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## Power Marketing of BEPC: Statutes & Measures

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As a huge power enterprise, BEPC is responsible for power supply, retail, as well as construction and operation of transmission and distribution of electricity in Beijing with a land area of 16, 800 sq. km. Providing safe electricity is closely tied to political stability, economic development, and comfortable living in the capital. Thus, it is incumbent upon BEPC to provide services safe, reliable, and high quality electricity services.



## **Basic information of the BEPC marketing system:**

As of May 2005, BEPC has 3.0399 million customers, of which 2.6291 million pay by card. In 2004, its total electricity sale was 63.607 bil kwh with the revenue of RMB23.182yuan. The average retail tariff was RMB 536.29yuan/GWh.



## Marketing management concepts:

Design a scientific and rational marketing organization framework, establish the concept of integrated marketing, promote close cooperation among all quarters and employees within the company, and achieve the targeted performance.

As modern marketing strategy emphasizes overall capacity, its failure or success has direct relation to any company.

Therefore, it is necessary to establish an effective organization to develop and manage the market.



The company should set up a marketing system, information management system, and targeting/planning system. By providing clear hierarchy of management, identifying the duties of each hierarchy and its task standard and process, a perfect marketing system can reach the target market.

Moreover, it is important to have practical and reasonable marketing policies, and let the sales force play active role in the market.



Power marketing is increasingly concerned and continually strengthened with power system reform and adoption of market principles. After generation was separated from transmission, there was a visible change in the power sector work. Being made responsible for selling energy and serving the customers, marketing has become the core activities of grid or transmission companies.

Our marketing polices include:



First, establish a marketing management environment and develop market-oriented “big marketing” ideas.

Second, improve management, establish a unified management system of standardization, optimize operation processes, regulate work criteria, and promote target marketing management.



Third, promote management creation by informatization , construct marketing management information system and “95588” consumer service system.

Fourth, meet service commitments, carry out service specification, and improve quality of service.

Fifth, establish a support system for talents and funds and strengthen the sale force.





## 2. Marketing organization structure of BEPC

BEPC has an organization structure of three levels:

- 1) BEPC
- 2) Power supply companies in counties/districts
- 3) Power supply stations in rural/town/street



## 1) First level - BEPC

As a vertical administrative system, it has a marketing department responsible for the management of marketing activities such as setting marketing strategy, target planning, and breaking down and distributing annual targets. It also assesses the marketing targets responsibility system and high-quality service responsibility system of the second level.



The Beijing power market was divided into 16 marketing evaluation areas run by 16 power supply companies. Each area has a cross-section of 110kv or below, specific for performance check indicators used in areas of 110KV or below. Under the economic responsibility system, the gross payroll of supply company is determined by its profit.



## **2) Second-level marketing organization: county/district supply companies**

Being a vertical administrative system, they also have a marketing department responsible for second-level management of marketing. In addition, they are in charge of managing marketing targets and high quality services, disassembling targets, making assessment measures and assessing their subsidiary power supply stations.



### **3) Third-level marketing organization: rural/town/street power supply stations**

These also have a vertical administrative system, but without inner functional department. Their main responsibilities are management of distribution networks of 110KV/below and maintenance and repair of LV networks of 110KV/below.



## **Marketing management of 110KV networks:**

Supply stations have to employ (1) meter readers to read, collect and give notice of payment; (2) meter workers responsible for maintenance, repair and changing metering device, etc.; (3) customer representatives for direct contact with customers, electricity sale of prepaid-meters, and door-to-service collection. The third-level organization still needs further improvements.



Our main task is to establish an assessment management system for the three-level marketing accounting areas to:

- 1) make the areas smaller
- 2) improve organization structure at the grassroots level  
and
- 3) implement marketing accounting areas assessment system at all levels



### 3. Some power marketing activities:

- Power consumption inspection
- Collection
- Demand management
- Customer service, etc.

The most important are power consumption inspection and metering.





## Power consumption inspection

The power consumption inspection department is responsible for functional management. The inspection sectors of supply companies are responsible for implementation.

The main activities include: dealing with theft and illegal connection; establishing a legal operational environment, and regulating orderly power supply and consumption



Sign and manage contracts for supply and use of electricity,  
perfecting and regulating legal operations

- guarantee power supplies based on demand, carry out security inspection and supply checking for important or political consumers
- general investigation
- investigation, analysis, and reporting of serious interruptions
- providing high-quality inspection service, including connection changes.



## Power energy metering

With the company's system transformation and reform, a province-level management framework for energy metering is in place. The marketing department is responsible for special functional management of metering, and metering center is responsible for test and distribution of metering devices as well as technical management. The supply companies are responsible for operational management of metering devices within their jurisdiction and remote-reading devices



## Metering pattern varies:

- 1) Mechanical reading to households
- 2) Distant-reading for large costumers
- 3) Centralized reading in small residential sub-districts
- 4) Residential prepayment.

Main metering tasks includes measurement standards and construction planning



- Analyze and investigate essential metering failure and reading differentials
- Ensure accuracy of access-point meters at 1<sup>st</sup> and 2<sup>nd</sup> level areas
- Determine the technical conditions for choosing and purchasing metering devices
- Life cycle management of meters



Electricity metering is the key link to power marketing system. Its success has immediate influences to BEPC's economic effectiveness and social impacts



It includes:

- 1) management of bidding for the procurement of metering devices
- 2) inspection and acceptance
- 3) inventory and delivery
- 4) installation, dismantling, transfer, replacement of meters
- 4) daily maintenance
- 5) fault processing
- 6) retrieval and disposal of old meters
- 7) management of data transmission and test of standard meter, transformer, other standard devices



Metering management has wide coverage such as observing concerned regulations and laws, providing professional training and values education, and developing and applying new metering technologies, products or devices.





## One-household-one-meter management (OHOM)

OHOM has effectively resolved problems of non-payment and insufficient manpower. There are now 2629.1 such households, mostly concentrated in rehabilitated or newly-constructed buildings. In bungalow areas, we also implement new polices to promote OHOM



OHOM was launched in 1998 when IC meter began to be phased out. At present, the marketing department of the BEPC takes the whole responsibility on issues on IC meter purchase and power retail including technical support and daily management. It has set up 49 service sites including business halls, business stations, and public places.



Customers with IC meters make their payments in saving sites. We have agreements with some banks such as ICBC, CMBC, ABC CB, and Bank of Beijing to accept payments. There are now more than 2,600 power sale sites. The average daily trading amount is 23,000 transactions and the highest amount is observed at over 40,000.



The CPU card is used as customer power card. At the same time, a safety module is inserted in meters for to save data and ensure payment conformity between meter and the card.

As for the OMOH counting, after revenue and sales statistics is determined at the business site, all revenue data are reported by banks to the OMOH center, which processes the received data. Surplus payment is returned to costumers.



## 4. Development of power market in Beijing

Since 2004, the BEPC has developed into a first-class corporation, focusing on improving its efficiency and promoting development, and paying attention to human resources under the new management system.



As a major developing city, Beijing experiences rising power demand and electricity consumers. Therefore, BEPC intends to take several measures to meet the expanding electricity demand:

1) Organization model: a marketing model of “intensivism, management and service”



## 2. Marketing targets

Ensure that power sale, power customers and connection capacity in Beijing all achieve continues growth

## 3. High-quality service

Implement “famous-brand strategy”, establish a new service model of “one-window-for-service”, and accept application for connection from different site in same city.



#### 4. MIS construction

Integrate consumption information systems and set up marketing information system and Beijing marketing data center.





*Thank You!*