



BILL NUMBER & TITLE:	HB 760, AN ACT Relative to Utility Default Service
SPONSORS:	Rep. Thomas Cormen (D-Grafton 15), Rep. Keith Ammon (R-Hillsborough 42), Rep. Jason Osborne (R-Rockingham 2), Rep. Chris Muns (D-Rockingham 29), Rep. Kat McGhee (D-Hillsborough 35), Rep. Tony Caplan (D-Merrimack 8), Rep. Wendy Thomas (D-Hillsborough 12), Rep. Will Darby (D-Hillsborough 11), Sen. David Watters (D-4)
COMMITTEE:	House Science, Technology & Energy
LINK TO TEXT:	https://www.gencourt.state.nh.us/bill_status/pdf.aspx?id=7688&q=billVersion
LINK TO BILL DOCKET:	https://www.gencourt.state.nh.us/bill_status/billinfo.aspx?id=906&inflect=2
RECOMMENDATION:	OUGHT TO PASS (OTP)

SUMMARY

This bill protects consumers and the competitive market from the emerging threat posed by regulators and monopoly utilities to shift costs from utility default service to all customers through non-bypassable (i.e., compulsory) wires charges. Specifically, this bill would reverse this departure from business-as-usual ratemaking practices regulated by the Public Utilities Commission (PUC) by making two things mandatory to **ensure utility default supply costs are not socialized across all customers:**

1. The bill prevents utilities from socializing losses by charging customers served by Community Power and competitive suppliers for cost overruns incurred by utility supply customers. Instead, costs arising from utility default supply service must be recovered through utility supply rates.
2. Any utility supply cost-overruns incurred by a given customer class within a rate period must be (a) recovered from or credited to the same customer class and (b) recovered over no more than two utility default supply rate setting periods. This ensures that any cost overruns or surpluses are paid for or credited to the utility default customer group who caused them to occur.

WHAT PROBLEM DOES THE BILL SOLVE?

Thanks to the wisdom and foresight of the New Hampshire General Court, for over two decades consumers have had the ability to choose their electricity supplier. However, that right is in jeopardy unless the legislature acts now to reverse this troubling trend. Absent timely legislative action, customers would end up paying twice for energy supply – once to their chosen supplier (i.e., Community Power or competitive supply) and once to their

electric distribution utility through a compulsory wires charge. By putting an end to this unfair cost shift, HB 760 protects fair market competition and customer choice in NH's energy market.

No other competitive supplier can socialize its cost overruns onto the backs of all utility customers. Competitive suppliers should have full and fair opportunities to compete to serve customers on a level playing field and monopoly utilities should not have structural advantages that competitors do not have.

Related to the cost-shifting issue, the PUC has directed utilities to adopt a new methodology for power supply procurement and rate setting. Under the new practice:

- ⚡ 30% of Eversource and Unitil's six-month procurement is left open to commodity market pricing while 70% is provided through fixed-price forward contracts.
- ⚡ For Liberty Utilities, the ratio of fixed-price forward contracts to "open" spot-market exposure is 50% to 50%.¹
- ⚡ Utilities and regulators estimate the expected costs of the "open" positions in the spot market to set the rate.
- ⚡ If rates fail to cover all costs of spot market purchases during the 6-month period, the PUC is directing those cost-overruns be shifted into stranded cost charges paid for by all customers (even those not purchasing utility energy supply).

WHY IS THE BILL NEEDED NOW?

The PUC's proposed new method is likely to result in increased cost-overruns for utility supply rates which will have to be collected from customers in the future with interest.

- ⚡ The PUC has directed that cost-overruns be shifted away from utility supply customers and onto all distribution customers including those who have specifically elected not to be served by utility default service.
- ⚡ The methodology may give the appearance of lower supply costs in the form of lower rates for utility supply while moving costs onto other customers elsewhere in bills.
- ⚡ Moving costs of utility supply into the Stranded Cost Recovery Charge (SCRC) is a clear example of unfair cost shifting.

If the monopoly cost shift is not halted in a timely fashion, there will be a chilling effect on the competitive energy market in New Hampshire. Suppliers may be less likely to offer their services, and customer choices will diminish. Choice and competition should be expanded, not undermined.

¹ In the next rate period effective August 2025 - January 2026, the PUC has directed the three Investor-Owned Utilities (IOUs) to propose a minimum of 50% commodity market exposure for their supply product and rates (for residential and small commercial customers). This represents a large shift of risk from suppliers on to customers that could result in volatility and price swings for customers, and under the PUC's proposed method, large cost shifts.

KEY POINTS & BENEFITS FOR NEW HAMPSHIRE

- ⚡ Utility default supply rates should reflect the cost of serving utility default service customers.
- ⚡ Any cost overruns from utility default service should be borne by the customer group that caused them.
- ⚡ Socializing cost overruns from utility default service undermines customer choice and the competitive market.
- ⚡ Market competition and customer choice results in cost savings and additional value that benefits NH.

COST BENEFIT OF BILL

The bill has no cost impact and will protect market-based cost-savings options from competitive suppliers and Community Power.

For additional discussion, see:

- ⚡ [CPCNH 12/17/24 Statement on Changes to Investor-Owned Utility \(IOU\) Supply Procurement Methodology: New Regulations Shift Supply Costs, Increase Volatility](#)