



# New Mexico Environment Department

## Clean Transportation Fuel Standard Rulemaking General Meeting

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&  
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International District Library, Albuquerque  
January 6, 2025



# Meeting Agenda

## 1<sup>st</sup> Hour (4:30 – 5:30 PM):

- Climate Change Trivia
- Welcome, Introductions, and Agenda
- Overview of the Clean Transportation Fuel Program and Statutory Requirements
- Program Benefits for New Mexico
- Rulemaking Process
- General Program Questions and Answers

## 2<sup>nd</sup> Hour (5:30 – 6:30 PM):

- Breakout Session with Topical Tables for Questions and Answers



# DISCLAIMER

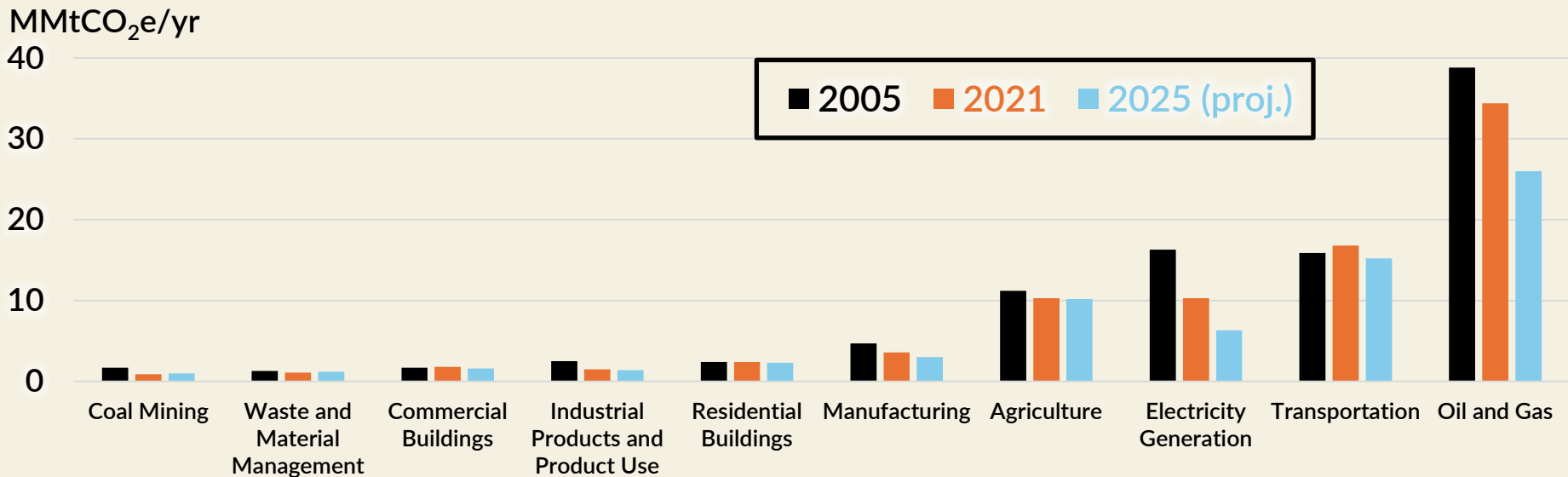
The New Mexico Environment Department (NMED) is engaged in active and ongoing rulemaking and the development of the Clean Transportation Fuel Program (CTFP). The information contained in this presentation is preliminary and is subject to modification resulting from technical analyses, research, modeling, 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 CO<sub>2</sub>e 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/OGMyZmMwODI4ODEzZDJmNzU1Njk4NmQyNlI8xNzcyMTM~.pdf](https://cloud.env.nm.gov/resources/_translator.php/OGMyZmMwODI4ODEzZDJmNzU1Njk4NmQyNlI8xNzcyMTM~.pdf).



# Enabling Statute

## House Bill 41 (2024)

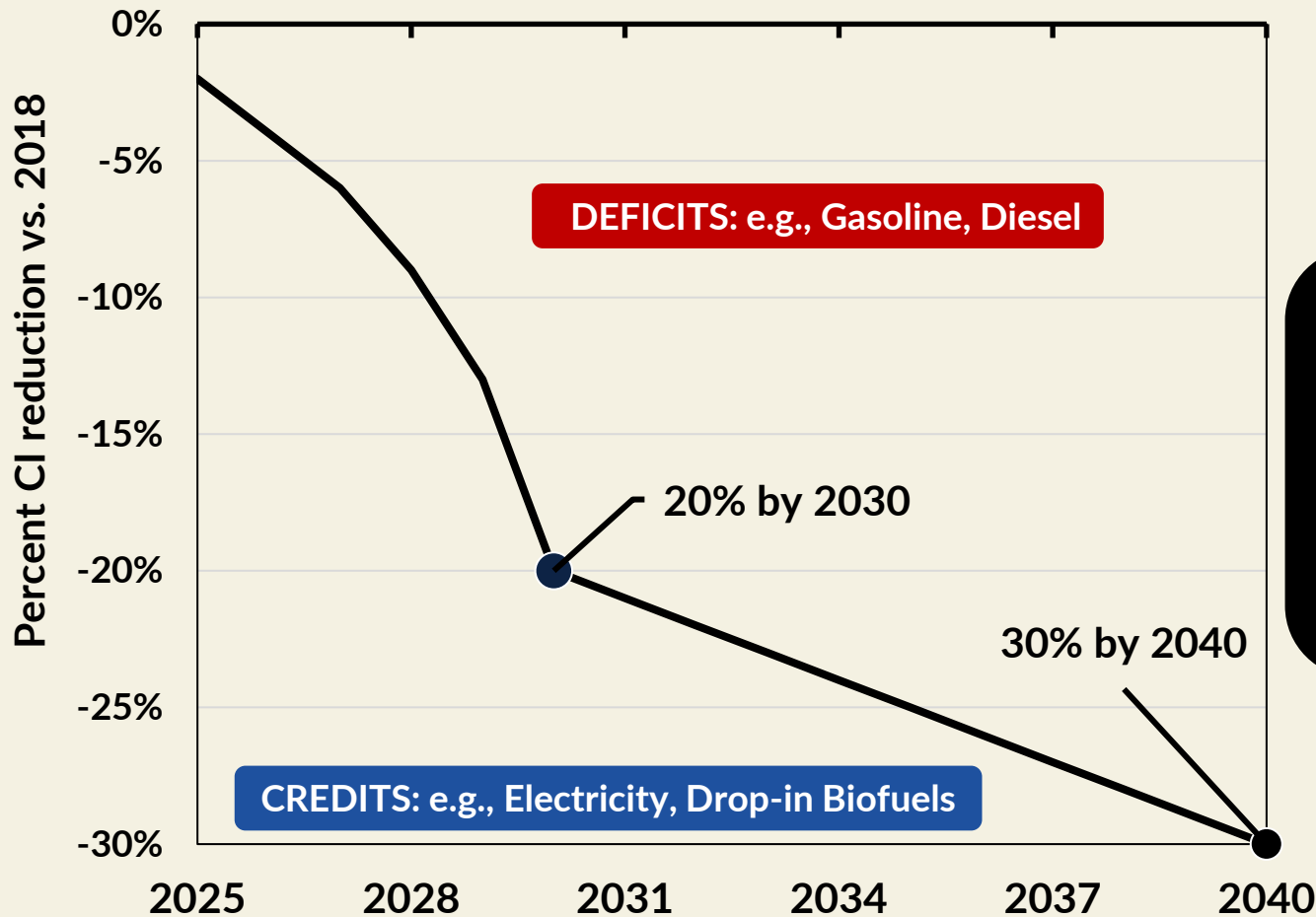
- ❑ New Mexico became the 4th U.S. state to enact a clean transportation fuel standard - now codified in statute at Section 74-1-18 NMSA 1978.
- ❑ Under statute, the Environmental Improvement Board (EIB) must promulgate rules no later than July 1, 2026.
- ❑ The statute adds 10 provisions to the Environmental Improvement Act that must be addressed in rulemaking.





# 1. Decreasing Carbon Intensity

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

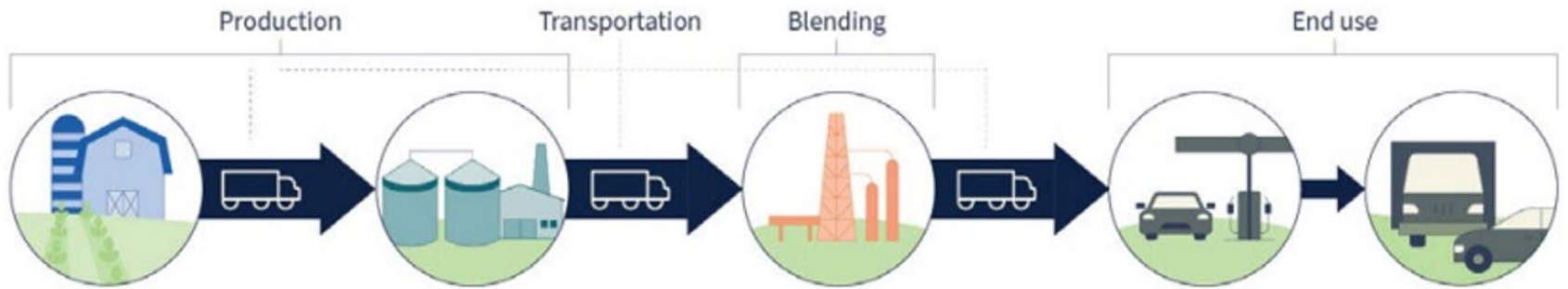


Allows all kinds of new technologies to drive adoption of cleanest, most economic alternative fuels. Spurs innovation and investment.



# 2. Fuel Lifecycle Emissions

## Lifecycle example: Biofuels



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INSTITUTE**

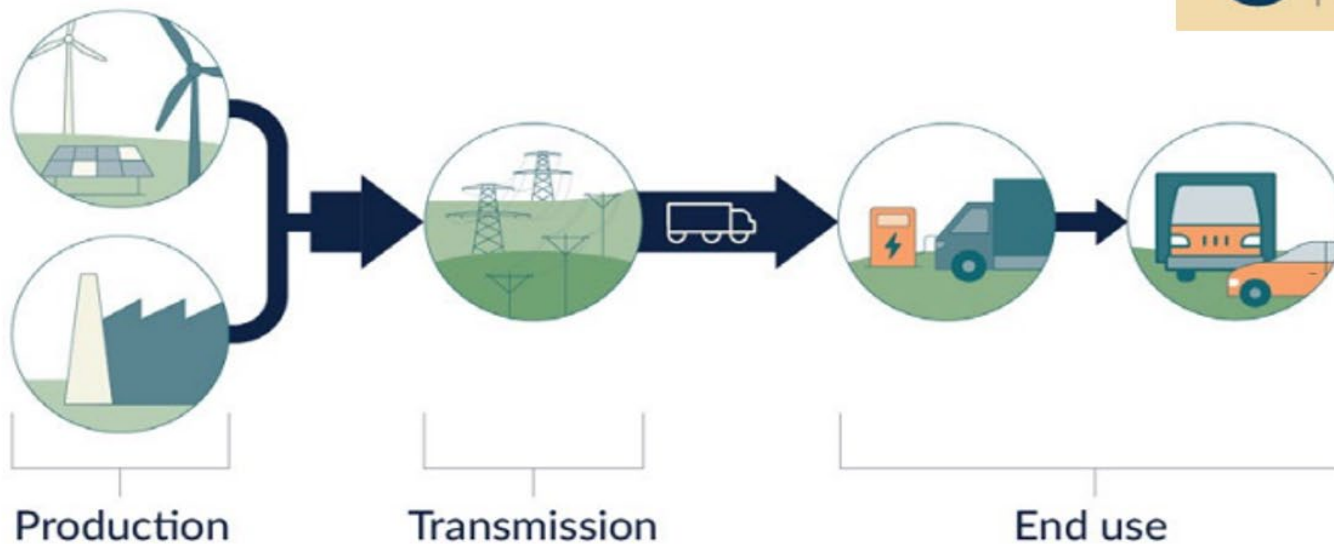


# 2. Fuel Lifecycle Emissions

## Lifecycle example: Electricity



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# 3. Regulating Credit Markets

- ❑ 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

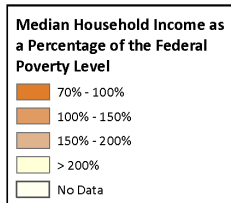
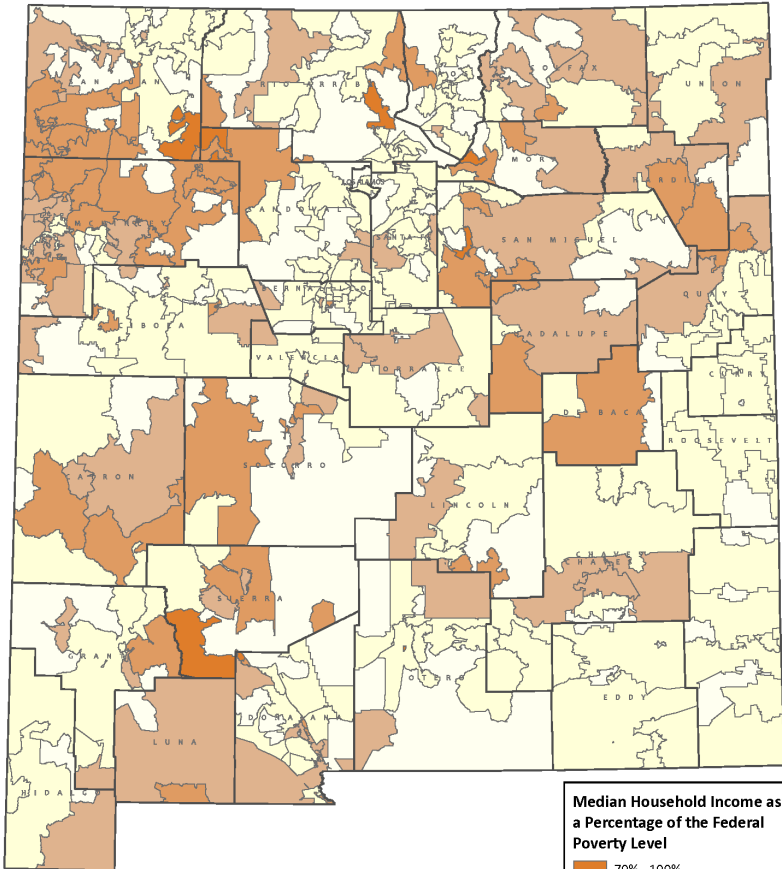


- Utilities must invest all CTFP credit revenue into:
  - ▣ Grid modernization;
  - ▣ Infrastructure;
  - ▣ Distribution; and
  - ▣ Other transportation decarbonization work.



# 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.



# Benefits for New Mexico

Improved air quality and health

Consumer choice

Local startups

New fueling infrastructure

Community investment

Energy and economic security

Good-paying jobs:

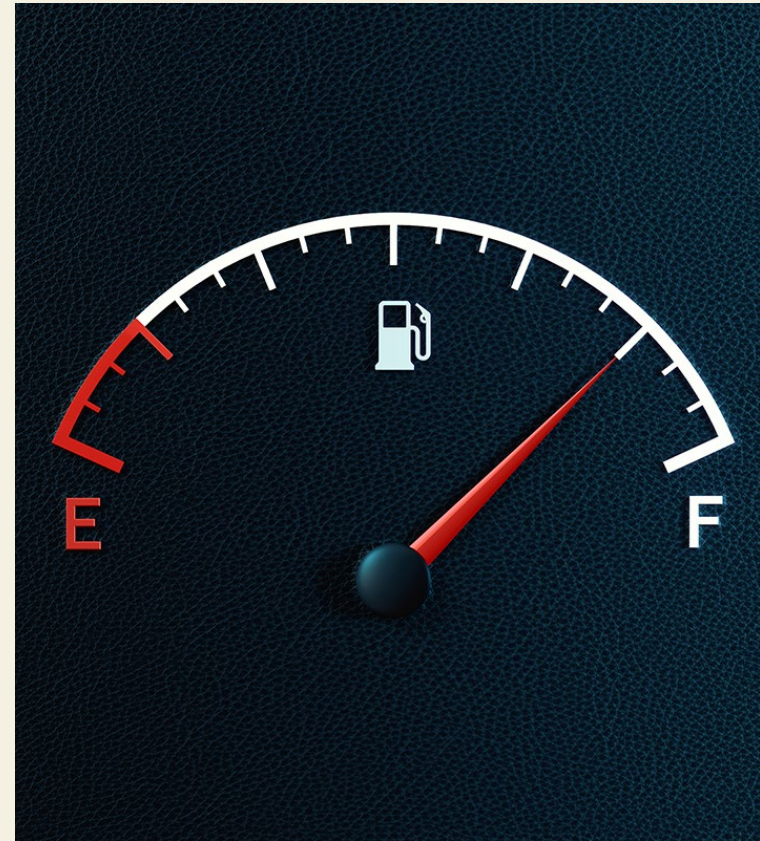
- Project managers
- Engineers
- Electricians!!!
- Many more ...





# 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.





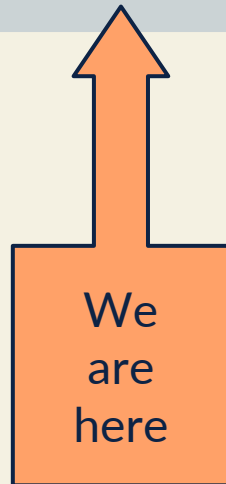
# Rulemaking Timeline

Advisory Committee  
e  
Technical Report  
released  
July 2024

Public  
engagement  
meetings  
begin  
January  
2025

Board  
rulemaking  
hearing  
including  
public  
comment  
(Summer;  
TBD)

Discussion  
draft rule  
released  
December  
20, 2024



Petition  
Board  
with the  
proposed  
rule  
(February  
; TBD)

Program  
implementation;  
reporting and  
compliance  
period begins  
(Fall; TBD)



# Public Engagement

Anyone or any entity interested in participating in development of the CTFP rule may do so in multiple ways:

1. Request a meeting with the NMED rulemaking team by submitting a [meeting request form](#).
  - If you use this option and don't hear back within three business days, please reach out to [cleanfuel.standard@env.nm.gov](mailto:cleanfuel.standard@env.nm.gov).
2. Once NMED has petitioned the Environmental Improvement Board (EIB) with the proposed rule, and the EIB has agreed to consider the rule:
  - A. Provide comments to the EIB through a comment portal after NMED informs the public when it opens.
  - B. Appear at the rulemaking hearing to address the EIB directly in person on the proposed rule as part of that proceeding.
3. The best way to stay informed of updates is to [subscribe to NMED's Climate Change Bureau's listserv](#).



# Provide Input on the Discussion Draft Rule

Submit through NMED's smart comment portal, available at [tinyurl.com/input-CTFP-DDR](https://tinyurl.com/input-CTFP-DDR).



- Opened 12/20/24.
- Deadline: 01/17/25 at 5 PM.
- You can provide input today.
  - Laptops are available at a table nearby.

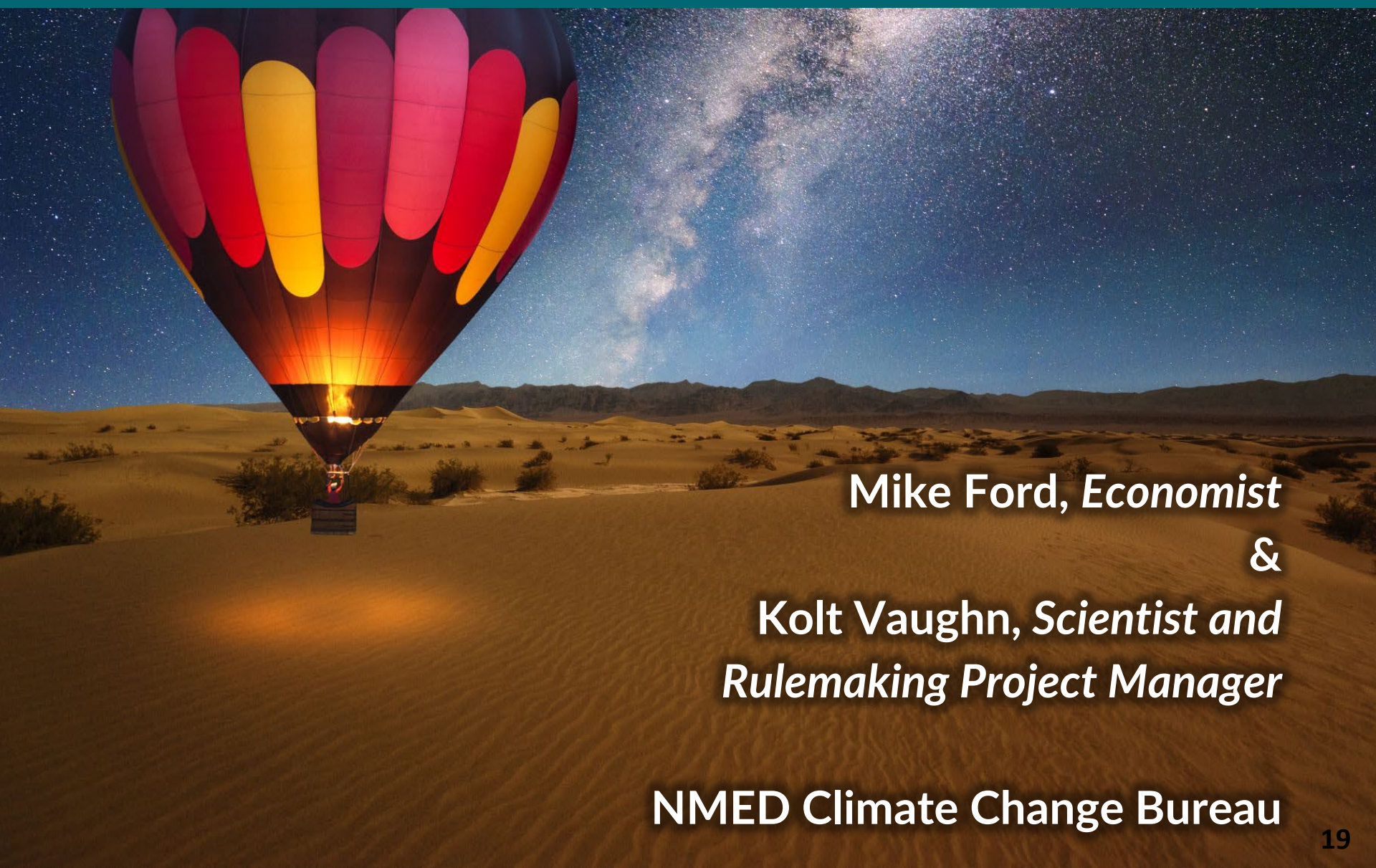
The Discussion Draft Rule is available at [tinyurl.com/CTFP-DDR-2025](https://tinyurl.com/CTFP-DDR-2025).



Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
	January 2025		1	2	3	4
5	6 <b>Today</b>	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	



# Thank you!



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**&**

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***Rulemaking Project Manager***

**NMED Climate Change Bureau**

#

# Additional Slides

To be used as needed.



## 6. Cooperating with other programs

- No duplication of greenhouse gas reductions credited elsewhere.
- Leverage info from other programs (e.g., state renewable portfolio standards for electricity).
- Allow re-certification of fuel pathways approved in other states, with adjustments for New Mexico.
- Recognize third-party verifier accreditations.

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# 7. Out-of-state fuels

- No discrimination for out-of-state fuels
  - ▣ Carbon Intensities (CI) account for fuel transportation distance, but state lines themselves are not a factor.



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# 8. Advisory Committee



- Advisory Committee to inform rulemaking convened and met through July 2024 – published [technical report](#).

- NMED considered technical report when issuing discussion draft of rule.



- Rules establish a periodic review process for an Advisory Committee to continue to provide input on CTFP rules and performance.

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# 9. Deferral

- The rules allow for a deferral of the program based on emergency or forecasted conditions.



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# 10. Fees

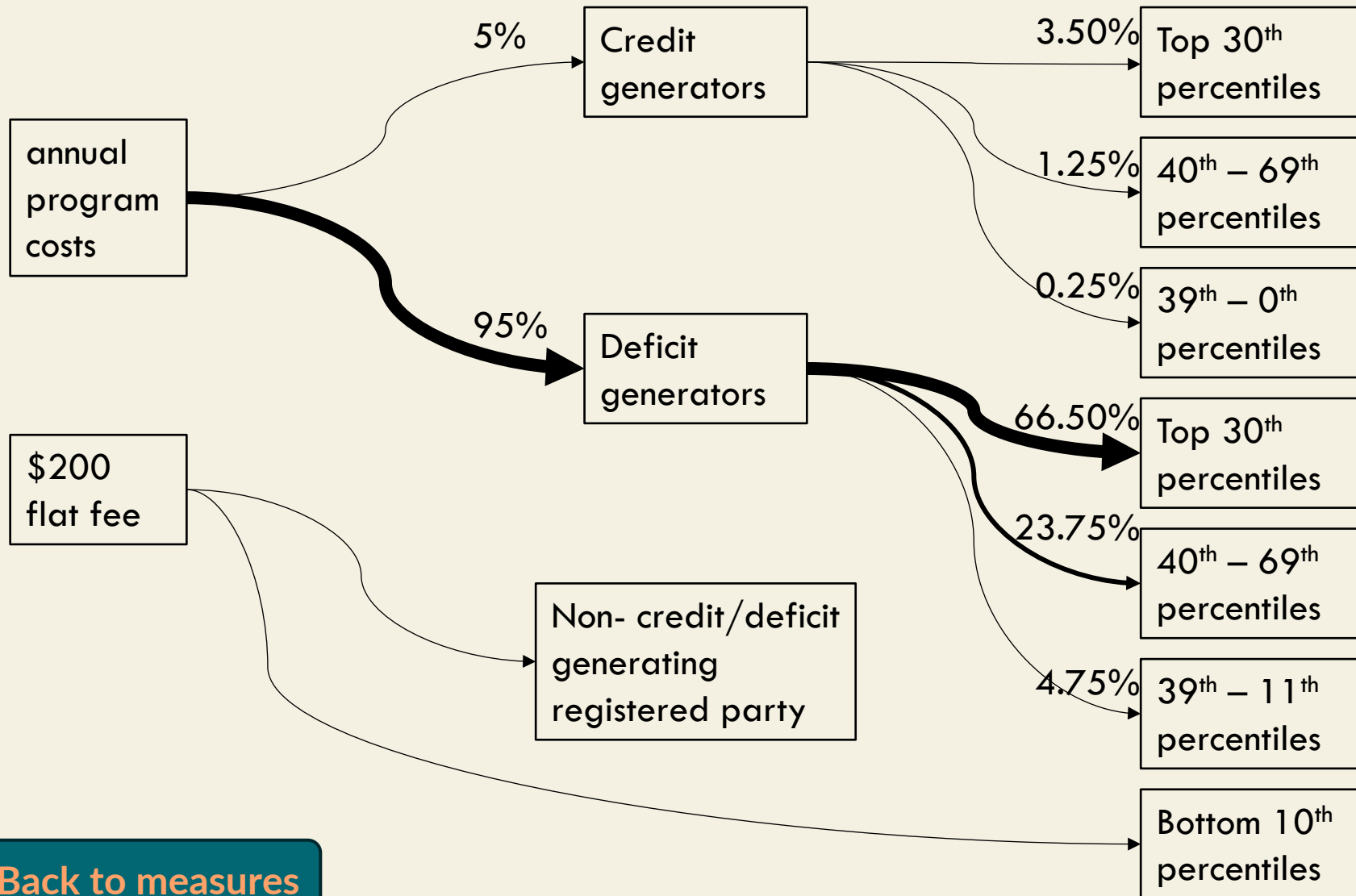
- The law requires fees for the cost of program administration and enforcement.



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# Annual CTFP Fees



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# Alternative Fuels

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Fuel	Description
Biodiesel	Diesel from vegetable oils, animal fats, or other nonpetroleum resources that can be used in diesel-consuming vehicles.
Compressed natural gas	Natural gas that has been compressed to a denser fuel for vehicle use.
Distributed renewable electricity	Renewable electric power sources connected to EV charging stations.
Ethanol	Fuel from corn, sugarcane, or other non-fossil sources, denatured and blended with gasoline.
Grid electricity	Electricity from the power grid operated either by utilities or co-ops supplied to commercial or home electric charging stations.
Hydrogen	Hydrogen used for fuel cell vehicles.
Renewable natural gas (or "biomethane")	Natural gas recovered from non-fossil sources like landfills, wastewater treatment plants, dairy operations, and food digesters.
Renewable diesel	Hydrogenated biodiesel for use as a "drop-in" fuel for diesel vehicles.



# Consumer Choice



- Credits for building electrification infrastructure, new options for drivers.
- “Drop-in” biofuel substitutes for gasoline and diesel expand choice for existing vehicles.
- Competition protects people at the pump.

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Source: [New Mexico Environment Department](#). “New Mexico Clean Fuel Standard 101.” January 17, 2024.  
<https://www.youtube.com/watch?v=tUpB7qJvkeQ>.



# Good Paying Jobs

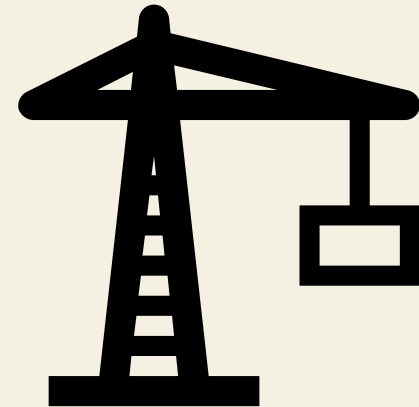
## Opportunities

### Charging and fueling stations require:

- Project managers and engineers
- Contracting and utility linework
- Electricians
- Mechanics, tech, CDL

### In-state construction of:

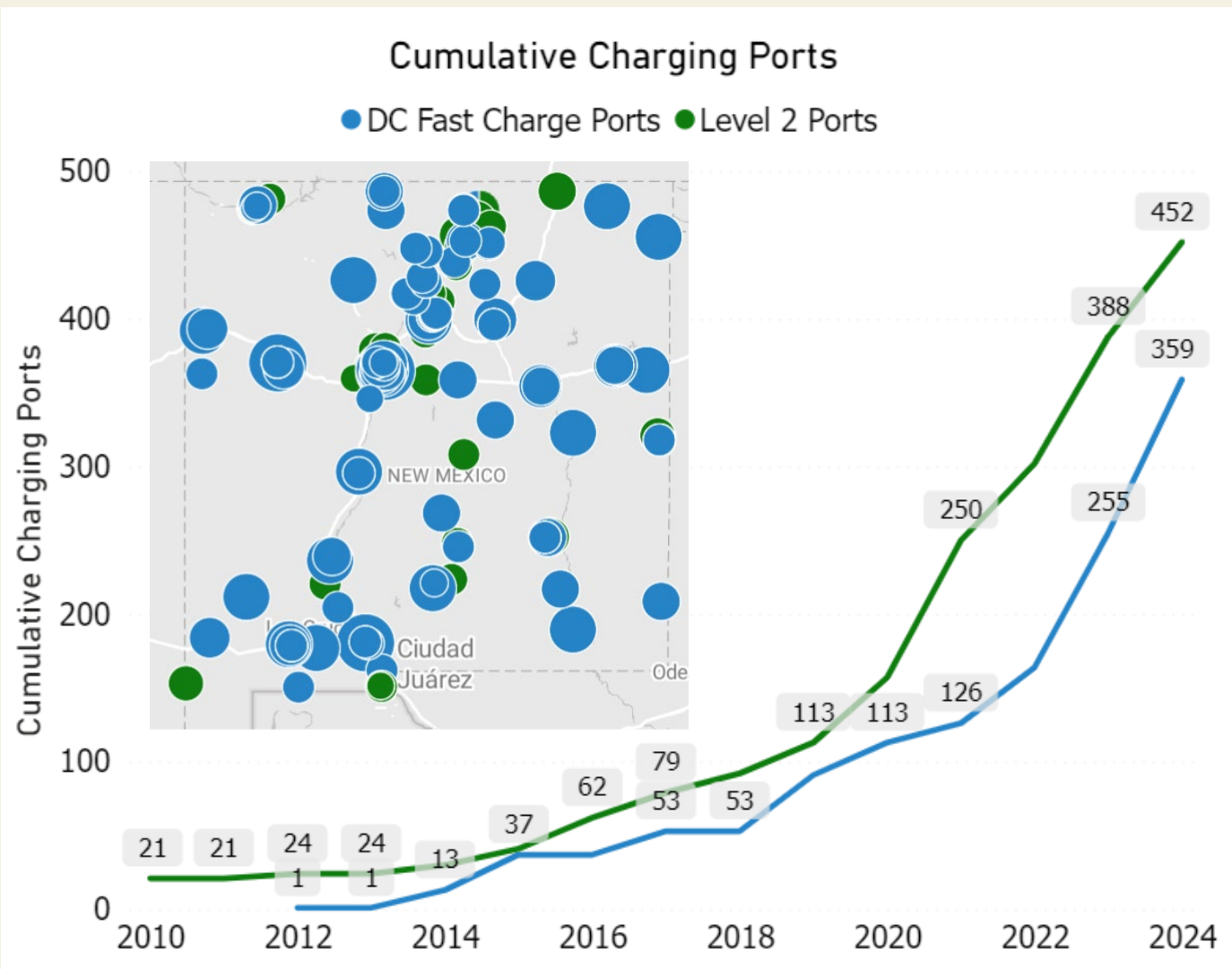
- Cellulosic ethanol refineries
- Renewable diesel/biodiesel refineries
- Renewable natural gas digesters
- EV charger/alternative fuel stations



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# New Fueling Infrastructure



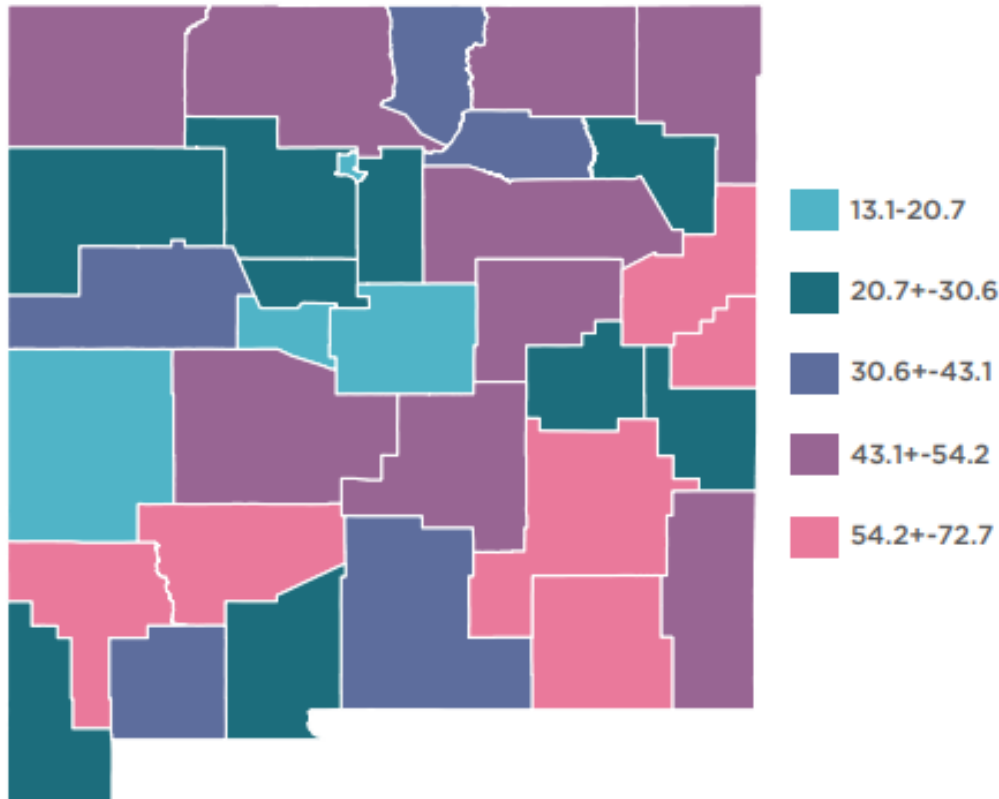
- Supports existing efforts to buildout EV charging infrastructure (e.g. >\$100 million for NMDOT).
- Will accelerate growth in underserved communities

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# Air Quality and Health

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



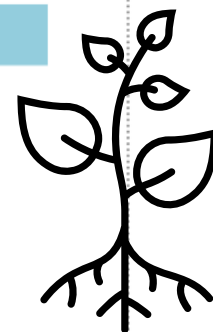
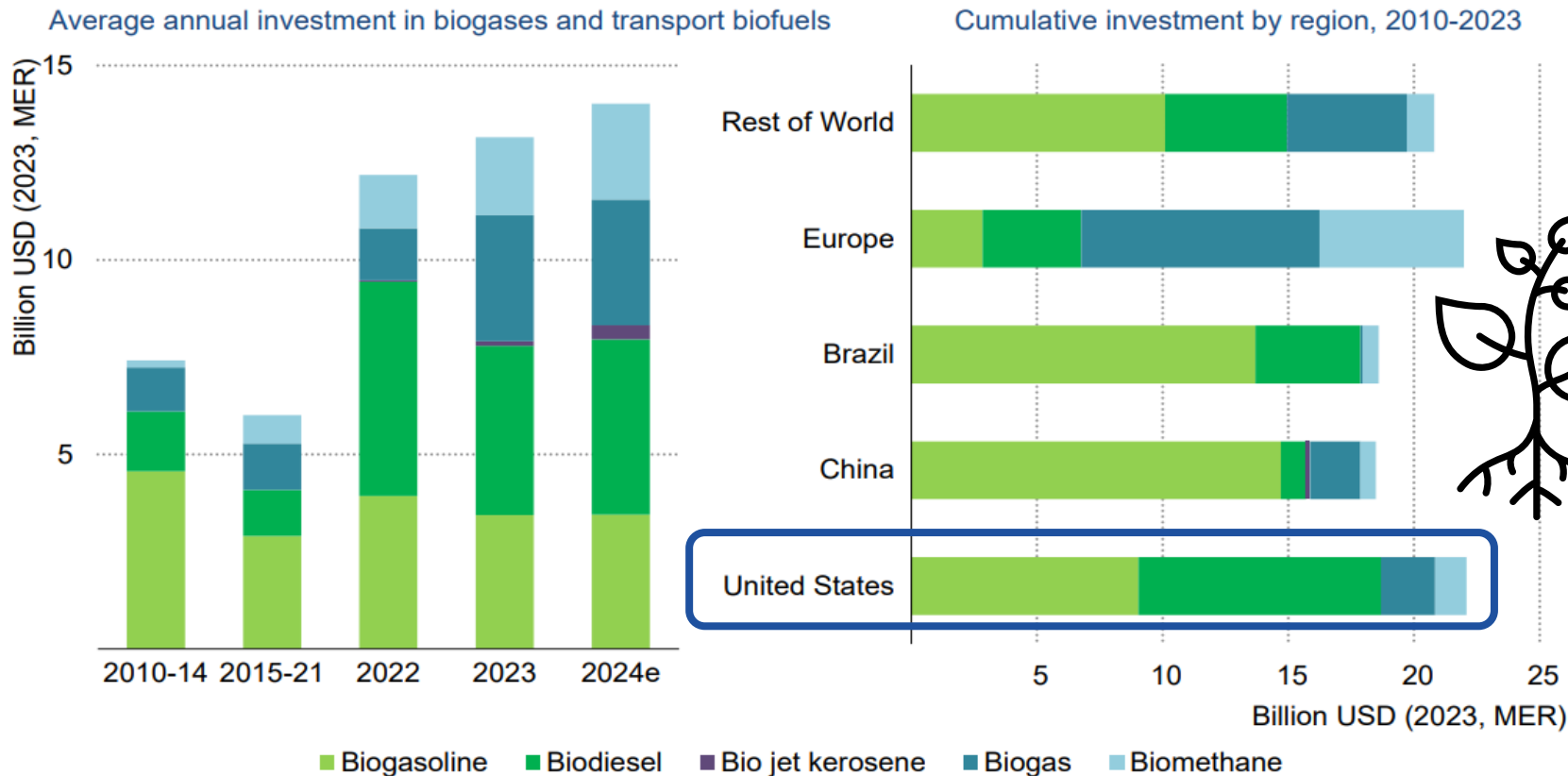
- New Mexico 13<sup>th</sup> in US for asthma rate in 2021.
- One in seven New Mexicans is diagnosed with a respiratory disease in their lifetime.
- American Lung Association: \$2.1 billion in public health benefits, 194 lives saved through 2050 from a transportation sector transition.

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

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# Energy and Economic Security



IEA. CC BY 4.0

Note: Biomethane investment includes the cost of producing biogas as an interim step before upgrading to biomethane. 2024e = estimated values for 2024  
 Source: IEA analysis based on S&P Global (2023).

Source: International Energy Agency. "World Energy Investment 2024." June 2024.

<https://iea.blob.core.windows.net/assets/60fcd1dd-d112-469b-87de-20d39227df3d/WorldEnergyInvestment2024.pdf>

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