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Office of the Governor

March 9, 2026

Governor Gavin Newsom
1021 O Street, Suite 9000
Sacramento, CA 95814

Governor Newsom:

In 2024, Governor Hobbs and I wrote to you to highlight serious concerns around the regional impacts of legislative and regulatory changes on gasoline supply into Nevada and Arizona. Since then, your office directed the California Energy Commission (CEC) to engage with both our states in very productive regional discussions. Those conversations have been and continue to be fruitful and appreciated.

I write to you now to express concerns regarding the California Air Resources Board's (CARB) draft Cap-and-Invest regulation and raise awareness around the significant implications it may have for fuel supply stability across the Western United States, particularly for Nevada, and to request your support encouraging CARB to weigh the regional implications of changes to the Cap-and-Invest regulations.

Nevada is structurally dependent on California's refining system. A significant portion of the gasoline, diesel, and jet fuel consumed in Nevada originates from California refineries. There is no readily available alternative supply network that can replace California's production at scale. As a result, policy decisions that materially affect refinery operations in your state directly and immediately impact fuel availability, pricing, and economic stability in Nevada.

I have been encouraged by your office's renewed focus on engaging with industry to improve certainty for refiners and the skilled labor that operates them. The draft Cap-and-Invest regulation as currently structured, though, introduces substantial new compliance costs and operational uncertainty for refiners already operating in one of the most tightly regulated environments in the country. At a time when several California refineries have closed or announced conversions away from petroleum refining, additional cost pressures may accelerate further capacity reductions. Even a single additional closure would have outsized effects on regional supply.

Nevada does not have the infrastructure to quickly replace lost California refining capacity. Increased reliance on marine imports would expose our state and residents to international supply disruptions, port congestion, weather events, and geopolitical instability. Such reliance would also increase costs and reduce supply predictability. The geographic isolation of the West Coast fuel market makes it uniquely vulnerable to shortages and price volatility when refining capacity tightens.

Affordable and reliable fuel is essential to our economy. In Nevada, residents routinely travel long distances for work, school, and essential services. Tourism—one of the primary economic engines of our state—depends on accessible travel by car and air. Las Vegas serves as major domestic and international travel hub, and relies on steady jet fuel supply from California refiners. Trucking corridors that move goods throughout the Southwest depend on diesel supply that cannot be easily substituted. Sudden price spikes or supply disruptions would reverberate immediately through food costs, construction, agriculture, manufacturing, and small businesses.

Beyond economic considerations, fuel security is a matter of public safety and national security. Nevada is home to critical military installations and training facilities that require dependable access to refined fuels. Emergency response operations, including wildfire suppression across the Southwest, depend on consistent fuel availability. Hospitals, law enforcement agencies, and disaster response teams cannot operate without reliable energy supply chains. Any policy that increases the likelihood of supply contraction in California therefore carries direct implications for regional readiness and resilience.

I am particularly concerned about the cumulative impact of regulatory layering which could potentially impact fuel viability. The Western fuel market has little to no excess capacity. When margins tighten and long-term investment signals deteriorate, companies make decisions that are often irreversible. Once refining capacity is shuttered, it is rarely restored. The loss is permanent, and the region absorbs the consequences in the form of tighter supply and sustained price volatility.

Nevada is not approaching these challenges passively. Recognizing the extent of our state's dependence on California's refining infrastructure, I have established the Nevada Fuel Resiliency Committee, to proactively identify vulnerabilities in our fuels delivery systems and develop strategies to strengthen supply chain reliability.

I respectfully urge your Administration to direct CARB to take a similar regional focus as the CEC, and carefully evaluate the regional consequences of the draft Cap-and-Invest regulation before final adoption. Specifically, I ask that you consider the risk of additional refinery closures, the absence of replacement infrastructure in neighboring states, and the strategic importance of maintaining adequate refining capacity in California for the broader Southwest.

Given the degree to which Nevada relies on California's refineries, I believe it is essential that our states engage in meaningful regional dialogue on policies that could materially affect our shared fuel system. A coordinated regional discussion would allow us to better assess risks, share data, and explore safeguards to prevent unintended supply disruptions.

My request is straightforward: any major policy change that could alter refinery economics in California must account for the real-world consequences to neighboring states that depend on that infrastructure. Fuel affordability and availability are foundational to economic stability, interstate commerce, and national security across the Southwest. Given additional tension in the Middle East, the situation is particularly pressing.

Again, we appreciate the discussions ongoing between the CEC and our office around creating certainty for our tied, regional fuel system. We look forward to continued engagement with you and your team in constructive dialogue to ensure that regional fuel reliability is preserved and that policy decisions are informed by their full interstate impact.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Joe Lombardo', with a large, stylized initial 'J' and a long, sweeping underline.

Joe Lombardo
Governor