

## **Gas supply FAQs**

February 2025

### **Q1: What is going on with natural gas in Alaska?**

Southcentral, Alaska Railbelt electric and gas utilities have contracts with Cook Inlet gas producer, Hilcorp Alaska, LLC (Hilcorp) that meet all or a portion of each utility's requirements. The gas contracts that Hilcorp has with each utility expire at different times between now and 2033. In April 2022, Hilcorp announced it would not be renewing existing contracts after they expire. Chugach's contract expires on March 31, 2028.

### **Q2: Where does Chugach get its natural gas today and how might that change into the future?**

Approximately 40% of Chugach's natural gas is from our contract with Hilcorp and 60% is from our two-thirds working interest ownership in the Beluga River Unit (BRU) gas field. Gas produced from our ownership interest in the BRU is separate from the gas received under our contract with Hilcorp. Going forward, Chugach will continue to produce gas at BRU, purchase gas as available from other Cook Inlet producers, and import liquified natural gas (LNG).

### **Q3: What is Chugach doing about the gas supply issue and how will Chugach keep the lights on?**

We are taking a multifaceted approach to provide safe, reliable and affordable power to our members. These include:

- Maximizing production at the BRU gas field. In 2024, we drilled five new wells and plan to drill five more in 2025
- Pursuing imported LNG, at least in the short term, to fill any gaps
- Storing and exchanging gas for later use.
- Expanding our renewable energy portfolio
- Advancing energy storage solutions
- Supporting regional power sharing
- Continuing energy efficiency and conservation efforts

### **Q4: What was the recent announcement about Chugach working with Harvest and Marathon to import LNG?**

On Feb. 6, 2025, it was announced Chugach is working with Harvest Alaska (Harvest) and Marathon Petroleum Company (Marathon) to bolster gas supply in Southcentral Alaska. Harvest plans to acquire the existing Kenai liquefied natural gas (LNG) terminal from

Marathon to repurpose the existing assets, leading to gas supply availability as early as 2026, which meets Chugach's timeline.

Under the proposal, Harvest would own, develop, and operate the LNG terminal and infrastructure, allowing Chugach, Marathon, and other Railbelt utilities to secure additional natural gas supply to meet the market demand. Chugach is in ongoing discussion and analysis with Harvest as they progress the front-end engineering and design (FEED) study over the next several months.

**Q5: What is Chugach's current energy mix?**

Chugach's energy mix is currently 78% natural gas and 22% renewable energy (mostly hydro).

**Q6: How will Chugach's energy mix change into the future?**

Chugach plans to reduce its carbon intensity by adding more new renewable generation sources including solar, hydro, wind, and energy storage which will lessen reliance on limited natural gas.

**Q7: Is Chugach looking to add more gas storage capacity?**

Yes. Chugach believes additional gas storage is important to ensure both near-term gas deliverability as well as longer term gas storage. Today, Chugach contracts for 2.1 Bcf of gas storage capacity provided by Cook Inlet Natural Gas Alaska (CINGSA). Chugach is exploring the feasibility of adding gas storage at BRU and is entertaining additional gas storage capacity from other third-party providers.

**Q8: What value has Chugach's ownership in the BRU provided to members?**

Since 2016, the BRU has saved Chugach members over \$120 million. Those savings will continue to increase as more gas is produced at BRU, and they result in lower overall electric rates.

**Q9: How will using imported LNG impact my electric bill?**

Chugach estimates importing LNG could increase prices on your electric bill by about 10%.

**Q10: What portion of my electric bill is impacted by the cost of importing LNG?**

About 11% of a Chugach retail electric bill will be impacted by the cost difference of imported LNG. In general, your Chugach bill is comprised of the following components (excluding state and local taxes and surcharges):

- 36% Generation cost (power plants, operations and maintenance)

- 8% Transmission costs (high voltage lines, ancillary services)
- 27% Distribution and Customer costs (substations, transformers, low voltage lines, customer accounting)
- 29% Fuel and purchased power costs
  - 13% for natural gas from Chugach's ownership in the BRU
  - 11% for natural gas currently on contract with Hilcorp
  - 5% for hydro, wind, and solar

#### **Q11: What can I do to save money?**

The first step is to understand your energy usage. You can view your energy usage levels through Chugach's online portal My Account (hot link) and to our mobile app.

Chugach's website includes a section on [Energy Savings for your Home](#). The [Alaska Housing Finance Corporation is a great source of information](#). Here are a few additional tips.

- Air dry laundry, completely or partially, to run your dryer less.
- Lower your hot water heater to 120 degrees
- Use programmable thermostats to lower the temperature in your home when no one is there
- Replace old weatherstripping and caulking in doors and windows
- Replace incandescent bulbs with LED lighting that uses far less energy
- Clean air ducts and dryer vents so they work more efficiently