



WEST AFRICAN POWER POOL

SYSTEME D'ECHANGES D'ENERGIE ELECTRIQUE OUEST AFRICAIN

SECOND SESSION OF THE GENERAL ASSEMBLY OF THE WEST AFRICAN POWER POOL ORGANISATION

DECISION WAPP/15/DEC.26/10/07 RELATING TO AMENDMENT OF WAPP MEMBERSHIP CRITERIA

The General Assembly

CONSIDERING the Decision A/DEC.5/12/99 of the twenty-second summit of the Authority of the Heads of States and Governments of ECOWAS held in Lomé on December 10, 1999 relating to the establishment of the West African Power Pool (WAPP);

CONSIDERING the Decision A/DEC. 18/01/06 of the twenty-ninth summit of the Authority of Heads of State and Government of ECOWAS held in Niamey on January 12, 2006, relating to the Articles of Agreement for the establishment and functioning of the WAPP;

CONSIDERING the Decision A/DEC. 20/01/06 of the twenty-ninth summit of the Authority of Heads of State and Government held in Niamey on January 12, 2006, relating to the establishment of the WAPP Secretariat as a specialized institution of ECOWAS;

RECALLING the Headquarters Agreement signed between the Republic of Benin and the West African Power Pool Secretariat;

CONSIDERING the Articles of Agreement relating to the organisation and functions of the West African Power Pool dated July 6th, 2006;

WISHING to implement the basic concept of the ECOWAS Energy Protocol, which is to catalyse economic growth in the ECOWAS region by means of measures to liberalize energy investment and trade in energy;

RECOGNIZING the vital role of the private sector in promoting and implementing energy investments, and intent on ensuring a favourable institutional framework for economically viable investment in energy infrastructure;

RECALLING the Final Report of the 4th Meeting of the Executive Board in Cotonou on July 23rd, 2007 relating to the establishment of partnerships between WAPP and other parties with interest in the electricity sector of West Africa;

DECIDE:

- Article 1:** The Amendments to the Articles of Agreement, “**Amendment No.2, Amendment No.3, Amendment No.4, Amendment No.5, Amendment No.6, Amendment No.7, Amendment No.8, Amendment No.9**”, as indicated in the attached Memorandum and relating to amendments to WAPP Membership Criteria to accommodate other organizations with interest in the electricity sector of West Africa, is adopted.
- Article 2:** The present Decision comes into effect upon its signature.
- Article 3:** The Secretary General shall take all necessary measures to ensure the implementation of this Decision.

Done in Abuja, Nigeria, on this day of October 26th, 2007,

**Chairperson
Engr. (Dr.) J.O. Makoju**



WEST AFRICAN POWER POOL
SYSTEME D'ECHANGES D'ENERGIE ELECTRIQUE OUEST AFRICAIN
General Secretariat / Secrétariat Général

*Second Meeting
of the General Assembly
Abuja, October 26th, 2007*

**Memorandum on Proposed Changes to the WAPP Articles of Agreement to
Accommodate Other Members with Interest in the Electricity Sector of West Africa**

Abuja, October 2007

Proposed Changes to the WAPP Articles of Agreement

Over the past year, some WAPP partners have expressed an interest to become WAPP members so that they can contribute more meaningfully to the development of the electricity sector in West Africa. The idea was tabled at the third and fourth meetings of the Executive Board in April and July 2007 respectively. While entertaining the idea of broadening the membership to allow institutions with a genuine desire to participate in the development of the electricity sector in West Africa to be part of the development of WAPP as well, the Executive Board expressed concern that any proposed changes must ensure that the strategic direction of WAPP be controlled by utilities that set it up. WAPP as an institution was set up by Member Utilities of ECOWAS and it must be owned and controlled by these Member Utilities to ensure that the vision and mission will not be diluted.

It is with these issues in mind that WAPP proposes the following amendments to the WAPP Articles of Agreement. These changes will enable institutions which are not resident entirely in West Africa to become members of WAPP. It is proposed that such members are referred to as “Other Members”, in addition to Transmission Using Members and Transmission Owning/Operating Members already provided for and defined in the Articles of Agreement.

To avoid a dilution of West African Utilities control of WAPP, Other Members cannot become members of the Executive Board. However, it is proposed that if they possess any expertise relevant to the functions of any of the Organisational Committees, they may become members on the recommendation of the Secretary General and their subsequent appointment by the Executive Board. Other Members should not have more than one representation in any of the Committees.

With regards to voting on issues during the General Assembly, Other Members should be allowed to have a vote each like all members, but to safeguard the strategic control of WAPP to the founding Members, it is proposed that Other members should not be allowed to have a weight of more than 25%. This means that founding members will always have 75% of the votes and even if outnumbered in numerical terms, they will still control WAPP.

For their Contributions towards the budget of WAPP, it is proposed that they are charged the fixed element of contributions as all members and a variable element equal to that of the Transmission Using or Transmission Owning/Operating Member with lowest contribution.

The General Assembly is hereby invited to consider and adopt the amendments to the WAPP Articles of Agreement below:

☞ **Amendment No. 2 : Restatement of Article 9.1**

Revised Article 9.1, “Qualifications”:

“Membership in WAPP Organization is voluntary and is open to any entity, public or private, which (a) own/operate generation facilities of 20MW or larger, and /or distribute and retail electricity (the “Transmission Using Members”); and/or (b) own/operate “major transmission facilities in the region”, if such facilities are physically interconnected and have an impact on coordination of system operations in the West Africa region (the “Transmission Owning/Operating Members”), or (c) have an interest in the electricity sector in the West Africa region but do not fit the definition of either the “Transmission Using Members” or “Transmission Owning/Operating Members” (the “Other Members”)”.

☞ **Amendment No. 3 : Restatement of Article 2.10**

Revised Article 2.10, “Transmission Using Member”

“A Member that owns/operates generation facilities of 20MW or larger, and /or distribute and retail electricity”

☞ **Amendment No. 4 : New Article 2.12**

“2.12 Other Member

A Member that does not fit the definition of Transmission Owning/Operating Member and or Transmission Using Member”

☞ **Amendment No.5 : Restatement of Article 4.3**

Revised Article 4.3, “Functioning of the General Assembly”

“The Chairperson of the Executive Board shall convene and preside over the meetings of the General Assembly. The General Assembly shall meet at least once per calendar year.

Decisions of the General Assembly shall be by simple majority of voters present and voting, provided the total weight of the vote of Other Members does not exceed 25%. If the total weight of Other Members votes exceeds 25% under a simple majority, then the Membership shall be divided into two (for the purposes of voting only), with a weight of

25% assigned to Other Members and 75% assigned to the rest. The results for each category will be multiplied by the weights to determine the result of that category. The resultants of the two categories for each outcome shall be added to determine the final outcome.

However, for Decisions concerning amendments to this Articles of Agreement and Staff and Financial Regulations, the decisions shall be by simple two-thirds majority vote (where the weight of Other Members is less than 25%) of the Members present and voting and a weighted two thirds majority where the weight of the Other Members is more than 25 % under simple majority (a weight of 25% will be assigned to Other Members and 75% to the rest for the purpose of voting only). Two thirds of the General Assembly shall constitute a quorum provided a lesser number may adjourn the meeting to a later time at which meeting the decisions will be by a weighted majority of Members present (if the weight for Other Members under simple majority exceed 25%) with a weight of 25% assigned to Other Members and 75% assigned to the rest.

☞ **Amendment No.6 : Restatement of Article 6.5**

Revised Article 6.5, “Strategic Planning Committee”

“The Strategic Planning Committee (SPC) shall be comprised of eleven representatives. Three representatives shall be from the Executive Board; four representatives from the Transmission Owning Member sector as nominated by the Secretary General; and four representatives from the Transmission Using Member sector and Other Members, as nominated by the Secretary General.

The Executive Board shall appoint the representatives of the SPC at the regular meeting of the Executive Board immediately following each annual meeting of Members.

Each representative of the SPC shall continue to be a representative thereof until the Executive Board appoints his/her successor. Where a vacancy occurs, the Chairman of the Executive Board will fill the vacancy on an interim basis until the next meeting of the Executive Board.

The SPC shall meet at least twice per calendar year, and additionally as needed, provided that a quorum, as defined in this Articles of Agreement, is present. The SPC shall report to the Executive Board following each SPC meeting with respect to its activities, and with such recommendations, as the SPC deems necessary.

The responsibilities of the Strategic Planning Committee shall include:

- (a) Gather information from Members, Staff, regulatory bodies, investors, financial institutions and legislative bodies on industry trends, forecasts and directions;*
- (b) Assess the industry environment in which the WAPP Organization will be functioning;*
- (c) Assess capabilities and competencies of the WAPP Organization against the industry environment, including coordination with neighboring entities;*

- (d) *Formulate strategies to ensure achievement of the mission statement, goals, objectives, and responsibilities of the WAPP Organization, and recommend necessary modifications to the internal processes of the WAPP Organization to carry out these strategies;*
- (e) *Work with other Organisational Committees in developing related action plans, schedules and budgets;*
- (f) *Review annually the structure and charters of each of the subsidiary Task Forces (Investment Programming, Environment, Technical) of the SPC, and together with the Chairpersons of the subsidiary Task Forces, recommend changes to the Executive Board, as appropriate;*
- (g) *Review the self-assessments of the subsidiary Task Forces to assure that they are being done on a consistent basis;*
- (h) *Complete a self-assessment annually to determine how effectively the SPC is meeting its responsibilities; and*
- (i) *Perform such other functions as the Executive Board may delegate or direct.”*

☞ **Amendment No.7 : Restatement of Article 6.6**

Revised Article 6.6, “Finance and Human Resources Committee”

“The Finance and Human Resources Committee (FHRC) shall be comprised of six members. Two representatives shall be from the Executive Board, one of whom shall serve as the Chairperson; two representatives from the Transmission Owning Member sector or Other Members as nominated by the Secretary General; and two representatives from the Transmission Using sector as nominated by the Secretary General which and whenever need arises.

The Executive Board shall appoint the representatives of the FHRC at the regular meeting of the Executive Board immediately following each annual meeting of Members. Each representative of the FHRC shall continue to be a representative thereof until the Executive Board appoints his/her successor. Where a vacancy occurs the Chairman of the Executive Board will fill the vacancy on an interim basis until the next meeting of the Executive Board.

The FHRC shall meet at least twice per calendar year, and additionally as needed, provided that a quorum, as defined in this Articles of Agreement, is present.

The FHRC shall report to the Executive Board following each FHRC meeting with respect to its activities and with such recommendations, as the FHRC deems necessary.

The responsibilities of the FHRC shall include providing assistance to the Executive Board in fulfilling its responsibility to the Members, and investment community with respect to its oversight of:

- (a) *The quality and integrity of financial statements of the WAPP Organization;*
- (b) *Compliance of the WAPP Organization with financially-based legal and regulatory requirements;*
- (c) *The independent auditor's qualifications, selection, and independence;*

- (d) *The performance of internal audit function of the WAPP Organization and independent auditors;*
- (e) *The development and implementation of annual and long-term budgets;*
- (f) *The management of risk;*
- (g) *Develop policies for management of debt financing and for long-term contracting;*
- (h) *Monitoring methodology for cost recovery to ensure continuing equity for Members;*
- (i) *The development and administration of employee benefit programs;*
- (j) *The effectiveness of WAPP's compensation plan for employees and Executives;*
- (k) *The activities of investment managers charged with managing employee benefit assets, including evaluation of performance;*
- (l) *Approve and monitor WAPP staffing structure to ensure it accomplishes Organisational mission;*
- (m) *Maintain current job description for the Secretary General and conduct annual performance evaluation;*
- (n) *Other duties and responsibilities detailed in the FHRC charter; and*
- (o) *Perform such other functions as the Executive Board may delegate or direct.*

☞ **Amendment No. 8 : Restatement of Article 13**

Revised Article 13, "MONTHLY ASSESSMENTS"

"All Members will be subject to a monthly assessment to recover monthly costs associated with the performance of the functions of the WAPP Organization as assigned by the Executive Board. The monthly Assessment will be charged to Members per the assessment formula outlined below:

$$A = [0.25(1/N) + 0.75(B/C)] X$$

Where:

A = Member's share of WAPP's assessment

N = Total number of Members

B = Energy sold by Member two (2) years prior to the Year of Assessment

C = Total of factor B for all Members

X = Monthly Costs

For Other Members, each will be given a factor B equal to that of the Member with the lowest.

Each member shall deposit its assessment with WAPP no later than thirty (30) days after receipt of such notification."

☞ **Amendment No.9 : Restatement of Article 16.2**

Revised Article 16.2, “Computation of a Member’s Existing Obligations”

“For the purpose of computing the Existing Obligations of any withdrawing or terminated Member in accordance with the membership Agreement, such “Member’s share” is a percentage calculated as follows:

$$A= 100 [0.25(1/N) + 0.75(B/C)]$$

Where:

A = Member’s share (Expressed as a percentage)

N = Total number of Members

*B = Energy sold by Member two (2) years prior to the
Year of Assessment*

C = Total of factor B for all Members

For Other Members, each will be given a factor B equal to that of the Member with the lowest.

The Finance and Human Resources Committee shall have the discretion to reduce the Existing Obligations of any withdrawing or terminated Member, to reflect any WAPP costs or expenses that may be mitigated in connection with such Member’s withdrawal or termination.”