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AMAZON WATCH COMMENTS ON THE CALIFORNIA ENERGY COMMISSION'S DRAFT TRANSPORTATION FUELS TRANSITION PLAN

Additional submitted attachment is included below.

AMAZON WATCH COMMENTS ON THE CALIFORNIA ENERGY COMMISSION'S DRAFT TRANSPORTATION FUELS TRANSITION PLAN

Docket No. 23-SB-02 (SB X1-2 Implementation)

Submitted July 24, 2026

Before the California Energy Commission

1516 Ninth Street

Sacramento, California 95814

Re: Draft Transportation Fuels Transition Plan (TN 269790-1)

Chair David Hochschild, Vice Chair Siva Gunda, and Commissioners:

Amazon Watch respectfully submits these comments on the California Energy Commission's ("CEC" or "Commission") Draft Transportation Fuels Transition Plan ("Draft Plan" or "TFTP"), prepared pursuant to Senate Bill X1-2 (Skinner, Chapter 1, Statutes of 2023, First Extraordinary Session). Amazon Watch appreciates the Commission's extensive work in developing one of the nation's first comprehensive strategies for managing a long-term transition away from petroleum transportation fuels while ensuring fuel affordability, reliability, equity, and environmental protection. The Draft Plan represents an important milestone in California's ongoing leadership in climate and energy policy.

Amazon Watch is a nonprofit organization that has worked for nearly thirty years with Indigenous Peoples throughout the Amazon Basin to protect tropical forests, defend Indigenous rights, and advance climate solutions. We also engage extensively in California energy and climate policy because the state remains one of the world's largest petroleum-consuming economies and one of the principal destinations for crude oil produced in the Amazon. Decisions regarding California's transportation fuel system therefore have implications that extend well beyond the state's borders. Amazon Watch is a member of the Last Chance Alliance and emphasizes our support for comment letters submitted by LCA partners.

We recommend the following revisions that would enhance the Final Plan:

Recommendation 1. Transform the Draft Plan from a Technical Assessment into an Actionable Implementation Framework

The Draft Plan provides robust modeling of fuel demand, refinery operations, import requirements, and alternative transportation fuels, all essential analyses and California navigates its energy transition - serving more as a technical assessment and resource for policy makers. However, it does not yet constitute an implementation plan for California's transition from fossil fuel transportation, and underscores that one is urgently needed.

The Final Plan is missing the most essential element: a binding fossil fuel phaseout timeline. It does not establish binding targets or enforceable trajectories, nor does it identify any implementation milestones, agency responsibilities, measurable performance indicators, reporting requirements, and adaptive management procedures that will guide California through the mid- and late-transition periods.

Recommendation 2. Recognize California's Transportation Fuels Transition as Part of the Global Transition Away from Fossil Fuels

The Draft Plan appropriately situates California's transportation fuels transition within the state's long-standing climate leadership. However, the Final Plan should also acknowledge and take steps to ensure California is aligned with the emerging international commitment to transition away from fossil fuels in a just, orderly, and equitable manner.

In April 2026, Colombia and the Netherlands hosted the "First Conference on Transitioning Away from Fossil Fuels" in Santa Marta, Colombia. Fifty-seven countries representing roughly 30% of the world's population, 20% of global fossil fuel production, and ⅓ of global GDP, joined a "coalition of the willing" of states and sub-national governments to identify barriers to the transition and policy pathways for a just transition. Discussions focused not on whether such a transition should occur, but on how governments can responsibly manage declining fossil fuel dependence while protecting workers, ensuring energy security, financing economic diversification, and avoiding the relocation of environmental and social harms to other jurisdictions. The process will feed into the roadmap process spearheaded by Brazil's COP 30 Presidency on the transition away from fossil fuels to be presented at COP31 hosted by Turkey in November 2026.

The Draft Plan is an important step, but it should go further to align California with those broader global conversations. France presented its new national roadmap with specific phaseout dates, interim milestones, and sectoral implementation measures setting explicit end goals and supporting targets. California's participation in the conference and future role in this process merits recognition and should inspire California to demonstrate greater ambition as a first mover and commitment to no new expansion and binding phase out targets.

Recommendation 3. California's Remaining Petroleum Demand Should Not Drive Frontier Oil Expansion

The Draft Transportation Fuels Transition Plan evaluates future demand for gasoline, diesel, jet fuel, and other transportation fuels, as well as refinery utilization, imports of finished transportation fuels, and associated infrastructure needs. But as overall petroleum demand declines, the environmental and social consequences of the remaining crude consumed by California become increasingly significant. The Draft gives comparatively little attention to the upstream impacts of the petroleum supplying California's transportation fuel system.

Why Upstream Production Matters

Despite declining petroleum demand in global jurisdictions with ambitious climate policies, oil producers are seeking to maintain or expand oil production by developing new frontier oil reserves. These projects are often located in ecologically sensitive regions where production entails disproportionately high environmental and social costs. Without careful planning and deliberate market signaling, California's successful reduction in petroleum demand could coincide with increased reliance on crude oil produced through expansion into globally significant ecosystems and drive production decisions.

California's Connection to Amazon Crude

For decades, California has had an outsized role in consuming crude sourced from the Amazon. The state has been a top destination for crude oil produced in Ecuador's Amazon region. Ecuador is the largest producer of onshore Amazon crude. In 2025 alone, California imported approximately 35 million barrels of Amazon crude, representing roughly 12% of all foreign crude imported into the state.

Ecuador Demonstrates the Risks of Frontier Oil Expansion

Ecuador’s Amazon contains some of the planet's richest biodiversity and is home to more than a dozen of Indigenous nations, including two peoples living in voluntary isolation. Decades of oil development have fragmented forests, contaminated waterways, accelerated deforestation, violated Indigenous rights, created serious public health impacts, and exposed environmental defenders to intimidation and violence.

In 2023, Ecuadorian voters approved a national referendum requiring the permanent cessation of oil production within Block 43 (ITT) in Yasuní National Park–a UNESCO world biosphere reserve. More than five million Ecuadorians voted in favor of leaving approximately 846 million barrels of oil permanently underground, making the referendum one of the world's most significant democratic mandates in support of limiting fossil fuel extraction.

Ecuador's Constitutional Court subsequently established a timetable for implementing the referendum and dismantling petroleum operations within the oil concession. But the current administration and state run oil company Petroecuador has delayed decommissioning the drilling, and closed less than 10 of 247 wells. Continued extraction here–up to 30,000 barrels

per day–is an existential threat for the Tagaeri and Taromenane–two Indigenous Peoples living in voluntary isolation.

Likewise, a 2021 court decision mandated the elimination of gas flaring at 447 wells over 18 months. Yet by 2023, rather than declining, the number of gas flares had increased to 475. This rases serious questions about the continued classification of Ecuador's Napo and Oriente crude streams as low-carbon fuels under California's Low Carbon Fuel Standard (LCFS) and undermines the credibility of the program.

Ecuador also plans to auction 18 new oil concessions covering approximately 3.5 million hectares of remote Amazon rainforest in late 2026 and early 2027. The concessions overlap the titled territories of seven Indigenous nations that have neither been adequately consulted nor provided Free, Prior, and Informed Consent. The proposals also depend on construction of a new binational pipeline between Ecuador and Peru, opening a major new industrial corridor into one of the world's most intact tropical forests.

The oil industry is a major driver of deforestation in Ecuador, and pursuing new expansion in frontier standing forests essential for climate change mitigation in pursuit of fossil fuels that are incompatible with the goals of the Paris agreement to keep warming to 1.5C and well under 2C is a double impact for the climate.

California Policy and International Law Support Broader Evaluation

The upstream impacts from oil extraction in the Amazon and California's role as a major consumer of it sparked action from the legislature in 2025. SR51 passed unanimously, and committed the Senate to "investigating the impact of California's role in the consumption of crude sourced from the Amazon region and exploring ways that changes to state policies and practices can assist with efforts to preserve and protect the Amazon rainforest."

Recent developments in international law further reinforce the importance of comprehensive transportation fuel planning. In July 2025, the International Court of Justice issued its Advisory Opinion on the Obligations of States in Respect of Climate Change, concluding that states have obligations under international law to protect the climate system through effective measures to prevent significant anthropogenic greenhouse gas emissions, including extra-territorial obligations on supply sourcing. The Court further concluded that these obligations arise not only under the UN Framework Convention on Climate Change and the Paris Agreement, but also under customary international law and, in appropriate circumstances, international human rights law. It represents the most authoritative judicial interpretation to date of states' obligations regarding climate change and reflects an emerging international legal consensus that climate policy should address the full lifecycle consequences of fossil fuel production and consumption.

The Court emphasized that governments have a duty to exercise due diligence in preventing significant environmental harm and that effective climate governance requires consideration of the full consequences of activities contributing to climate change.

These developments demonstrate that the environmental consequences of petroleum production cannot be evaluated solely according to the number of barrels produced or consumed. The location and manner in which petroleum is extracted also matter. Oil produced through expansion into intact tropical forests and Indigenous territories may carry environmental and social consequences that extend beyond those reflected in conventional market analyses.

Recommendation for the Final Plan

The Transportation Fuels Transition Plan should evaluate upstream production characteristics alongside fuel reliability and affordability, and produce an annual inventory of the lifecycle greenhouse gas emissions associated with crude oil processed by California refineries, including California-produced crude and imported crude. These considerations should include lifecycle greenhouse gas emissions, methane emissions, flaring, land use change, impacts on intact ecosystems, biodiversity, freshwater resources, and impacts on Indigenous Peoples and local communities. The Plan should also recognize that Indigenous Peoples whose territories supply California with crude oil–without their consent–are stakeholders and rights holders in California's energy transition.

Recommendation 4. Reject the False Choice Between Expanded Domestic Petroleum Production and Increased Reliance on Imported Petroleum.

Demand Reduction Should Remain California's Primary Strategy

The Draft Plan projects continued declines in gasoline and diesel demand under all modeled scenarios and identifies transportation electrification, low-carbon fuels, and demand reduction as California's principal long-term strategies. The Final Plan should make clear that California's objective is to reduce overall petroleum dependence rather than substitute one source of petroleum for another, or relocate environmental and social burdens from front lines of extraction to refinery fencelines. Continued demand reduction–not expanded oil production–should remain the cornerstone of California's transportation fuel strategy.

Some policymakers have sought to pit desired reductions in Amazon crude consumption against drilling reductions in frontline California communities, presenting policymakers with a false choice: either expand petroleum production within California to offset declining refinery output or accept growing dependence on imported petroleum. This framing is misleading and should be explicitly rejected. A decrease in imports from the Amazon does not necessitate new drilling in-state.

The Draft Plan itself demonstrates that California's long-term strategy is neither expanded domestic production nor increased reliance on imported crude. Rather, the central strategy is continued reductions in petroleum demand through transportation electrification, improved vehicle efficiency, building more dense and sustainable communities, and sustained investments in alternative transportation systems. The demand scenarios modeled throughout the Draft consistently project substantial reductions in gasoline and diesel consumption regardless of uncertainty surrounding technology adoption or market conditions. California

should continue reducing petroleum demand while responsibly managing the remaining petroleum system throughout the transition. Demand reduction–not supply expansion–should be the cornerstone of California's transportation fuels strategy.

Specific text editions and revisions

Chapter 1 — Introduction (p. 8)

Current text:

"...California is undergoing a transportation fuels transition..."

Add after first paragraph:

California's transition also has implications beyond its borders because California remains one of the world's largest petroleum-consuming economies. Decisions regarding future fuel sourcing can influence production patterns in exporting regions, including environmentally and culturally significant areas such as the Amazon rainforest.

Executive Summary

Page v

Add:

Future updates to the Transportation Fuels Transition Plan should include a comprehensive assessment of the lifecycle greenhouse gas emissions and upstream environmental impacts associated with crude oil supplying California refineries.

Chapter 2

Page 69–70 (Supply Stabilization Strategies), "Crude Oil Production Stabilization," 1st paragraph, after the sentence discussing "additional marine imports of crude oil from foreign and Alaskan sources," add:

Future evaluations of crude supply should consider not only supply reliability and price, but also upstream greenhouse gas emissions, routine flaring, biodiversity impacts, and impacts on Indigenous Peoples associated with crude oil supplying California refineries."

Add additional paragraph:

The Transportation Fuels Transition Plan should also evaluate the full lifecycle greenhouse gas emissions and upstream environmental impacts associated with crude oil supplying California refineries, including both California-produced crude and imported crude. Such an assessment should include upstream greenhouse gas emissions, methane emissions, routine flaring,

land-use change, biodiversity impacts, water impacts, and impacts on Indigenous Peoples and local communities where applicable. This information would provide a more complete understanding of the climate and environmental implications of California's remaining petroleum demand during the transition.

Conclusion

Together, these recommendations would transform the Transportation Fuels Transition Plan from a valuable technical assessment into a comprehensive implementation framework that aligns California's transportation fuel transition with its climate commitments, biodiversity objectives, and environmental justice principles.

As California continues to lead the nation in transportation decarbonization, the Transportation Fuels Transition Plan can become a model for how governments responsibly manage the complex transition away from fossil fuels. By incorporating upstream petroleum production into future planning, the Commission can help ensure that California's climate leadership reduces—not simply relocates—the environmental and social impacts of petroleum production.

Amazon Watch appreciates the opportunity to submit these comments and looks forward to continued engagement with the Commission as it finalizes the Transportation Fuels Transition Plan and undertakes future updates.

Respectfully submitted,

Amazon Watch