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Utility Supply Rates Have Fallen $50 Million Short of Actual Costs. Why It Matters.

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The Brief

Over the past two years, New Hampshire's electric utilities have collectively under-collected nearly $50 million in power supply costs. As of April 30, 2026:

- **Eversource:** approximately **$38 million** in under-collections
- **Liberty:** approximately **$9 million** in under-collections
- **Unitil:** approximately **$3 million** in under-collections

These balances accumulated because utility default service rates have not consistently reflected the actual cost of purchasing electricity.

In some cases, regulators have also delayed recovery of these balances, pushing costs further into the future. Liberty's recent proposed residential default service rate of more than 21 ¢/kwh, up from ~13 ¢/kwh, illustrates how quickly deferred costs can accumulate when recovery is postponed.

Meanwhile, the Legislature recently passed House Bill (HB) 1733, reinforcing the principle that utility supply costs should be recovered from the customers who incurred them – not shifted onto customers served by Community Power or other competitive supply programs.

The NH Public Utilities Commission (PUC) is expected to continue examining these issues through a series of proceedings this month and later this year.

The Insight

New Hampshire's electric market has changed dramatically in recent years. More than 75 cities and towns have launched Community Power programs, serving over 200,000 customers and bringing meaningful competition and local choice to a market once dominated by utility default service.

Competition works best when customers can compare options using prices that accurately reflect costs. That is why the growing gap between utility supply rates and actual utility supply costs matters.

At the direction of the NH PUC, utilities have increasingly relied on "proxy pricing" to estimate future power costs when setting default supply rates. The goal was to reduce supplier risk premiums and lower costs for consumers. In practice, however, proxy rates have been set below actual market costs for much of the past year and a half, distorting the price signals customers rely on to compare energy options.

As of April 30, 2026, utility default supply rates have under-collected **more than $50 million statewide over the past two years**: approximately **$38 million at Eversource**, **$9 million at Liberty**, and **$3 million at Unitil**. Because the PUC previously deferred one utility's (Liberty) requests to recover these balances, the problem has grown even bigger. Liberty's proposed default supply rate for the next period is now 21 ¢/kwh, up from roughly 13 ¢/kwh.

When utility rates are significantly below the actual cost of service, customers do not get a complete picture of competing supply options. Community Power and other competitive supply programs generally recover costs through current rates. Utility default service, by contrast, gets to defer some costs and recover them later through regulatory-approved reconciliation mechanisms. That means customers and communities may be making energy decisions based on comparisons that do not fully reflect actual costs.

The issue is larger than any one utility or Community Power program. It goes to the heart of competitive neutrality, customer choice, and the future of New Hampshire electricity marketplace. State law emphasizes competition, customer choice, and clear price signals. As Community Power has become a major part of New Hampshire's energy landscape, it is time to evaluate whether current utility default service pricing practices continue to support those goals.

Recent legislative action reflects growing recognition of this concern. In May 2026, the New Hampshire House and Senate approved HB 1733, which would reinforce the principle that utility supply costs should be recovered from the customers who incurred them – not shifted to customers served by competitive supply or Community Power programs. If signed into law by Governor Ayotte, CPCNH in coordination with its Members will remain vigilant in monitoring its implementation, including how the bill's "extraordinary circumstances" provision is interpreted.

Deferred utility supply balances will eventually be recovered through future rates, and we are actively working to ensure these under-collections are not subsidized by our customers. At the same time, CPCNH continues to reduce reserve-related rate adders as the organization matures financially. As these trends unfold, we anticipate rate comparisons among utility default service, Community Power, and competitive suppliers will move closer to parity. We are also hopeful that our customers may have a clearer basis for evaluating their options.

New Hampshire's long-term success depends on advancing a fair and transparent energy market. Customers should be able to compare energy options based on rates that accurately reflect costs, allowing competition to drive innovation and lower prices. Expanding local control and enabling communities to develop their own energy resources will provide additional tools to improve energy independence, strengthen local economies, and help manage energy costs over the long term.

References

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House Bill 1733

- HB1733 Relative to the reconciliation of default electric service rates: https://gc.nh.gov/bill_status/billinfo.aspx?id=1982&inflect=2

Utility Default Service Dockets

- DE 26-017 Eversource 2026 Energy Service Solicitations: https://www.puc.nh.gov/VirtualFileRoom/Docket.aspx?DocketNumber=DE%2026-017
- DE 26-023 Liberty 2026 Default Energy Service Solicitations: https://www.puc.nh.gov/VirtualFileRoom/Docket.aspx?DocketNumber=DE%2026-023
- DE 26-024 Unitil 2026 Default Energy Service Solicitations: https://www.puc.nh.gov/VirtualFileRoom/Docket.aspx?DocketNumber=DE%2026-024