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GOVERNOR

JAMES C. KENNEY
CABINET SECRETARY

February 9, 2026

Jeff M. Witte
Cabinet Secretary/Director
New Mexico Department of Agriculture
1050 Stewart Street
Las Cruces, New Mexico 88003

Via email: jwitte@nmda.nmsu.edu

Re: Input on New Mexico's Biodiesel Requirement under Section 57-19-29 NMSA 1978

Dear Secretary/Director Witte,

The New Mexico Environment Department (NMED) is writing to inform the New Mexico Department of Agriculture (NMDA) of the Environmental Improvement Board's recent adoption of the Clean Transportation Fuel Program (CTFP) and provide updated information from that process as NMDA considers the five percent biodiesel requirement under Section 57-19-29 NMSA 1978.¹

On January 22, 2026, the Environmental Improvement Board unanimously adopted the CTFP, setting April 1, 2026, as the opening date for the Southwest's first clean fuel market. This market-based initiative incentivizes and expands access to lower-carbon transportation fuels, including ethanol, biofuels, renewable diesel, and supporting infrastructure, through the earning and sale of clean fuels credits. The Board's adoption of the CTFP marked the culmination of two years of stakeholder meetings and draft rule development by NMED.

NMED respectfully submits the enclosed comprehensive analyses developed during the CTFP effort for NMDA's consideration as NMDA considers the five percent biodiesel requirement under Section 57-19-29 NMSA 1978. As demonstrated in these analyses, NMED has determined that sufficient amounts of biodiesel can feasibly be delivered to New Mexico, and at a cost competitive with the price of fossil diesel.

Recent policy changes and incentives, including incentives that will be available immediately under New Mexico's CTFP, point to an unprecedented structural shift in the economics of biodiesel markets that are certain to increase the availability of this fuel in the state. At the federal level, the most recent Renewable Fuel Standard includes greater support for biodiesel production in wholesale markets,² and the One Big Beautiful Bill Act in 2025 specifically retained and extended the Section 45Z Clean Fuel Production Tax Credit.^{3,4} At the state level, the enclosed CTFP economic analyses project that by next year clean fuels credits under the CTFP would provide regulated parties with 27 to 65 cents of additional revenue per gallon of gasoline equivalent of biodiesel,

¹ <https://nmonesource.com/nmos/nmsa/en/item/4423/index.do#!b/57-19-29>.

² U.S. Environmental Protection Agency. "Renewable Fuel Standard (RFS) Program: Standards for 2026 and 2027, Partial Waiver of 2025 Cellulosic Biofuel Volume Requirement, and Other Changes." *Federal Register*. Volume 90, Number 115. June 17, 2025. <https://www.govinfo.gov/content/pkg/FR-2025-06-17/pdf/2025-11128.pdf#page=3>.

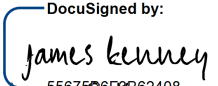
³ Arrington, Jodey C. "H.R.1 - One Big Beautiful Bill Act." 119th U.S. Congress. July 4, 2025. <https://www.congress.gov/bill/119th-congress/house-bill/1/text>.

⁴ U.S. Code of Federal Regulations. Title 26. "§ 1.45Z. Clean fuel production credit." Laws in effect January 29, 2026. <https://uscode.house.gov/view.xhtml?req=granuleid:USC-prelim-title26-section45Z&num=0&edition=prelim>.

incentivizing fuel suppliers to blend at least 4.0% biodiesel by volume statewide.⁵ In the first half of 2025, similar clean fuel programs in West Coast states have catalyzed greater biodiesel consumption, with blend rates in two of them – California and Oregon – reaching 6.0% and 7.8% of total diesel volumes, respectively.⁶

NMED appreciates the opportunity to provide these updated analyses to NMDA, as NMDA makes a determination regarding the biodiesel requirement. Given the consultation role of the Energy, Minerals and Natural Resource Department under Section 57-19-28 NMSA 1978 as part of this process, NMED is including EMNRD as well. Feel free to reach out anytime if there are any questions or if further information is needed from NMED regarding the CTFP or any of the analyses provided.

Sincerely,

DocuSigned by:

James C. Kenney
Cabinet Secretary

cc: Erin Taylor, Acting Secretary, Energy, Minerals and Natural Resources Department
Roxanne Chepsongol, NMDA Standards and Consumer Services Division Director
Michelle Miano, NMED Environmental Protection Division Director

encl:

Drews, Matthew. “New Mexico Clean Transportation Fuel Program Benefit Cost Analysis.” Berkeley Research Group, LLC. NMED Exhibit 78. EIB 25-23: In the Matter of Proposed Adoption of 20.2.92 NMAC – Clean Transportation Fuel Program. September 2, 2025.

<https://cloud.env.nm.gov/resources/translator.php/NzA3NTEwYzYzY2I0NzNhN2JmNDc3NGQ1NV8yMDMxMTU~.pdf#page=248>.

Ford, Michael, Matthew Drews, Tanzeem Lodi, Andrew Eilbert, Owen Stokes-Cawley, and John Koupal. “New Mexico’s Clean Transportation Fuel Program Rebuttal Sensitivity Analysis: Evolving Landscape of Zero Emission Vehicle Policy.” Joint report from New Mexico Environment Department, Berkley Research Group, LLC, and Eastern Research Group, Inc. NMED Exhibit 134. EIB 25-23: In the Matter of Proposed Adoption of 20.2.92 NMAC – Clean Transportation Fuel Program. November 2025. <https://www.env.nm.gov/opf/wp-content/uploads/sites/13/2025/11/NMED-R133-134.pdf#page=51>.

⁵ The 2027 biodiesel blend rates under CTFP equal 4.3 percent by volume in the Benefits-Cost Analysis and 4.1 percent by volume in the Rebuttal Sensitivity Analysis, versus 2.4 percent by volume without the CTFP in both.

⁶ Data from California Air Resources Board. “quarterly summary_Q32025.” January 30, 2026.

https://ww2.arb.ca.gov/sites/default/files/classic/fuels/lcfs/dashboard/quarterlysummary/quarterlysummary_Q3_2025.xlsx, and State of Oregon Department of Environmental Quality. “Quarter 2 Spreadsheet.” <https://www.oregon.gov/deq/ghgp/Documents/cfpQ22025.xlsx>.