION
REQUESTS**

Reporting Period: October 1, 2009 to December 31, 2009

Date: January 29, 2010

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Independent System Operator
Corporation

Part One: Introduction

The California Independent System Operator Corporation (“ISO”) submits this “Q4 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 October 1, 2009 through December 31, 2009, which is the fourth quarter of 2009 (“referenced as Q4 2009”). This is the ISO’s fifth report following issuance of the order. Prior reports are

The ISO’s Q4 2008 Quarterly Report, dated and filed February 27, 2009¹;

The ISO’s Q1 2009 Quarterly Report, dated and filed April 30, 2009²;

The ISO’s Q2 2009 Quarterly Report, dated and filed July 30, 2009³; and

The ISO’s Q3 2009 Quarterly Report, dated and filed October 30, 2009.⁴

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>

³ Accessible on the ISO’s Web Site at <http://www.caiso.com/2403/2403907271f30.pdf>

⁴ Accessible on the ISO’s Web Site at <http://www.caiso.com/2457/2457e6f4470c0.pdf>

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

Requests are now processed in clusters. 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).

Through this quarterly report, there have been four queue components. 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 request⁵, the ISO grouped the existing interconnection requests into four categories. Through this quarterly report, the queue has consisted of these four categories or four components of the interconnection queue

- Two categories made of groupings of legacy interconnection requests 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.
 - Component 2: projects known as “the Serial Study Group.” These projects needed to have studies completed at the time of categorization.
- Two categories made up of cluster groups (the transition cluster and the first queue cluster);
 - 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)

⁵ 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).)

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.

The next quarterly report will have a new component five, called the Second Queue Cluster. As explained in the last two reports, the ISO would receive new interconnection requests in clusters, as time progressed, and each new cluster would become a new component of the overall interconnection queue. Also, as pending individual interconnection customers completed the interconnection process (or withdraw), and exit the queue, the queue components to which they belonged would become completed, and that queue component would fall away from the active interconnection queue. This makes the interconnection queue dynamic, with the quarterly report representing a snapshot of the interconnection queue at the end of each quarter. The Second Queue Cluster window closes on January 31, 2010. The ISO must review and validate these requests in the 2010 Q2 and begin to process them. This new group of interconnection requests will be the fifth component in the next quarterly report:

- 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)

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

Categories 1 and 2 (consisting of earlier, still pending requests that are being handled serially) are not subject to the reporting requirement under the September 26 Order. Nevertheless, the ISO has included them in its reporting, to give fuller context to the ISO's efforts to process its interconnection queue.

Interconnection Requests Processed under the Cluster Study Process

Component 3: The Transition Cluster. The Transition Cluster has been the first group of generation interconnection requests handled under the 2008 GIPR amendment to the LGIP. The term “Transition Cluster” reflects the fact that this grouping of requests were received before the GIPR LGIP was in place, but, with Commission approval, have been transitioned into the new process.

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.⁶

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*.

Component 4: The First Queue Cluster. As mentioned above, under the new GIPR LGIP, the ISO processes interconnection requests in clusters, with each cluster consisting of those 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

⁶ 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, dated July 28, 2008 at p10.n 15. The ISO’s Transmittal Letter can be accessed on the ISO’s Web site at <http://www.aiso.com/2012/2012c70a7880.pdf> .

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*.

Component 5: The Second Queue Cluster. The ISO will report on this queue component in its next quarterly report. This component consists of interconnection requests received during the second queue cluster window, October 1, 2009 to Jan 31, 2010.

Interconnection Requests Subject to Legacy (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: Projects Predating the Serial Study Group

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

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

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	22	1	7		14	
Photovoltaic	13				13	
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	8		1		7	
Photovoltaic	9				9	
Wind Turbine	2					2
Combined Cycle	1			1		
Wind Turbine/PV	1				0.5	0.5
Combustion Turbine	1			1		
Hydraulic Turbine	1	1				
Total	23	1	1	2	16.5	2.5

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

Part Four: Progress in Processing the Interconnection Requests

Component 3: The Transition Cluster

Table 3 Queue Component 3: The Transition Cluster	Q4 2009	Q3 2009
Active Projects as of beginning of Quarter	105	108
Transition Cluster eligible Projects having withdrawn during the Quarter	(53)	(4)
Projects added to Transition Cluster during the Quarter	0	1
Active Transition Cluster Projects as of end of Quarter	52	105

In order to progress into the Phase II interconnection study, interconnection customers were required to post financial security instruments in December 2009. The financial security deposits cover the network upgrades and Participating Transmission Owner (PTO) interconnection facilities as identified in the Phase I interconnection studies. Of the 105 interconnection requests 53 customers did not post the required financial security instruments. Accordingly, the Transition Cluster currently consists of 52 interconnection requests.

Component 4: The First Queue Cluster

Table 4 Queue Component 4: Requests Within the First Queue Cluster under GIPR LGIP	Q4 2009	Q3 2009
Interconnection Requests received	37	37
Number of Interconnection Requests that withdrew during the Quarter	(4)	(5)
Total Interconnection Requests	23	27

The ISO received 37 interconnection requests for the First Cluster. During Q4, four interconnection requests withdrew from the interconnection process. The First Cluster currently consists of 23 interconnection requests.

The ISO is working closely with the PTOs to group the First Cluster and develop power flow base cases in preparation for the Phase I Studies. The Phase I Study reports for this component are scheduled for completion by March 31, 2010.

Component 5: The Second Queue Cluster

As mentioned above, the window period for interconnection requests for the Second Cluster opened on October 1, 2009 and will remain open until January 31, 2010. The number of interconnection requests for the Second Cluster will be reported in the next report. At present, the ISO has received nine interconnection requests. These requests have not yet been validated.

Component 2: The Serial Study Group

Table 5 Queue Component 2: The Serial Study Group	Q4 2009	Q3 2009
Number of projects in Category 2	76	76
Number of projects which have completed interconnection process	2	2
Number of projects to be completed	69	70
Number of projects that have withdrawn from Serial Study Group	(5)	(4)
<u>Breakdown by milestone</u>		
<u>Study Work</u>		
Projects for which studies are completed	45	39
Projects for which Systems Impact Study is in progress	1	1
Projects for which Facilities Study is in progress	23	30
Projects for which Feasibility Study is in progress	0 Feasibility studies either not applicable completed, or waived	0 Feasibility studies either not applicable, completed or waived
<u>Interconnection Agreements</u>		
Projects with completed studies for which LGIA not completed	33	28
Projects for which studies completed and LGIAs signed but which have not yet come online	12	11
Projects with signed LGIAs, which have completed Interconnection process and are now online and with declared Commercial Operation Date (COD).	2	2

Seventy-six projects are referenced in this category. During Q4, one project withdrew from the interconnection process. The ISO notes that it made an error in the one of the line items in the Q3 2009 Report, which has been reconciled in this report. In

the last line item, “Projects with signed LGIAs, which have completed Interconnection process and are now online and with declared Commercial Operation Date (COD).”

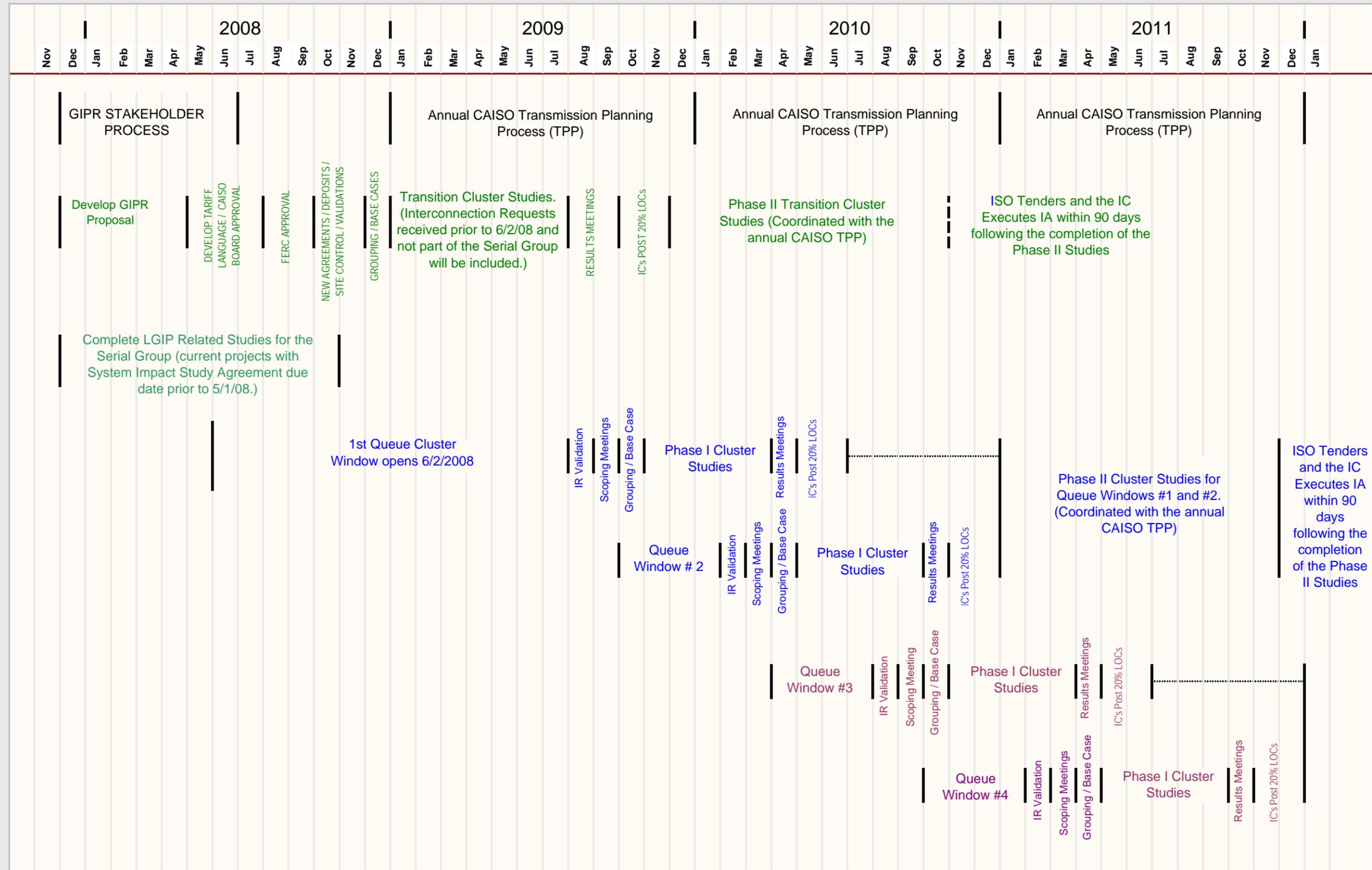
Only one project was reported in this field, when, in fact the number should have been two.

Component 1: Requests Under the Amendment 39 Process and/or Pre GIPR LGIP, for Which Study Work had Already Been Completed at the Time the ISO’s Requested Approval of the GIPR LGIP

Table 6 Component 1 Projects	Q4 2009	Q3 2009
Number of projects in this category	43	43
Number of projects which have completed interconnection process	19	18
Number of projects which have not completed interconnection process	19	22
Number of withdrawn requests	(5)	(3)
Breakdown of the status of projects in this Category		
Projects with completed studies for which LGIA not completed	1	1
Projects for which studies and LGIAs signed but which have not yet come online	18	21
Projects with signed LGIAs, which have completed Interconnection process and are now online and with declared Commercial Operation Date (COD).	19	18

Forty-three projects are in this category. Two interconnection requests were withdrawn during Q4. One project completed the interconnection process and became operational in Q4. Accordingly, there is a single project for which the LGIA requires completion, and 18 other projects have completed the process but have not commenced commercial operation (generation of electricity for sale, excluding electricity generated during trial operation).

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 January, 2010 at Folsom, California.

Asl Anna Pascuzzo

Anna Pascuzzo