



New Mexico Environment Department

Connecting Statewide Policy to Border Solutions: New Mexico's Clean Transportation Fuel Program

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DISCLAIMER

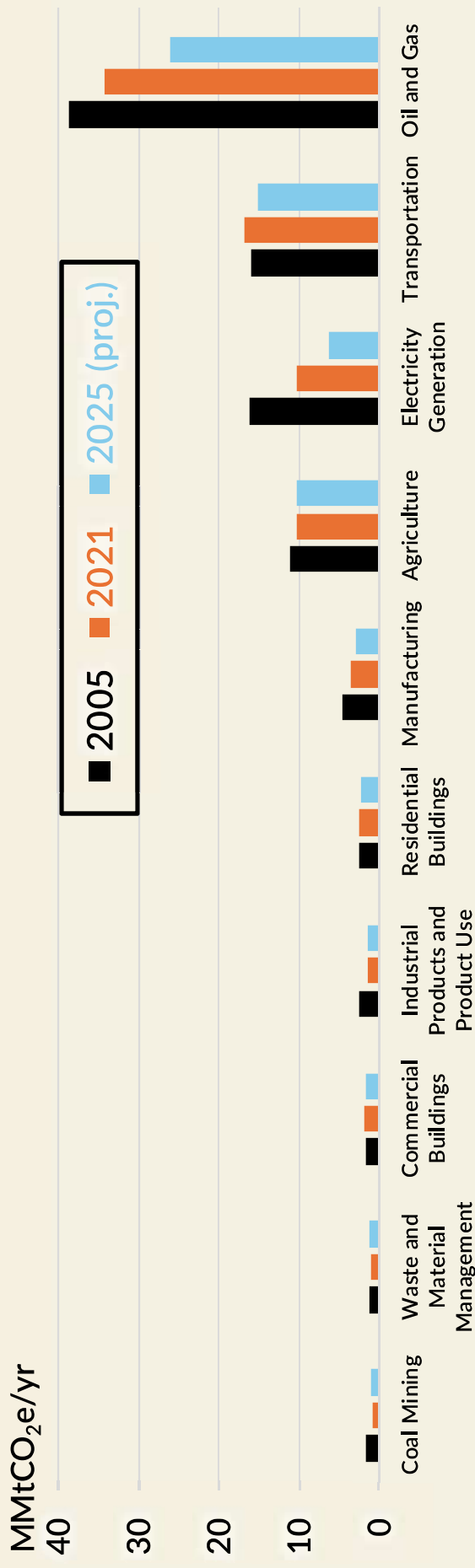
The New Mexico Environment Department (NMED) is engaged in active and ongoing rulemaking and the development of the Clean Transportation Fuel Program (CTFP). The information contained in this presentation is preliminary and is subject to modification resulting from technical analyses, research, modeling, public and interested party input, Tribal engagement, and development processes. NMED reserves the ability to further adjust and update content in future versions and presentations. Nothing in this presentation is intended to represent information or language that is final or that would be proposed in the rulemaking; it is intended for educational purposes only.



New Mexico Climate Goals

- **2019 E.O.:** 45% greenhouse gas (GHG) reduction (2005-2030).
- **US Climate Alliance pledges:** 50-52% by 2030, 61-66% by 2035, net zero no later than 2050.
- How it's going: 29% reduction through 2025 (vs. 26-28% Paris goal)

New Mexico emissions by sector, 2005, 2021, and 2025 (million metric tons of CO₂e per year)



Source: Energy & Environmental Economics, Inc. "New Mexico Greenhouse Gas Emissions Inventory and Forecast: 2021 Emissions Inventory and 2030-2050 Forecast." December 2024. <https://cloud.env.nm.gov/resources/translator.php/OGMyZmMwODI4ODEzZDlmNzU1Njk4NmQvNI8xNzcyMTM~.pdf>.



Enabling Statute

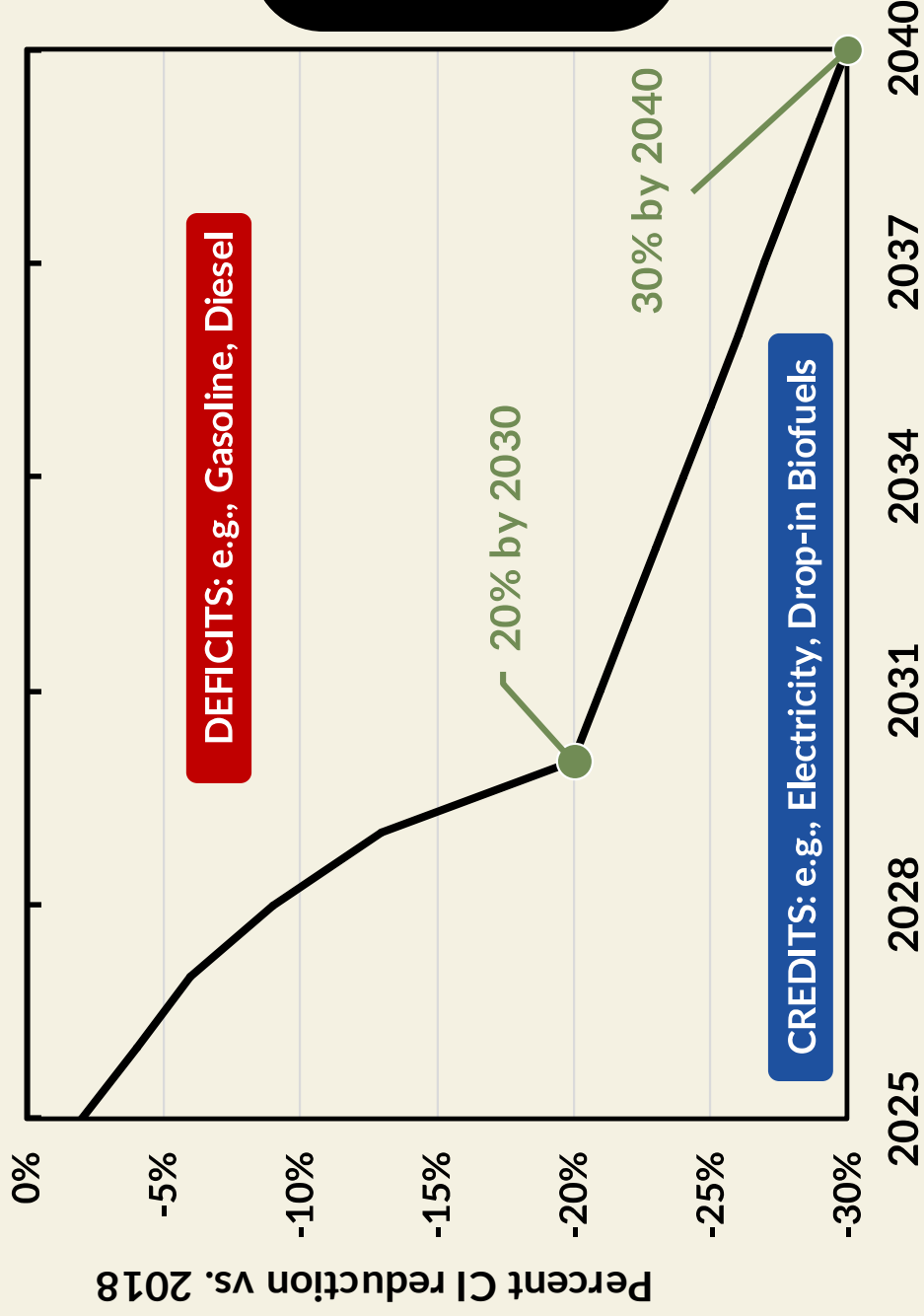
House Bill 41 (2024)

- New Mexico became the 4th U.S. state to enact a Clean Transportation Fuel Standard (CTFS) - now codified in statute at Section 74-1-18 NMSA 1978.
- Under statute, the Environmental Improvement Board (EIB) must promulgate rules no later than July 1, 2026, for the Clean Transportation Fuels Program (CTFP).
- The statute adds 10 provisions to the Environmental Improvement Act that must be addressed in rulemaking.



1. Decreasing Carbon Intensity

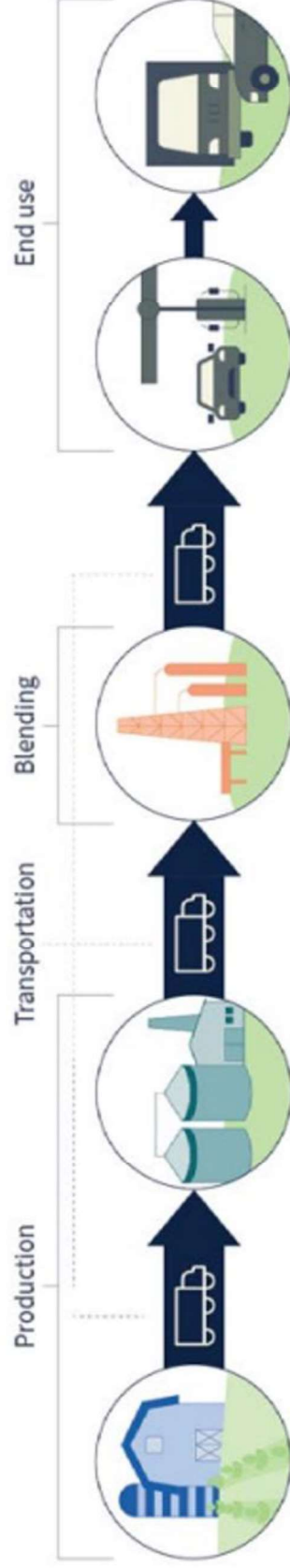
Statute requires annual reduction of carbon intensity (CI) vs. 2018.





2. Fuel Lifecycle Emissions

Lifecycle example: Biofuels



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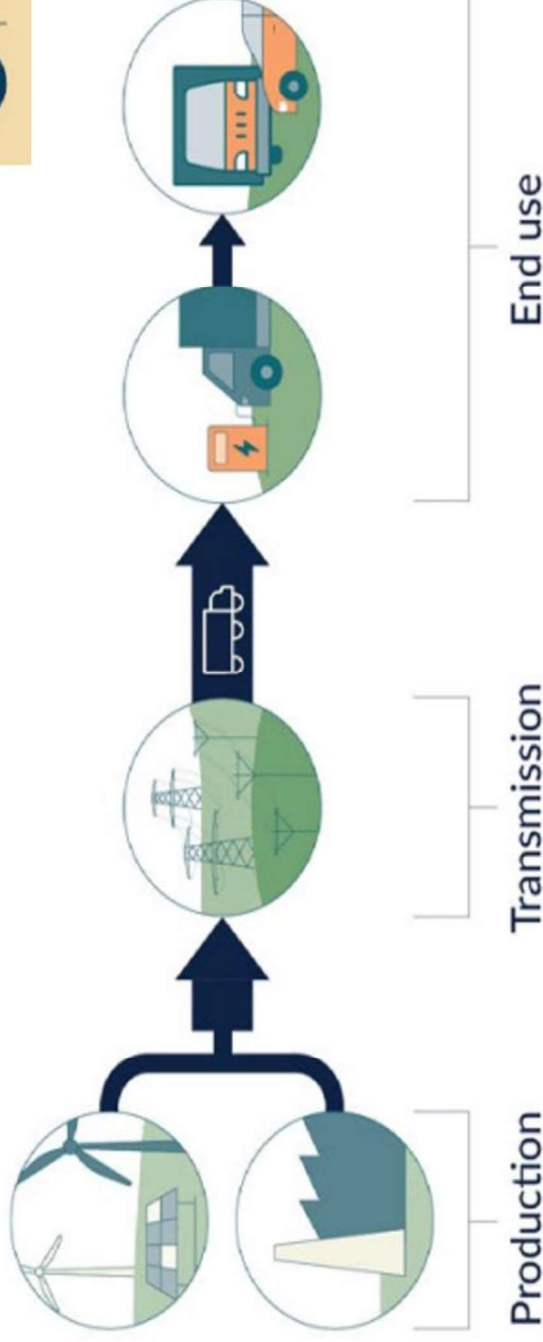


2. Fuel Lifecycle Emissions

Lifecycle example: Electricity

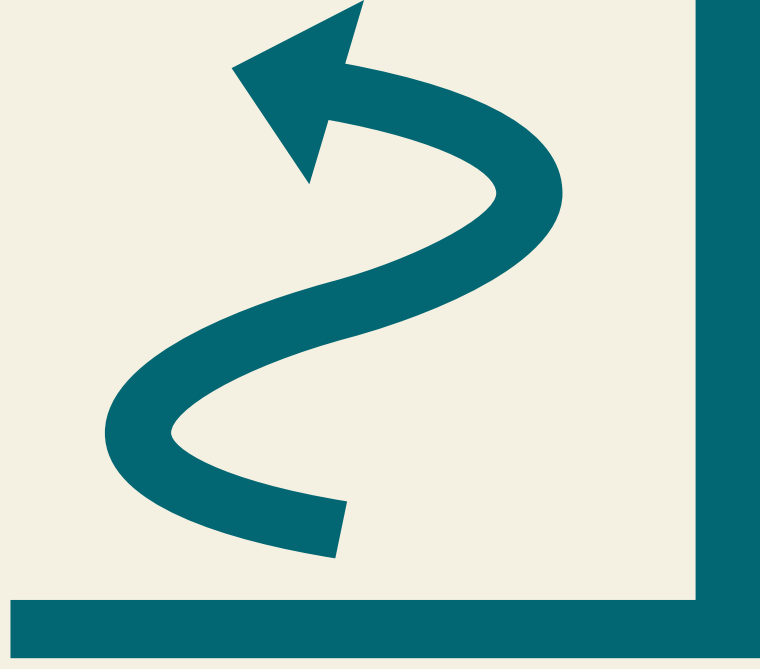


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3. Regulating the Credit Market



Documentation to ensure validity.



Safeguards to avoid double-counting.



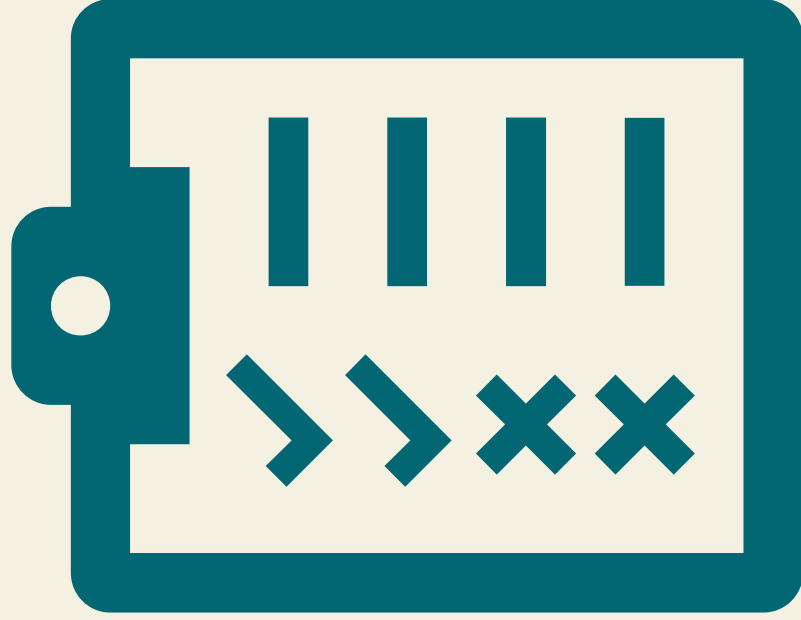
Timelines for buying and retiring.



Other opportunities (e.g. fuel supply equipment).



4. Verification and Compliance



Procedures for monitoring and verification.



Certification of third-party verifiers.



Mechanisms to ensure annual compliance.



Credit banking mechanisms.



5. Utility Revenue Reinvestment

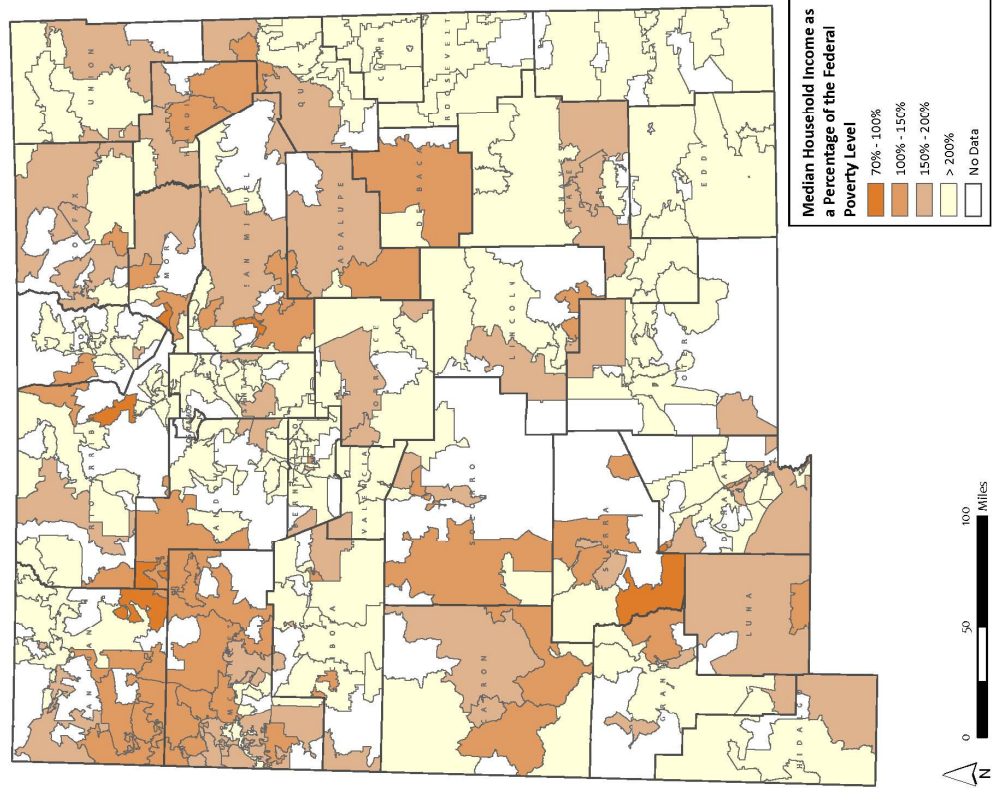


- Utilities must invest all CTFP credit revenue into:
 - ▣ Grid modernization;
 - ▣ Infrastructure;
 - ▣ Distribution; and
 - ▣ Other transportation decarbonization work.



5. Utility Revenue Reinvestment

New Mexico CFS Preliminary Demographics:
Underserved Communities by Zip Code



- Utilities must invest 50% or more of such revenues to support underserved communities.



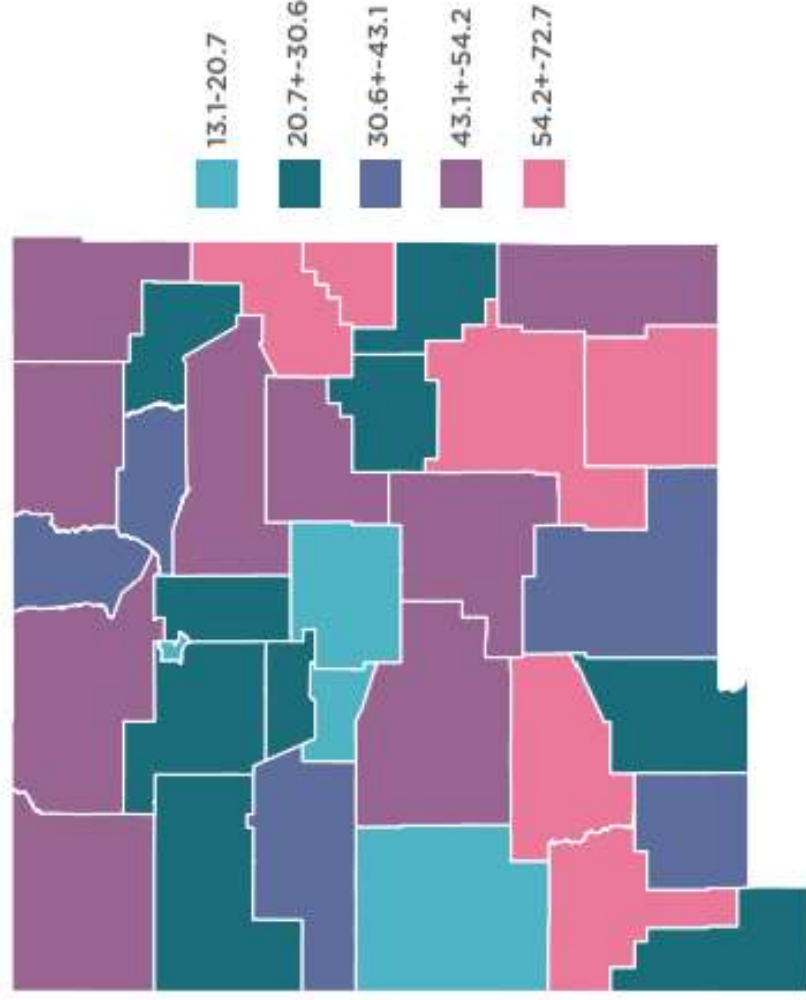
Additional Legal Requirements

6. Compatibility with other programs.
7. Equal treatment of in- and out-of-state fuels.
8. Advisory Committee.
9. Deferral mechanisms.
10. Fees for administration and enforcement.



Air Quality and Health

Asthma-Related Emergency Department Visit Rates (per 10,000) by County, NM, 2015-2019



- New Mexico **13th in US** for asthma rate in 2021.
- **One in seven** New Mexicans is diagnosed with a respiratory disease in their lifetime.
- American Lung Association: **\$2.1 billion in public health benefits, 194 lives saved** through 2050 from a transportation sector transition.

Source: New Mexico Department of Health. "New Mexico Strategic Asthma Plan: 2021-25." April 30, 2021. <https://www.nmhealth.org/publication/view/plan/6655>.

[Back to benefits](#)



Benefits for NM – and beyond!

Improved air quality and health

Consumer choice

Local startups

New fueling infrastructure

Community investment

Energy and economic security

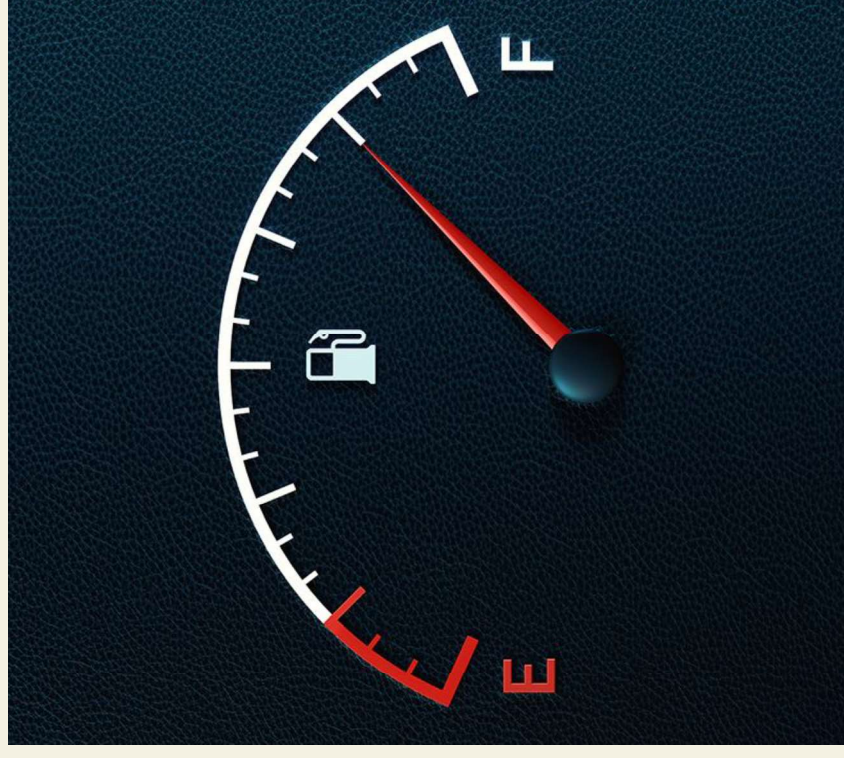
- Good-paying jobs:
- Project managers
 - Engineers
 - Electricians!!
 - Many more ...





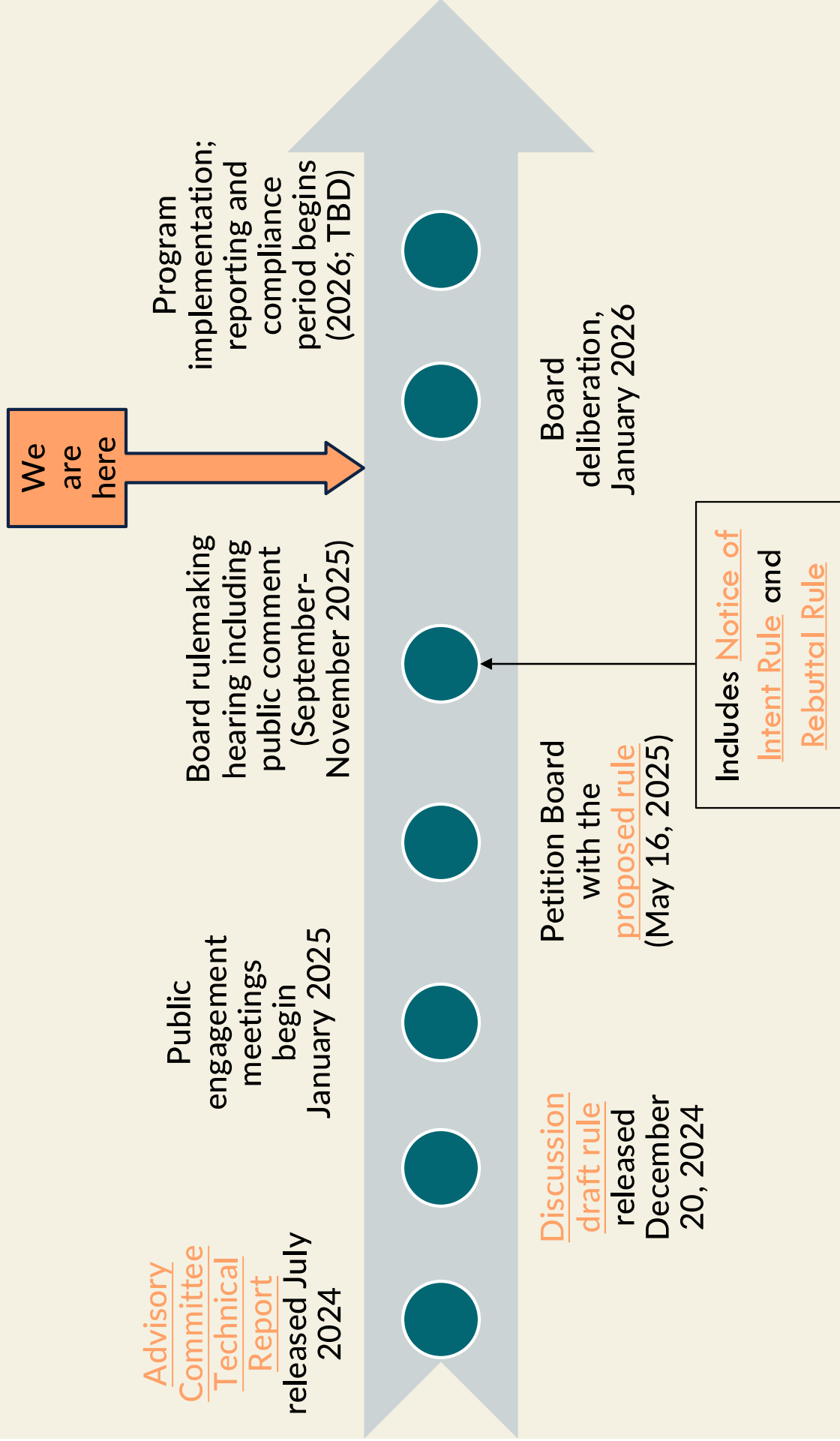
What About Gas Prices?

- **Fact: Bates White (2022) find no relationship between clean fuels policies and gasoline prices.**
- **Fact: The top gasoline price drivers are crude oil costs, distribution and marketing costs, refining costs, and state excise taxes.**
- **Fact: Companies are already innovating to produce clean transportation fuels, including oil companies themselves.**
- **Fact: CTFP brings new fuels to New Mexico, competition at the pump.**





Rulemaking Timeline





Thank you!

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