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Event Report

Rethinking American and Allied Energy Security

Washington, DC



Panel One: War in Iran: Energy Supply Disruptions and Why Is This Different

The discussion focused on how U.S. energy security has evolved since the 1970s, emphasizing that the country is significantly less vulnerable to oil disruptions than it once was. Increased domestic production, improved energy efficiency, and reduced reliance on petroleum imports have strengthened the U.S. energy position. While transportation remains heavily dependent on petroleum, much of the broader economy has shifted toward more efficient energy use and alternative feedstocks, reducing overall exposure to oil price volatility.

Despite these improvements, panelists stressed that the United States is not insulated from global energy markets. Sudden geopolitical disruptions, particularly in critical regions such as the Strait of Hormuz, can still create sharp price increases and economic instability. Modern conflicts have become increasingly influenced by low-cost precision weapons, drones, and missile systems, giving countries such as Iran greater ability to threaten global energy transportation without engaging in large-scale conventional warfare. These evolving security challenges reinforce the need for continued strategic planning and protection of critical energy infrastructure.



The panel also discussed recent oil market shocks and why prices remained below the worst-case forecasts. Although markets initially anticipated oil prices could exceed \$150 per barrel, a combination of high global inventories, increased North American production, weaker global demand, and rapid supply chain adjustments helped limit price increases. These factors demonstrated that today's global energy system is more resilient than during previous crises.

North America's growing role in global energy production was identified as one of the most significant contributors to improved energy security. Expanded U.S. and Canadian oil and natural gas production, along with increased LNG export capacity, have strengthened regional energy independence while providing greater flexibility during international supply disruptions. However, panelists noted that infrastructure constraints, refinery compatibility, and transportation networks remain important vulnerabilities that require continued investment.

The Strategic Petroleum Reserve (SPR) was highlighted as an important safeguard against major supply disruptions. Panelists argued that the reserve should remain focused on responding to severe emergencies rather than routine market fluctuations, ensuring that it remains available during significant geopolitical crises or large-scale supply interruptions.

Overall, the panel concluded that the United States has made substantial progress in strengthening its energy security over the past several decades. However, maintaining this position will require continued investment in energy infrastructure, consistent policy, and preparation for geopolitical events that can still influence global energy markets despite America's improved domestic energy outlook.



Panel Two: Making the U.S. Transportation Sector More Resilient

The second panel examined the resilience of the U.S. transportation fuels sector, focusing on the refining industry, fuel distribution infrastructure, and domestic policies that influence energy security. While the United States has become one of the world's largest producers of crude oil and refined petroleum products, panelists argued that structural weaknesses such as refining constraints, infrastructure bottlenecks, and regulatory policies continue to limit the nation's ability to fully capitalize on its energy resources.

Producing more crude oil alone does not guarantee fuel security. U.S. refineries were largely designed to process heavier crude oils, while much of the country's recent production growth has come from lighter shale oil. As a result, significant volumes of domestic crude are exported while many refineries on the East and West Coasts continue to rely on imported heavy crude. Limited pipeline connectivity and regional transportation constraints further reduce the flexibility of the refining system and leave certain regions more vulnerable to supply disruptions.

Panelists also discussed the decline in U.S. refining capacity, noting that refinery closures have been concentrated in coastal regions where regulatory costs, infrastructure limitations, and

uncertain long term investment conditions have made operations increasingly difficult. Although Gulf Coast refineries continue to supply much of the nation and remain major exporters of refined products, growing international refining capacity presents an increasing competitive challenge. Maintaining a strong domestic refining sector was presented as essential not only for economic competitiveness but also for national security during future supply disruptions.

Recent geopolitical events, including disruptions affecting the Strait of Hormuz, illustrate the importance of resilient fuel markets. While U.S. refineries successfully increased production and inventories remained stable, the panel noted that jet fuel markets proved more constrained than gasoline or diesel. Aviation fuel shortages have broader economic consequences because they directly affect passenger travel and commercial aviation, while diesel price increases influence freight transportation and the movement of goods throughout the economy. These relationships demonstrate how transportation fuel markets serve as leading indicators of broader economic activity.



The discussion also examined domestic policies that may unintentionally increase fuel costs during periods of market stress. Particular attention was given to the Renewable Fuel Standard (RFS) and Renewable Identification Number (RIN) compliance system, which panelists argued has become a significant cost burden for refiners. Rising compliance costs ultimately translate into higher fuel prices for consumers and can amplify the effects of global supply disruptions. While acknowledging the objectives of biofuel policy, the panel suggested that reforms could improve affordability without sacrificing broader energy security goals.

Finally, the panel explored the recent Jones Act waiver as a case study in transportation policy. According to the presenters, temporarily relaxing Jones Act shipping requirements allowed significantly greater movement of gasoline, jet fuel, and propane to regions such as the West Coast and Puerto Rico. The experience suggested that existing maritime restrictions may limit the efficient movement of fuels within the United States, particularly during periods of elevated demand or supply disruption. Panelists argued that reducing transportation barriers, alongside expanding pipeline infrastructure and strengthening refining capacity, would improve the flexibility and resilience of the nation's fuel distribution system.

The second panel concluded that long term transportation fuel security depends on more than increasing domestic oil production. A resilient energy system requires modern refining capacity, efficient transportation infrastructure, balanced regulatory policies, and the flexibility to move fuels where they are needed most during periods of market disruption.

Panel Three: U.S. and Allied Measures to Bolster International Security and Energy Security

The third panel discussed how the U.S. and its allies can strengthen international energy security in an increasingly volatile geopolitical environment. Rather than focusing solely on domestic energy production, the discussion emphasized that energy security depends on resilient global supply chains, coordinated international policy, and the ability to respond quickly to geopolitical disruptions. Recent events surrounding the Strait of Hormuz serve as a case study, demonstrating both the strengths and weaknesses of the global energy system.

A key takeaway was that crude oil prices alone do not fully capture the severity of an energy crisis. While Brent crude prices have almost returned to pre-crisis levels, refined petroleum products like jet fuel and diesel are significantly more expensive because several million barrels per day of Middle Eastern refining capacity remained offline. Panelists argued that disruptions to refining infrastructure can have longer lasting economic consequences than disruptions to crude production itself, underscoring the importance of maintaining diversified refining capacity and resilient supply chains.



The panel identified several factors that helped prevent the recent supply disruption from becoming a larger global crisis. Flexible North American oil production, strategic petroleum reserve releases, rapid rerouting of global oil flows, demand adjustments driven by higher prices, and coordinated international diplomacy all contributed to stabilizing markets. These responses demonstrated the value of cooperation among allies and highlighted the role that market mechanisms can play in allocating scarce resources during periods of disruption.

Speakers also stressed that geopolitical risks remain elevated despite recent market stabilization. The ceasefire surrounding the Strait of Hormuz was described as reducing immediate tensions without resolving the underlying issues, including Iran's missile capabilities, regional instability, and the long-term security of key maritime chokepoints. Alternative export routes, expanded pipeline infrastructure, and closer cooperation among allies were presented as important strategies for reducing dependence on vulnerable shipping lanes.

The discussion extended beyond military considerations to examine the broader relationship between energy, trade, and diplomacy. Panelists noted that energy partnerships increasingly serve as strategic tools that strengthen alliances, encourage regional cooperation, and promote economic stability. Expanding LNG exports, supporting allied infrastructure development, and

leveraging technology sharing were all identified as ways to reinforce both national and international security while reducing dependence on hostile or unstable suppliers.

The panel argued that allowing markets to function during crises often produces better outcomes than direct government intervention. Rather than imposing price controls, export bans, or windfall profit taxes, policymakers largely relied on strategic reserve releases and market signals to encourage additional production and reduce demand. While opinions differed on the long-term role of the Strategic Petroleum Reserve, panelists generally agreed that preserving market incentives while maintaining emergency response capabilities offers a more effective approach to managing future energy disruptions.

The panel concluded that international energy security depends on more than resource abundance. Long term resilience will require coordinated action among allies, diversified infrastructure, secure transportation routes, and stable market policies that allow energy systems to adapt quickly during future geopolitical crises.



Special Thanks

We like to express appreciation and thank our speakers and moderators for their presentations and facilitating an environment for learning about how to improve our energy security sector!

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