



April 22, 2026

Commissioner Siva Gunda  
Vice Chair, California Energy Commission  
715 P St.  
Sacramento, CA 95814

Dear Commissioner Gunda,

The California Energy Commission (CEC) serves a vital role in ensuring the state's energy reliability. With external pressures on California's fuel supply, we are growing increasingly concerned about the state's fuel trajectory. Our current path not only puts the state's economic vitality at risk, threats to the West Coast fuel supply also pose a danger to California military installations and force readiness. We are writing to ask for information about the state's plans to address our increasingly tight fuel supply, price volatility, growing isolation due to California's unique fuel specifications, and overreliance on global markets.

Independent analyses and market indicators suggest the state is likely to see shrinking inventories, reduced flexibility in resupply, and increased exposure to global disruptions. While conditions certainly remain fluid and no outcome is certain, these indicators point to a supply chain already in crisis. Four weeks ago, the head of the International Energy Agency said that the current crisis in the Middle East is the worst energy shock the world economy has ever experienced.<sup>1</sup> Currently, average prices in California for regular gasoline (\$5.83/gallon) and for diesel (\$7.50/gallon) are the highest in the United States and have grown precipitously since the beginning of the Iran conflict.<sup>2</sup> These high fuel prices will ripple throughout the economy, causing prices for all goods to increase and worsening California's affordability problems. California relies on imports from Asia for approximately 20% of its refined gasoline supply, and California refineries sourced about 25% to 30% of their crude oil supply from the Persian Gulf.<sup>3</sup> Indeed, importation of both crude oil and refined gasoline are a key part of the CEC's approach to dealing with the fuel transition.<sup>4</sup> Since the beginning of the Iran conflict, these imports have functionally ceased. Other countries that rely on imports for their fuel supply, such as the Philippines, are facing ruinous gasoline shortages and price increases throughout their

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<sup>1</sup> <https://apnews.com/article/iran-war-australia-international-energy-agencyf1e7ccd313263fd63e695f43a2e68165>

<sup>2</sup> <https://gasprices.aaa.com/state-gas-price-averages/>

<sup>3</sup> <https://ussanews.com/2026/04/15/california-gasoline-supply-outlook-a-disaster-in-the-making/>

<sup>4</sup> [https://www.energy.ca.gov/sites/default/files/2025-07/CEC%27s Response to Governor Newsom%27s Letter June-27-2025\\_ada.pdf](https://www.energy.ca.gov/sites/default/files/2025-07/CEC%27s%20Response%20to%20Governor%27s%20Letter%20June-27-2025_ada.pdf)

economy, and their government has responded with unprecedented actions.<sup>5</sup> Last week, Germany's Lufthansa airlines announced that they were grounding planes in response to jet fuel shortages in Europe.<sup>6</sup> Unfortunately, California's government so far has provided no plan to deal with this emergency.

In this uncertain environment, it is concerning that the Legislature lacks critical information that state agencies were statutorily required to provide but has not yet been produced. Specifically, the Legislature directed the CEC and the California Air Resources Board (CARB), by December 2024, to produce a Transportation Fuels Transition Plan to ensure that the supply of petroleum and alternative fuels are affordable, reliable, equitable, and sufficient to meet our demand.<sup>7</sup> The Legislature also required the CEC, by March 31, 2026, to provide a report that evaluates and makes recommendations to the Legislature on strategies from your June 27, 2025 letter to the Governor to "ensure that Californians have access to safe, affordable, and reliable transportation fuels and that petroleum refiners continue to see value in serving the California market..."<sup>8</sup> In addition, the Legislature required CARB, by December 31, 2025, to report on the leakage risk posed by the cap and invest regulation.<sup>9</sup> None of these reports have been provided.

These analyses are foundational for lawmakers, and they are not optional. Withholding these reports deprives legislators of information they need to thoughtfully evaluate a rapidly evolving energy environment and oversee the implementation of state laws.

Not only are these long-term plans unavailable, but we are also growing increasingly concerned that there is no clearly articulated framework for addressing a sudden and acute supply disruption. In the current environment, we believe that CEC must develop an emergency plan that states California is prepared to immediately use existing authority to strengthen resupply planning, monitor inventories in the state, and prevent avoidable supply shocks. This emergency plan must include the following considerations: strengthening real-time monitoring of inventories and distribution, planning for alternative supply lines, evaluating regulatory flexibility at the state and local levels, and ensuring policies do not accelerate supply loss.

In the absence of required reports or a published emergency plan, we have the following questions:

1. When can we expect the overdue reports mentioned above?
2. Does CEC have an emergency plan to address sudden and acute supply disruptions? If so, when will this plan be published?
3. Under what conditions would you consider using emergency authority to increase supply flexibility?

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<sup>5</sup> <https://www.aia.org/the-canary-in-californias-coal-mine-imminent-lessons-from-the-philippines/>

<sup>6</sup> <https://www.the-independent.com/travel/news-and-advice/lufthansa-flights-grounded-planes-iran-war-fuel-crisis-b2959522.html>

<sup>7</sup> SB 2, Chapter 1, First Extraordinary Session, Statutes of 2023

<sup>8</sup> (SB 237, Chapter 118, Statutes of 2025)

<sup>9</sup> AB 1207, Chapter 117, Statutes of 2025

4. Are there any plans to consider loosening fuel blend regulations to increase access to fuel supply during a shortage? If so, what threshold would trigger this shift?
5. How can executive agencies collaborate to expedite commercial availability of E15 gasoline to increase fuel supply and decrease prices per the Legislature's 2025 urgency measure approved by unanimous vote and signed into law?<sup>10</sup>
6. Would you support permitting reform for refineries and requiring air districts to evaluate the cost of regulations on fuel production capabilities and potential impact on state fuel supplies?
7. How many days' worth of supply does California have for each of the following fuel types: gasoline, diesel, and jet fuel?

The current trajectory of our state's energy markets threatens California's economy, destabilizes energy security, and reduces our readiness against outside threats. We request a timely response to our questions and look forward to working together to stabilize our energy market in these uncertain times.

Sincerely,



Suzette Valladares  
Senator, 23<sup>rd</sup> District



David Alvarez  
Assembly Member, 40<sup>th</sup> District



Anamarie Ávila Farías  
Assembly Member, 15<sup>th</sup> District



Juan Alanís  
Assembly Member, 22<sup>nd</sup> District

CC: Ms. Lauren Sanchez  
Chair, California Air Resources Board

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<sup>10</sup> AB 30, Chapter 247, Statutes of 2025