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Chugach Electric secures new gas storage contract with Hilcorp Alaska Gas Storage

Chugach Electric Association, Inc. continues to strengthen its natural gas supply strategy by entering into a five-year firm storage service contract with Hilcorp Alaska Gas Storage (HAGS).

The agreement allows Chugach to gradually expand its reserved gas storage capacity over a three-year period, beginning with 1.5 billion cubic feet (BCF) in 2026, increasing to 3.5 BCF in 2027, reaching the full contract capacity of 5 BCF in 2028, and continuing through 2030. This phased approach aligns with Chugach's planned storage strategy, ensuring members only pay for the storage capacity that can be utilized, maximizing cost efficiency, and securing long-term reliability.

"This contract is a key element in ensuring Chugach's natural gas supply for the future, particularly as our current Hilcorp Alaska gas contract ends in early 2028," said Chugach CEO, Arthur Miller. "The gas available for storage is a direct result of the tremendous success we've had in the Beluga River Unit gas field."

Miller added that the success of the field comes from the partnership with Hilcorp. The field's five-year redevelopment plan included record levels of drilling and activity that positioned Beluga as the top-producing gas field in Cook Inlet in 2024, with 2025 production exceeding expectations.

Chugach has a two-thirds working interest ownership in the Beluga gas field with Hilcorp as the remaining one-third owner and operator of the field. The agreement with HAGS provides Chugach with enhanced flexibility in both storing and accessing natural gas, as well as greater pricing flexibility. The agreement increases deliverability, offering added reliability in the event of unforeseen interruption from Beluga, Cook Inlet Natural Gas Storage Alaska (CINGSA), or other Cook Inlet gas resources.

Additionally, HAGS offers lower reservation rates and higher injection and withdrawal rates, giving Chugach more cost-effective options compared to relying solely on storage service from CINGSA.

Currently, Chugach has 2.1 BCF of storage capacity in CINGSA. Once fully utilized, Chugach's total storage will reach 7.1 BCF, with 58 MMcf (million cubic feet) per day of firm withdrawal capacity—enough to cover the cooperative's full needs during peak winter demand—along with additional non-firm injection and withdrawal capacity.

Pending Regulatory Commission of Alaska approval, Chugach plans to begin injecting gas in Q2 2026.