

# VALLEY NEWS

## COLUMNS

### Column: Why were Community Power electric rates higher than utilities?

By Thomas Cormen  
To the Valley News  
June 17, 2026



The Community Power Law, NH SB 286, allows municipalities to purchase electricity on behalf of their residents. Multiple municipalities can unite to purchasing energy at still lower costs, and participating communities can opt to increase and diversify their green energy portfolios. (Monadnock Ledger - Ben Conant)

If you live in a town or city that participates in Community Power, you might have noticed that the price for electricity from the Community Power Coalition of New Hampshire has recently been higher than the price that your utility charges for default electric service. You might then have made the rational decision to choose default service rather than Community Power. But you might have also wondered why default service was cheaper, when Community Power was supposed to have competitive prices.

The answer is that there is not true competition. Not yet, anyway.

The utilities have been underpricing the cost of electricity. Yes, they've been selling it for less than their cost. Why? It's not really the fault of the utilities. Each utility goes before the New Hampshire Public Utilities Commission (PUC) twice per year to request their rates for default service. If each utility had in hand a fixed-price contract for the entirety of the power needed to supply default service, then the rate would be known in advance and they could sell the power at cost. Alas, things do not work quite that way. At least, not anymore. Instead, the PUC requires the utilities to buy a significant portion of the power for default service on spot markets—*after* the default service rate has been set according to a formula imposed by the PUC. If the market price happens to be low, then the utility has over-collected revenue based on the rate set. But if, say, we have a particularly cold winter and the market price spikes (as we experienced this past winter), the utility has to pay the high price, which the default rate already set fails to cover. In this case, all three utilities had rates that failed to cover their supply costs, so that they under-collected.

You might think that's just too bad for the utilities: they should eat the loss. No, that's not how the system works. Utilities are not usually allowed to lose money; they almost always get to take it out of the ratepayers' hides. How do the utilities make up for the loss? By requesting higher rates some future time that they go before the PUC. Meanwhile, until the utilities raise their rates, Community Power, with its more realistic rates, looks pretty darned noncompetitive.

What does it mean for the utilities to raise their rates? If you look at your electric bill, you'll see a charge for electric service, but you'll see other charges as well. One of them is the distribution charge, which pays for the wires that deliver the power from a substation to your home. So, when the utility raises its rates to make up for under-collecting supply costs, is that raise confined to only the default service customers who unwittingly benefited from the too-low rate, or does some of it go into the distribution charge? Because if some of the increase were to go into distribution charges, then *all* of the utility's customers would pay to make up for the underpriced supply rates—and that includes customers not on default service, such as those on Community Power. Doesn't seem fair, does it?

Fortunately, the Governor has signed HB 1733, which says that cost overruns for default service can be charged to only default service customers. That's the good news. The bad news is that this bill has an "out": the PUC could allow some of the increase to go to non-default service customers "in extraordinary circumstances." Does the frigid winter we recently endured count as "extraordinary circumstances"? That will be up to the PUC to decide. When this bill came out of the House, it also had a provision that would have prevented the PUC from requiring the utilities to procure power on the spot markets, but under advice from the PUC and the New Hampshire Department of Energy, the Senate removed that part.

Meanwhile, we are likely to soon see default service rates go up to make up for the underpriced rates of the past 18 months. Eversource has about \$38 million to make up, Liberty about \$9 million, and Unitil about \$3 million. Liberty has requested an increase for default service from 13.735 cents per kilowatt-hour to 21.128 cents—almost a 54% increase! And even that won't make up their \$9 million shortfall.

Suddenly, Community Power doesn't look so bad, does it? You might even switch back from default service to Community Power. Imagine if we had true competition, where utilities aren't forced to gamble in the spot market.

*Cormen, D-Lebanon, serves in the New Hampshire House of Representatives and is deputy ranking member of the House Science, Technology and Energy Committee.*