



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

TERMS OF REFERENCE

FOR THE

WEST AFRICAN POWER POOL (WAPP) SECRETARIAT RESTRUCTURING STUDY

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Abbreviations

CENACE	Centro Nacional de Control de Energia
CLSG	Côte d'Ivoire - Liberia - Sierra Leone - Guinea
ERERA	ECOWAS Regional Electricity Regulatory Authority
ECOWAS	Economic Community of West African States
ICC	Information and Coordination Centre of WAPP
ISO	Independent System Operators
OMVG	Organisation de Mise en Valeur du Fleuve Gambie (Gambia River Development Organization)
PJM	Pennsylvania-New Jersey-Maryland Interconnection LLC
RMR	Regional Market Rules
RTO	Regional Transmission Operators (RTOs).
WAPP	West African Power Pool
SAPP	Southern African Power Pool
SMO	System and Market Operator

I. Background

The West African Power Pool (WAPP) is a specialized institution of the Economic Community of West African States (ECOWAS) created in 1999 through Decision A/DEC.5/12/99 of the Authority of the ECOWAS Heads of State and Government and established in 2006 through Decisions A/DEC.18/01/06 and A/DEC.20/01/06 to integrate the national power systems into a unified regional electricity market with the expectation that, this cooperative mechanism, would over the medium to long term assure citizen within the ECOWAS region, with a stable and reliable electricity supply at competitive costs.

And by mandate, the WAPP promotes and develops infrastructure for power generation and transmission, as well as aims to assure the coordination of electric power exchanges between ECOWAS Member States. The legal framework for promoting regional cooperation in an integrated power system development and the facilitation of cross-border electricity trade is outlined in the ECOWAS Energy Protocol.

As much as the WAPP is a specialized institution of ECOWAS, it is important to note that WAPP is an association of private and public entities and currently comprises of 39 members including power generation, transmission and distribution utilities that are involved in the development and operation of the power system of the pool.

To fulfil its mandate of developing and implementing the unified regional electricity market in West Africa, WAPP in collaboration with the ECOWAS Regional Electricity Regulatory Authority (ERERA) developed the “**Regional Market Rules (RMR)**” to be used in governing commercial transactions related to cross border flows of electricity within the WAPP Interconnected Transmission System in compliance with approved **policies and procedures**.

The Regional Market Rules prescribes a gradual implementation of the Market in three phases with well-defined condition precedents required to be fulfilled prior to the commencement of each Market Phase.

Market Phase I was launched on 29th June 2018 following fulfilment of the conditions precedent for starting the first phase of the market. Following the launch of Market Phase 1, the WAPP Secretariat has continued to implement key priority projects which are envisaged to be completed by 2022. These projects include among others the ICC Project (Construction and equipment of the ICC building), CLSG Interconnection Project and the OMVG Loop Interconnection Project. It is expected that the completion of these projects will lead to the commencement of Phase 2 (the competitive phase) of the ECOWAS Regional Electricity Market.

In addition to the key priority projects under implementation, the WAPP and ERERA have continued to develop the requisite market governance (technical and regulatory) documents and

have been putting in place necessary measures in accordance with the conditions precedent for the commencement of Market Phase 2 in order to launch this market phase.

Prior to the commencement of Market Phase 1, the WAPP General Assembly in accordance with Article 13.2b and as per a resolution of the WAPP Executive Board appointed the ICC to carry out the functions of the System and Market Operator (SMO). Similarly, one among other conditions precedents as per Article 13.3 of the Regional Market Rules¹ for the commencement of Market Phase 2 is “The ICC has been confirmed by the General Assembly as the independent regional system and market operator (SMO) or new institution has been created and implemented to carry out these tasks”.

As such, a restructuring of the WAPP Secretariat has become necessary and this is the reason why it was taken into account in the WAPP 2020-2023 Business Plan.

This restructuring of WAPP, which shall take into account Phase 2 of the market (i.e. the day ahead market) and also phase 3 of the market (i.e. the spot market), shall be undertaken following a study involving key stakeholders (WAPP, ERERA, ECOWAS Department of Energy, Member Utilities, etc.) in the West African electricity industry. In preparation towards commencement of Market Phase 2, the WAPP intends to engage the services of a consortium of consultants or consultants, referred to as the “Consultant” to carry out a study on restructuring of the WAPP Secretariat.

II. Objective of assignment

The overall objective of the Terms of Reference (ToR) is to engage the services of a qualified and experienced firm of consultants, referred to as “Consultant” to carry out a study on alternatives/options for restructuring the WAPP Secretariat in pursuant to fulfilling the requirements of autonomy or independence for the System and Market Operator and allow the WAPP Secretariat to continue carrying out its mandate.

III. Scope of works

Task 1: Literature review and Diagnostics

The Consultant shall, among others, perform the following:

- a) Analyze the existing legal mandate that established the WAPP;
- b) Analyze the existing governance structure of WAPP and consider the need for restructuring to fulfil all the attributes of autonomy or independence for Independent System Operator (ISO)/System Market Operators (SMO) /Regional Transmission Operators (RTO) based on international best practice;

¹ <https://erera.arrec.org/wp-content/uploads/2016/08/Resolution-No005-ERERA-15-Approval-of-the-Regional-Market-Rules-of-the-WAPP.pdf>

- c) Review the West African electricity sector through exchanges with some of the main actors (Energy Department of the ECOWAS Commission, Regional Electricity Regulator, etc.) in relation to their functioning, governance and relations with the WAPP;
- d) Conduct a literature review on the governance and organizational structure of Independent System Operators (ISOs)/System Market Operators (SMOs) /Regional Transmission Operators (RTOs) such as, inter alia SAPP, CENACE, PJM;
- e) Perform a diagnosis of ISOs/RTOs/SMOs governance and organizational structure at each stage of their transformation into their current structure and lessons learned;
- f) Based on international best practice, provide in detail the pros and cons of each possible governance and organizational structure whilst considering the need and attributes of an Independent System Operator (ISO)/System Market Operators (SMO) /Regional Transmission Operators (RTO) in a competitive Regional Electricity Market.

Task 2: WAPP Secretariat Restructuring Study

Based on the outcome of Task 1, the Consultant shall propose and document the restructuring options/alternatives to be considered by the WAPP Secretariat as part of efforts to create or operate an Independent System and Market Operator in fulfillment of Article 13.3 of the Regional Market Rules. Also, the Consultant should develop a Roadmap or an action plan for the implementation of the WAPP restructuring process, showing the time and cost aspects of all proposed activities. The Consultant shall, among others, perform the following:

- a) Recommend a long-term WAPP Secretariat restructuring proposal to fulfilling the requirements of autonomy or Independent System and Market Operator with sufficient justification;
- b) Recommend the short- and medium-term steps that must be undertaken to achieve this long-term restructure objective of the WAPP Secretariat within the framework of its mandate;
- c) Propose a new governance structure of the WAPP Secretariat to be adopted to achieve the autonomy or independence for the System and Market Operator;
- d) Propose the organizational chart of the new structure with a description of the different entities, their attributions and functioning;
- e) Review the mode of financing of the SMO and its financial viability;
- f) Propose a restructuring Roadmap/Action Plan of WAPP Secretariat. The roadmap should include measurable Key Performance Indicators (KPI)'s to be achieved at each stage of transition.

IV. Expected outcomes

At the end of the study, the following outcomes are expected:

- a) A recommendation for a long-term WAPP Secretariat restructuring proposal to fulfill the requirements of autonomy or independence of the System and Market Operator with sufficient justification;

- b) A recommendation for the short- and medium-term steps that must be undertaken to achieve this long-term restructuring objective of the WAPP Secretariat within the framework of its mandate;
- c) A Proposal of a new governance structure of the WAPP Secretariat to achieve the autonomy or independence for the System and Market Operator;
- d) A Proposal of organizational chart of the new structure with a description of the different entities, their attributions and functioning;
- e) A Review of the financing mode of the SMO and its financial viability;
- f) A Proposal of a restructuring Roadmap/Action Plan of WAPP Secretariat including measurable Key Performance Indicators (KPI)'s to be achieved at each stage of transition.

V. Deliverables

For the review and validation of deliverables, an ad-hoc committee will be set up within the WAPP Secretariat. The Consultant shall submit the following deliverables:

1. The Consultant shall submit a draft "*Inception Report*" that shall contain, inter alia, the Work Plan and methodology and outline the documents collected, incorporating any changes from the *Kick-off Meeting*, an updated Work Schedule that takes also into consideration among others, the start date of the assignment. The number of copies of the draft version of the Inception Report to be submitted to the WAPP Secretariat by the Consultant shall be as follows:

- **Five (5) hard copies and one (1) electronic copy in English of draft Inception Report**
- **Five (5) hard copies and one (1) electronic copy in French of draft Inception Report**

Two weeks after the draft Inception Report is provided, and in advance of the validation meeting (video conference meeting), the WAPP Secretariat will send comments on the draft Inception Report to the Consultant. The Consultant shall address the comments and any comments made during the validation meeting of the Inception Report and provide the Secretariat with a revised version within one week of the meeting. The number of copies of the final version of the Inception Report to be submitted by the Consultant shall be as follows:

- **Five (5) hard copies and one (1) electronic copy in English of final Inception Report**
- **Five (5) hard copies and one (1) electronic copy in French of final Inception Report**

2. The Consultant shall submit a *draft Due-diligence Report* to the WAPP Secretariat. Throughout the literature review and the interviews, the due-diligence report will provide an overview of the current situation of the West African power sector. The report will address the organization of the West African power sector, that of the WAPP Secretariat, highlighting its strengths and weaknesses. The report will be delivered as follows:

- **Five (5) hard copies and one (1) electronic copy in English of draft Due-diligence Report**

- **Five (5) hard copies and one (1) electronic copy in French of draft Due-diligence Report**

One week after the submission of the due-diligence report, the Consultant will receive from the WAPP Secretariat comments that should be addressed in the final due diligence report as follows:

- **Five (5) hard copies and one (1) electronic copy in English of Due-diligence Report**
- **Five (5) hard copies and one (1) electronic copy in French of Due-diligence Report**

3. The Consultant shall also submit a *draft Preliminary Restructuring Study (PRS) Report* to the WAPP Secretariat. The draft PRS Report shall contain, inter alia, a recall of the main conclusions of the due-diligence report, the strategy and options for the new proposed structure for the SMO based on the strategy, the description of the new structure and its governance structure. This report shall be delivered by the Consultant as follows:

- **Five (5) hard copies and one (1) electronic copy in English of the Preliminary Restructuring Study**
- **Five (5) hard copies and one (1) electronic copy in French of the Preliminary Restructuring Study**

Two weeks after the draft Preliminary Restructuring Study Report is provided, and in advance of the validation meeting, the WAPP Secretariat will send comments on draft Preliminary Restructuring Study Report to the Consultant. The Consultant shall address the comments and any comments made during the validation meeting (in-person meeting) of the draft Preliminary Restructuring Study Report and provide the WAPP Secretariat with a revised version including an Executive Summary within one week of the meeting. The final version of the Preliminary Restructuring Study Report will be submitted to the WAPP Executive Board. The number of copies of the final version of the Preliminary Study Report to be submitted by the Consultant shall be as follows:

- **Ten (10) hard copies and ten (10) electronic copies in English of Final PRS Report**
- **Ten (10) hard copies and ten (10) electronic copies in French of Final PRS Report.**

4. Two weeks after the comments of Executive Board on the Preliminary Restructuring Study Report, the Consultant shall submit the *draft Final Restructuring Study Report* to the WAPP Secretariat. In addition to the content of the preliminary report, the draft final report shall contain, inter alia, new organogram, description of the different entities, their attributions and functioning, staff placement, the review of the financing mode and the financial viability of the SMO. The number of copies is as follows:

- **Ten (10) hard copies and one (1) electronic copy in English of draft Final Restructuring Study Report**
- **Ten (10) hard copies and one (1) electronic copy in French of draft Final Restructuring Study Report**

5. Two weeks after the draft Final Restructuring Study Report was provided to the WAPP Secretariat, the Consultant shall also submit a *draft Restructuring Roadmap Report* for the

realization of the WAPP Secretariat Restructuring. The Roadmap Report shall contain, inter alia, the restructuring plan and timeline, implementation strategy, the proposed structure based on the strategy, phasing from old structure to new structure etc. This draft Roadmap Report shall be delivered by the Consultant as follows:

- **Ten (10) hard copies and one (1) electronic copy in English of the draft Roadmap Report**
- **Ten (10) hard copies and one (1) electronic copy in French of the draft Roadmap Report**

6. Following the submission of the Draft Final Restructuring Study Report and the draft Restructuring Roadmap, a final validation meeting (in-person meeting) shall be organized with the Ad-hoc Committee to review the draft final Report on the Restructuring Study and the draft Roadmap.

Two weeks after the meeting and after addressing all comments, an Executive Summary of the Restructuring Study Report and the Roadmap will be prepared by the Consultant and submitted to the WAPP Executive Board.

The Consultant shall address the comments of the Executive Board and provide the WAPP Secretariat with a revised version within one week of the meeting. The number of copies of the final version of the Restructuring Study Report and final Roadmap Report to be submitted by the Consultant shall be as follows:

- **Ten (10) hard copies and ten (10) electronic copies in English of Final Restructuring Study Report and Final Roadmap Report**
- **Ten (10) hard copies and ten (10) electronic copies in French of Final Restructuring Study Report and Final Roadmap Report**

7. The last but not the least, the Consultant shall present an assignment completion report to the WAPP Secretariat. The number of copies of the assignment Completion Report to be submitted by the Consultant shall be as follows:

- **One (1) electronic copy in English**
- **One (1) electronic copy in French**

VI. Meetings

The Consultant shall be required to participate in the following meetings:

- **Kick-off Meeting (2 meeting days via Video Conference (VC));**
- **Inception Report Approval Meeting (2 meeting days via VC);**
- **Preliminary Restructuring Study Report Approval Meeting (3 meeting days);**
- *** Executive Summary of Preliminary Restructuring Report to be submitted to the Executive Board;**
- **Draft Final Restructuring Study Report and draft Road map report Approval Meeting (3 meeting days).**

- ***Executive Summaries of Draft Final Restructuring Study Report and Roadmap Report to be submitted to the Executive Board.**

The Consultant shall consider that the approval/validation meeting of the Preliminary report, the Restructuring Study Report and the Restructuring Roadmap will be in-person meetings that shall be held in any of the WAPP member countries. The proposal of the Consultant shall include the costs of participation of its experts.

The Consultant shall take part in biweekly meetings which will be organized with the WAPP partners to discuss the activities undertaken and its planning for the upcoming month. Whenever deemed necessary, resource persons may take part in the meetings. The Consultant shall organize presentations, in collaboration with the WAPP Secretariat, and take part in the meetings, including all those described above. For all of the meetings, the WAPP Secretariat shall be responsible for setting the date of the meeting and coordinating the participation of the stakeholders.

VII. Reference Documents

In carrying out the above tasks, the Consultant may make reference to the following existing documents:

- WAPP Articles of Agreement
- Regional Market rules and procedures
- Governance Documents (Executive Board Resolutions, General Assembly Decisions, etc.)
- Ecowas Energy Protocol
- Any other relevant document pertaining to the assignment

VIII. Duration of the assignment

The work under this assignment is anticipated to be undertaken within **28 weeks**. The deadline for the submission of the expected deliverables starts from the time of signing of the contract as shown in the schedule in Table 1 below.

IX. Schedule of Expected Deliverables

The contract price is a fixed output-based price regardless of extension of the herein specified duration. The Financial Proposal will include all fees and costs associated with the execution of the contract, including professional fees, travel, meetings organization and all other expenses that will be incurred during the execution of the work.

Table 1: Proposed indicative schedules and expected submission periods are as follows:

	LIST OF ACTIVITIES	EXPECTED COMPLETION DATE
1	Signature and implementation of the Contract	
2	<i>Kick-off Meeting (2 meeting day via Video Conference (VC)) with Review Committee</i>	W0
3	<i>Submission of draft Inception Report</i>	W0 + 2 weeks
4	<i>Approval meeting of Inception Report (VC) with Review Committee</i>	W0 + 4 weeks
5	<i>Submission of the final Inception Report</i>	W0 + 5 weeks
6	<i>Submission of draft Due-diligence Report</i>	W0 + 7 weeks
7	<i>Submission of final Due-diligence Report</i>	W0 + 9 weeks
8	<i>Submission of draft Preliminary Restructuring Study Report</i>	W0 + 15 weeks
9	<i>Approval meeting of draft Preliminary Restructuring Study Report with Review Committee (3 days in-person meeting)</i>	W0 + 17 weeks
10	<i>**Submission of Preliminary Restructuring Study report to the Executive Board for Approval</i>	W0 + 18 weeks
11	<i>Submission of the draft final Restructuring Study Report</i>	W0 + 20 weeks
12	<i>Submission of draft Roadmap Report</i>	W0 + 22 weeks
13	<i>Approval meeting of draft final Restructuring Study Report and draft Road map report with Review Committee (3 days in-person meeting)</i>	W0 + 24 weeks
14	<i>**Submission of Executive Summaries on Restructuring Study and Roadmap to the Executive Board for Approval</i>	W0 + 26 weeks
15	<i>Submission of the final Restructuring Study Report and final Roadmap Report with comments incorporated received</i>	W0 + 27 weeks
16	<i>Submission of Completion Report</i>	W0 + 28 weeks

* The Consultant need not be present during the submission of the documents to the WAPP Executive Board.

** The actual dates for the submission of the documents to the WAPP Executive Board are indicative and subject to the meeting calendar of the Board.

X. Selection Criteria and Key Staff for Study

The Consulting Firm or Consortium of Firms for this assignment will be selected following an international tendering process to be launched by the WAPP Secretariat according to the quality-cost method of the WAPP procurement code.

The firm or consortium of firms must have experience in similar restructuring studies and have Key Experts meeting the criteria mentioned in the list of key staff below. The firm or consortium of firms must be able to clearly demonstrate a proven capacity in the restructuring of international organizations.

Please note that the WAPP Secretariat reserves the right to check the genuineness of any information provided by the Consultants and that a single erroneous information will automatically lead to the rejection and cancellation of the file of the firm and its prohibition from participating at any subsequent bid to be organized by the WAPP Secretariat.

The minimum qualifications and experience required for key staff are as follows:

KS-1 / Expert in organizational transformation:

He will be the team leader of the team of experts for the study.

General Experience

- ✓ *Having at least a Master's degree in organizational management or equivalent;*
- ✓ *15 years of experience in the study of organizational change or the organizational transformation of companies.*

Suitability for the assignment (specific experience)

- ✓ *Having executed 3 similar contracts in the reorganization or organizational transformation of multinational companies or international organizations;*
- ✓ *Having carried out 1 organizational transformation mission in the power sector would be an added advantage.*

Experience of the region and the language

- ✓ *Experience in sub-Saharan Africa will be an advantage;*
- ✓ *Fluency in French or English, written and spoken;*
- ✓ *Having a working knowledge of the other language.*

KS-2/ Expert in electricity markets and operation of electricity networks

General Experience

- ✓ *Having at least a Master's degree in electricity or equivalent;*
- ✓ *Having a Master's degree in economics, management or equivalent would be an advantage;*

- ✓ *10 years of experience in the management of electricity markets, preferably regional electricity markets;*
- ✓ *10 years of experience in the operation of regional interconnected electricity networks.*

Suitability for the assignment (specific experience)

- ✓ *Having executed 3 similar contracts for the reorganization or organizational transformation of system and market operators (OSM).*

Experience of the region and the language

- ✓ *Experience in sub-Saharan Africa will be an advantage;*
- ✓ *Fluency in French or English, written and spoken;*
- ✓ *Having a working knowledge of the other language.*

KS -3/Legal expert:

General Experience

- ✓ *Having at least a Master's degree in public international law or equivalent;*
- ✓ *15 years of experience in legal aspects relating to international organizations.*

Suitability for the assignment (specific experience)

- ✓ *Having executed 3 similar contracts in the development of legal texts of international organizations.*

Experience of the region and the language

- ✓ *Experience in sub-Saharan Africa will be an advantage;*
- ✓ *Fluency in French or English, written and spoken;*
- ✓ *Having a working knowledge of the other language.*

KS -4/Expert economist:

General Experience

- ✓ *Having at least a Master's degree in economics or equivalent;*
- ✓ *15 years of experience in studies of economic and financial viability of companies or organizations.*

Suitability for the assignment (specific experience)

- ✓ *Have executed 3 similar assignments for financial viability study of international organizations.*

Experience of the region and the language

- ✓ *Experience in sub-Saharan Africa will be an advantage;*
- ✓ *Fluency in French or English, written and spoken;*
- ✓ *Having a working knowledge of the other language.*
