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Exclusive Interview with David Maher, CEO, Jade Energy

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In a fledgling electricity trading market, we recently celebrated five years since the Singapore Exchange launched the inaugural Singapore power futures contract. To commemorate this milestone, Human Capital's APAC Energy team Douglas Ferguson and Amelia May spoke with David Maher, CEO of Jade Energy, for an exclusive interview.

Having only been around for a few short years, Jade Energy is one of the new kids on the block in the Singapore electricity scene. As one of the top three liquidity providers in the Singapore power market, the business has worked closely with the SGX and Singapore regulators to establish the futures market and associated market-making scheme, paving the way for the creation of a critical cornerstone of the Singapore energy market. Jade's largest component is iSwitch, rapidly making a name for itself as Singapore's fastest growing sustainable electricity retailer.

The co-founder and CEO, David Maher, is not your typical utility CEO. His career path has been eclectic and unorthodox. After starting out as an electrical engineer 20 years ago, he moved into an energy analyst role with the Australian government. From there, he went into trading, first with a utility, then a bank, a brokerage, a fund and a trading house, before joining RCMA in 2015 and establishing Jade Energy in 2018 from existing RCMA Energy businesses. The transition from business development/trader to CEO of a retail electricity business has been an incredibly steep learning curve, he admits, adding that he has "enjoyed every minute".

In a short space of time, David has done a great job establishing brand recognition for the rapidly expanding business. He tells us about a recent networking event that he attended with 10 other CEOs. “We went around the table introducing ourselves and there were only two companies that everyone at the table was familiar with,” he says. “One of them was iSwitch.”

Though still unheard of outside of Singapore, iSwitch is now the number one independent retail electricity supplier in Singapore with over 100,000 customers. In addition to organic growth, recent acquisitions have fuelled expansion, with the business snapping up ES Power in 2019 by novating $15m of retail electricity contracts to the portfolio.

The green credentials of iSwitch are a key part of its story. David says: “Our goal is to empower choice by giving consumers more options to better manage their energy costs. At the same time, we are providing 100 percent green electricity to all customers who sign up online to help lessen the carbon footprint we have as energy consumers and as a nation. We are the first electricity retailer in Singapore to offer 100 percent carbon-neutral electricity to both commercial and residential consumers.”

He adds, “To date, we have helped over 15,000 residential and commercial customers save 50,000 tonnes of carbon dioxide equivalent of emissions. We do this by offsetting our customer’s carbon footprint through the purchase of carbon credits on their behalf, which we do at no additional charge.”

David spends a lot of time in Australia, where the business is in discussions to be a foundation off-taker of Sun Cable’s solar farm in Australia’s Northern Territory, via its Australia-Singapore Power Link. Potentially the world’s largest solar energy farm with 10GW of generation, it is a massive project that, if successful, could allow Singapore to break its heavy dependence on natural gas for electricity and significantly reduce the state’s carbon emissions. Singapore’s goal is to halve emissions by 2050 and work towards net zero in the second half of the century.

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“If you enter a market like Australia at the right time, with a lot of flexibility and unburdened by legacy issues, you have a huge advantage,” says David. “We’re really excited about potentially taking iSwitch to Australia.”

The bullish start-up is just one beneficiary of the liberalisation of Singapore’s electricity markets, which began in 2015 and rapidly grew when the government launched the open electricity market (OEM) in 2018. That scheme was designed to fully liberalise Singapore’s retail power market and permit households to buy power from retailers other than SP Services, the national power provider that was previously the only electricity retailer.

David started his career with NEMMCO, the Australian state electricity company, in 2000, an interesting time for the Australian power market. Since then, liberalisation has taken place globally, with the EU and US power markets in particular undergoing radical transformations in the wake of Enron’s collapse.

“Relative to Australia, Singapore has evolved very quickly in terms of retail contestability and development of a futures market,” says David. He puts that down to strong incentives and the efficient roll-out of the OEM, which allowed Singapore to achieve significant milestones in a relatively short timeframe. He adds, “Singapore has also been very receptive to the liberalisation of the power market, with 50 percent of the population already churned away from the incumbent in only a short period of time.”

With so much achieved in the first five years, he is positive about the direction of travel.

“The Singapore power market has grown significantly since the futures market’s inception in 2015,” says David, “with trading volumes already surpassing the underlying physical market as market liberalisation has attracted more participants to enter. This trend will likely continue in the next few years as more natural players become more familiar and comfortable with the concept of the futures market and its potential benefits.”

The size of the market makes it unlikely Singapore will ever achieve the same levels of liquidity as the US or EU markets, but it will set a great example for other countries in the region intent on market liberalisation. The Singapore power market is different to those of the EU and US but similar to Australia & NZ, says David. Prices are generally linked to oil with pricing of LNG coming more into play. That is a very different generation mix to a lot of other power markets, which makes Singapore’s electricity prices highly correlated to global oil and gas price swings.

Such volatility creates opportunities for a former trader, who has spent time working with Westpac, MF Global, Tibra Capital, Castleton Commodities and, most recently, RCMA Group. “We have developed a highly effective hedging and optimisation strategy in order to lock in margin for our customers,” says David. “That is one reason why our pricing is so competitive.”

“The electricity industry has been disrupted more frequently than almost every other sector over the past 20 years. The next 20 years are likely to be just as exciting, with technology and renewables driving the evolution.”

The business is also in good shape: “We have more flexibility and can move quicker than the incumbants, but a much stronger balance sheet than other start-ups,” says David.

A large part of that success is attributable to Singapore, he argues: “When Singapore decides to do something, it is incredibly efficient at execution, while other countries in APAC who have been talking about liberalisation for many years," he says. "Will things still be the same in 10 years' time for those markets? I'm not sure but you have to choose your opportunities carefully based on how patient you're willing to be with deregulation in some countries in the region."

He adds: "Given its well-established infrastructure, Singapore is a great starting point for iSwitch. It is one of the best countries in the world to build a unified business and then expand into other parts of Asia. This is part of our roadmap for growth."

Still, there may be challenges along the way. Five Singapore power retailers dropped out of the sector before liberalisation was completed in May last year, and there is much talk of market saturation, with at least 12 different firms currently competing.

David says: "I do expect consolidation, and I think iSwitch will play a role in that process. At the moment, the market is quite saturated as many new players try to carve out a niche for themselves. Given the substantial overheads involved in running a retail business and providing the necessary service level for the customers, we believe consolidation will likely happen soon as smaller players realise that they do not have the necessary scale to cover costs."

For those that last the course, the potential returns are significant. David Giordano, global head of renewable power at BlackRock, was recently quoted saying Asia-Pacific represents the future powerhouse of renewables, with over half of the world's electricity expected to be generated in the region by 2030. The International Energy Agency expects electricity consumption in Southeast Asia to double over the next two decades, with an annual growth rate twice that of the rest of the world.

David says: "The electricity industry has been disrupted more frequently than almost every other sector over the past 20 years. The next 20 years are likely to be just as exciting, with technology and renewables driving the evolution."

You get the feeling he is looking forward to the ride.