



New Mexico Environment Department

Greenhouse Gas Inventory, Climate Action Plan Updates and
Clean Fuels Rulemaking and Implementation

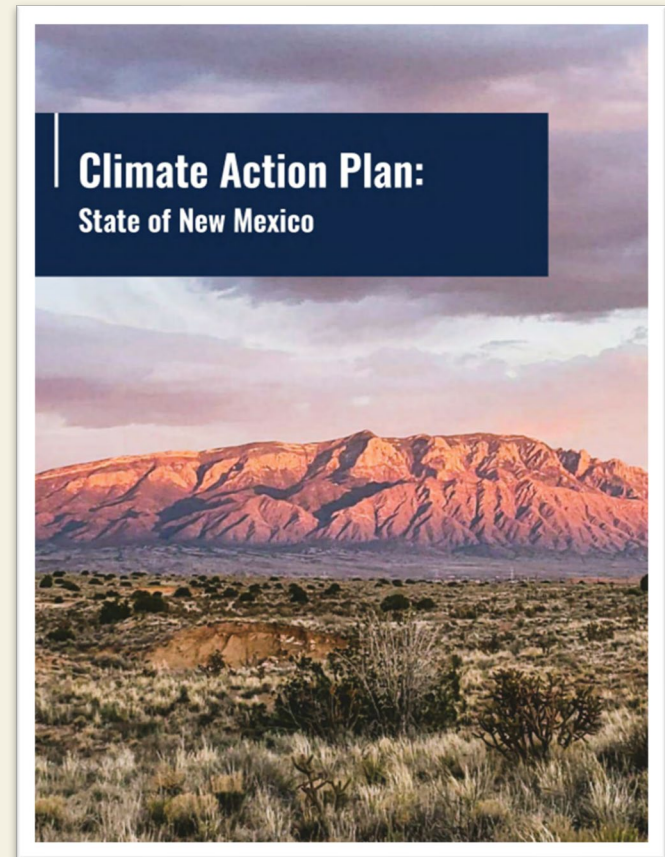
Water and Natural Resource Committee

Claudia Borchert, Climate Change Bureau Chief
October 26, 2026



Greenhouse Gas Inventory

- ❑ Greenhouse gas emissions inventories provide a science-based best estimate of greenhouse gas emissions for a particular time and place
- ❑ New Mexico's climate goals (relative to a 2005 baseline):
 - ▣ 45% reduction in greenhouse gas emissions by 2030 (EO 2019-003)
 - ▣ Net zero by 2050
- ❑ This inventory represents one year in tracking our progress towards these goals (2005, 2018, 2021, 2023)
- ❑ New Mexico's Climate Action Plan provides a roadmap to achieve goals





Methods - General

- This is a sector-based, economy-wide inventory
- Methodology follows the guidelines in the *2006 Intergovernmental Panel on Climate Change (IPCC) Guidelines for National Greenhouse Gas Inventories* including the *2019 Refinement* and aligns with the Environmental Protection Agency's (EPA) *Inventory of U.S. Greenhouse Gas Emissions and Sinks* wherever possible





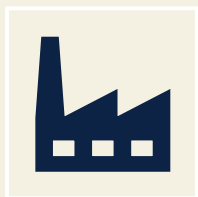
Methods – Gases Included

GHG	GWP*
Carbon Dioxide (CO ₂)	1
Methane (CH ₄)	28
Nitrous Oxide (N ₂ O)	265
Nitrogen Trifluoride (NF ₃)	16,100
Sulfur Hexafluoride (SF ₆)	23,500
Hydrofluorocarbons (HFCs)	0.005 - 12,400
Perfluorocarbons (PFCs)	0.004 - 11,100

* Fifth Assessment Report of the Intergovernmental Panel on Climate Change 100-year Global Warming Potential (GWP)



Methods – Sectors Included



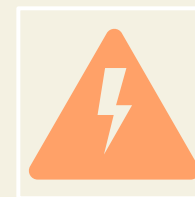
Industry



Transportation



Agriculture



Electricity
Generation



Commercial
Buildings



Residential Buildings



Waste and Materials
Management



Natural and Working
Lands (NWL)*

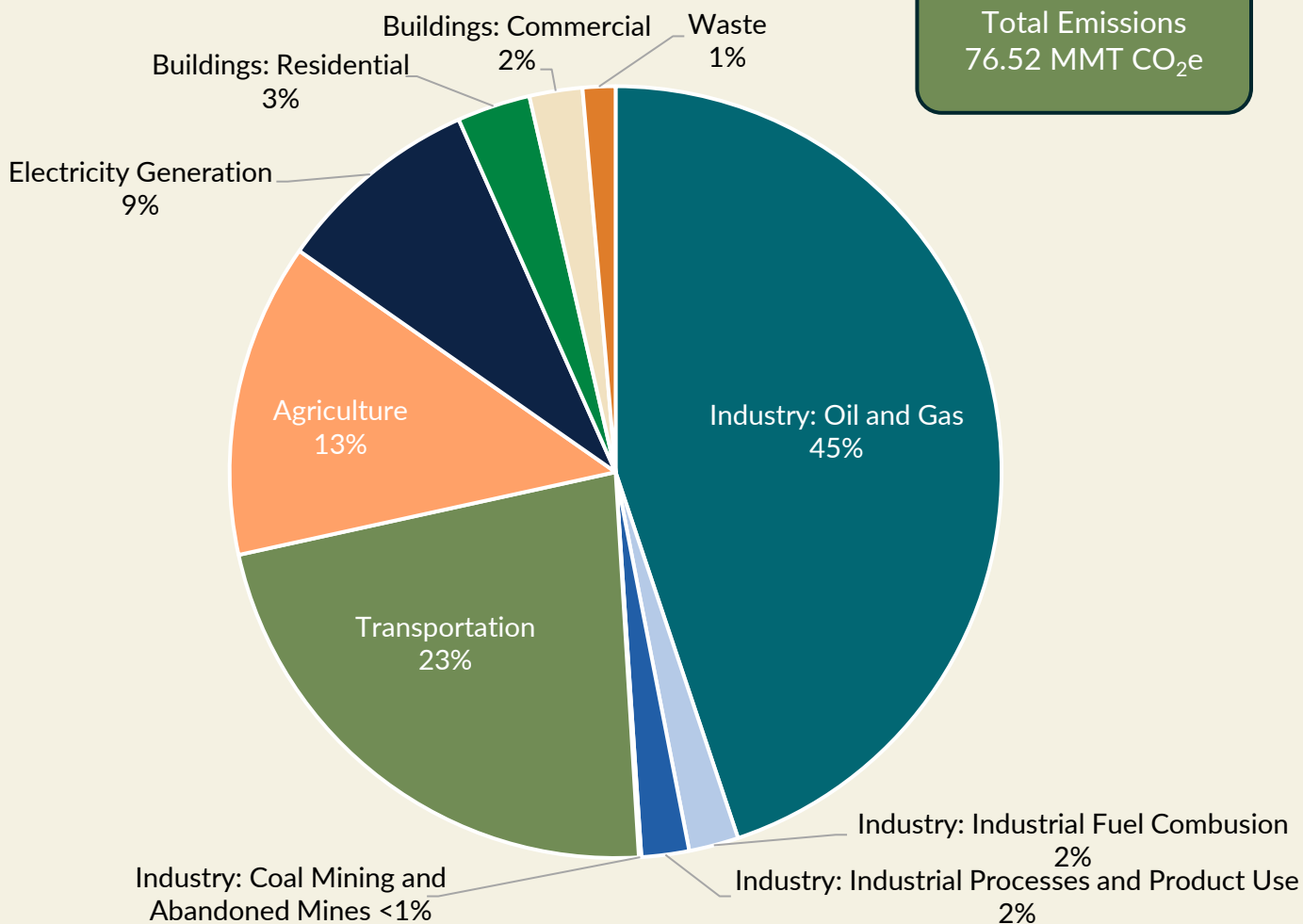
* Emissions and sinks from the Natural and Working Lands sector were quantified to provide a complete picture of the state's greenhouse gas emissions but are not included in the overall gross emissions totals, consistent with New Mexico's previous inventories



2023 Emissions - Overview

Highest Emitting Sectors:

1. Industry: Oil and Gas
2. Transportation
3. Agriculture





Methods – Oil and Gas

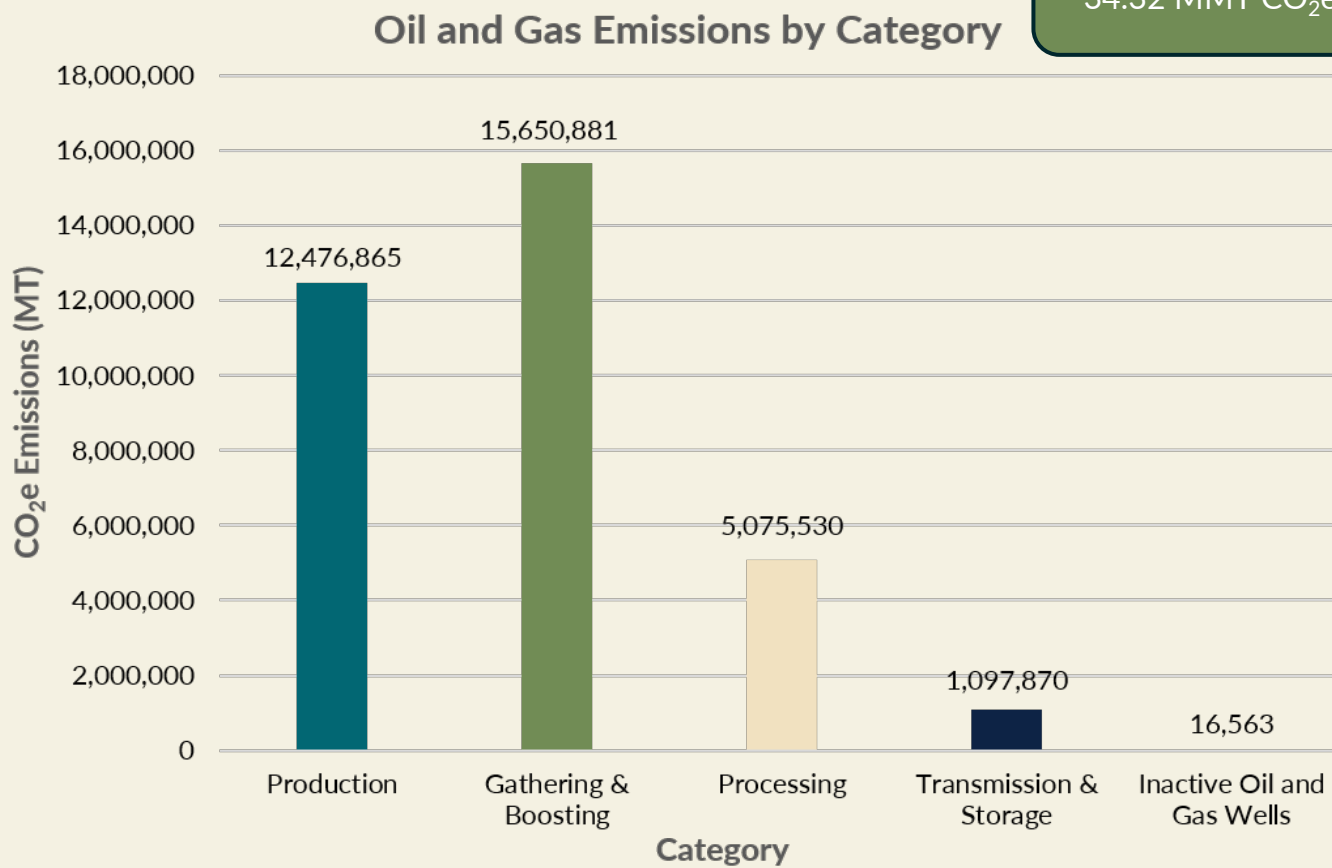
- Includes emissions from 5 categories:
 - ▣ Inactive oil and gas wells
 - ▣ Industry Segments:
 - Production
 - Gathering and boosting
 - Natural gas processing
 - Transmission and storage

Note: This inventory does not include emissions from natural gas distribution to end user.s



2023 Emissions – Oil and Gas

Production, gathering, and boosting emissions account for 82% of all Oil and Gas emissions

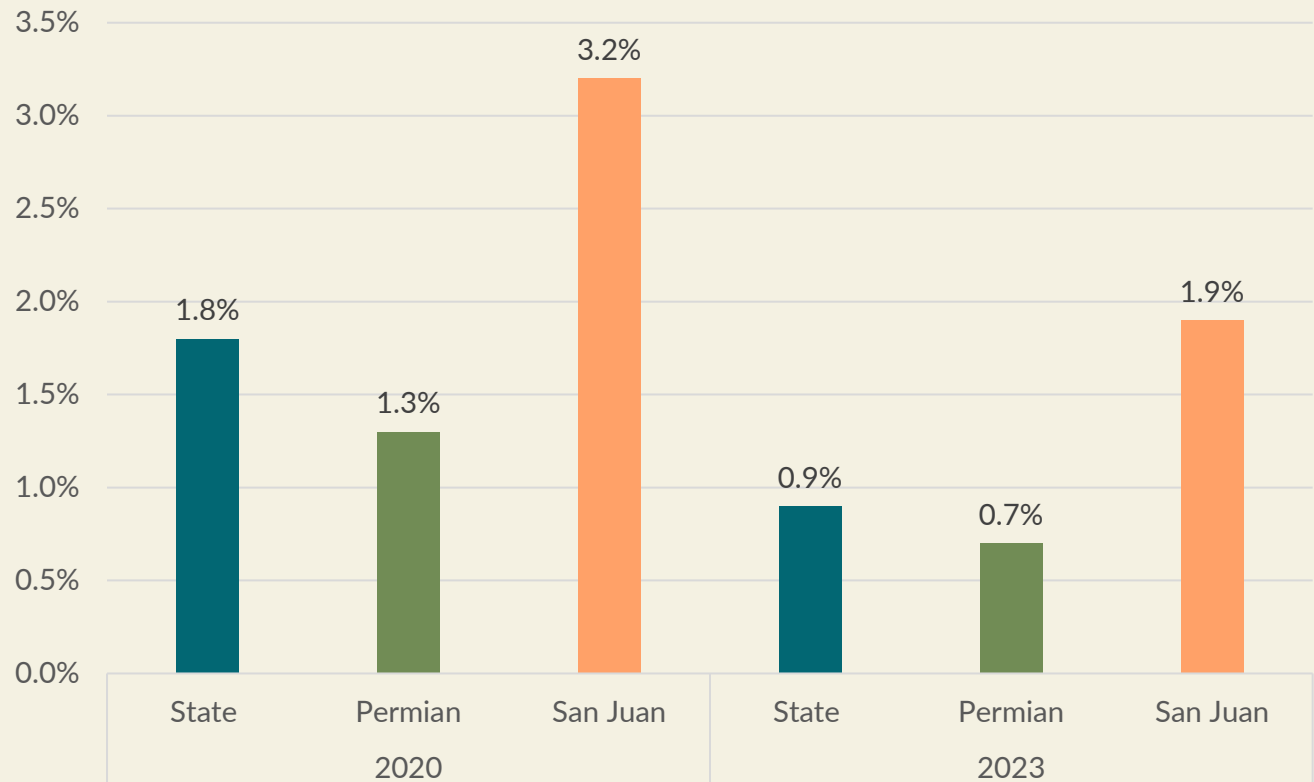




Trends and Analysis – Oil and Gas

New Mexico's Oil and Gas methane (CH₄) emissions intensity decreased by 50% from 2020 to 2023

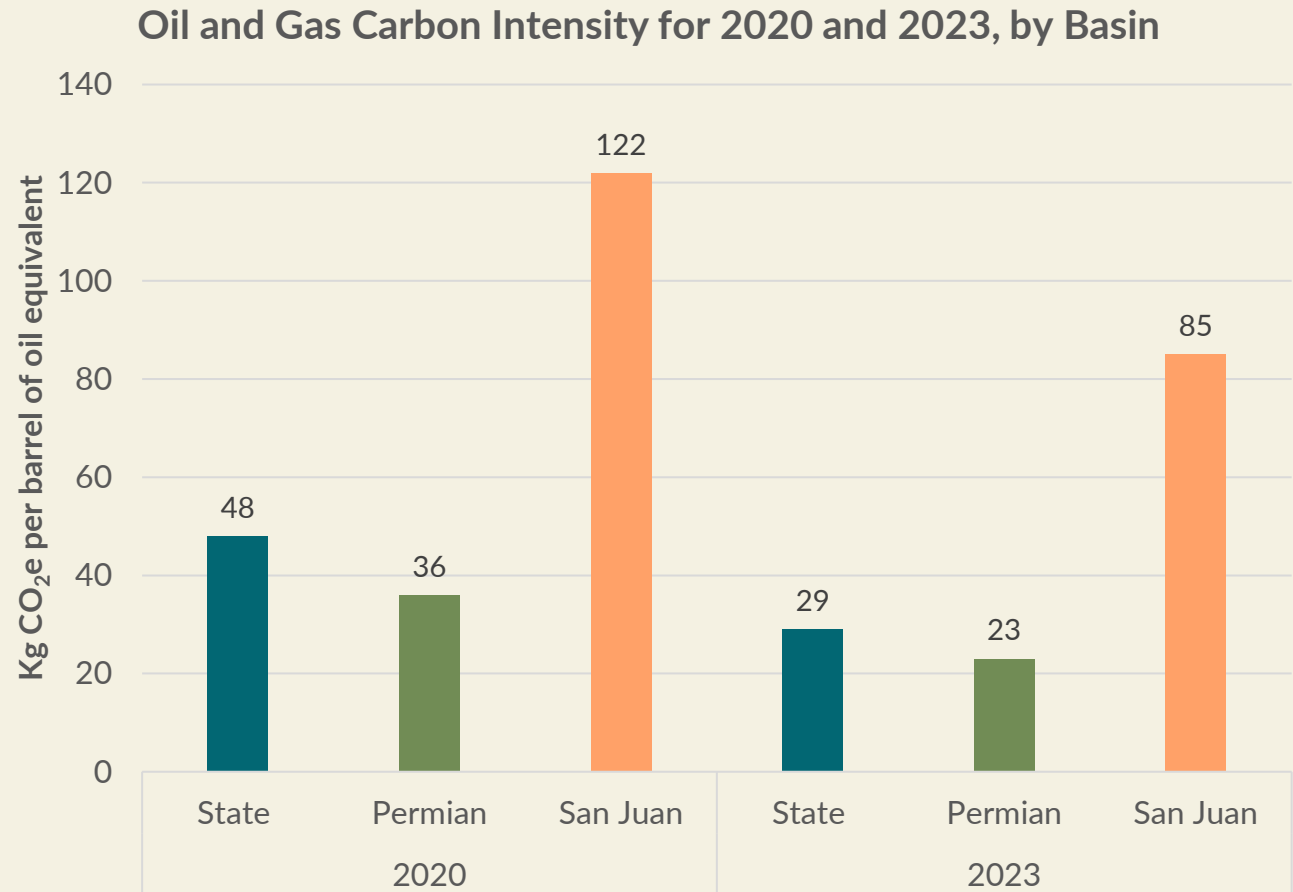
Oil and Gas Methane (CH₄) Emissions Intensity for 2020 and 2023, by Basin





Trends and Analysis – Oil and Gas

New Mexico's
Oil and Gas
carbon intensity
decreased by
40% from 2020
to 2023



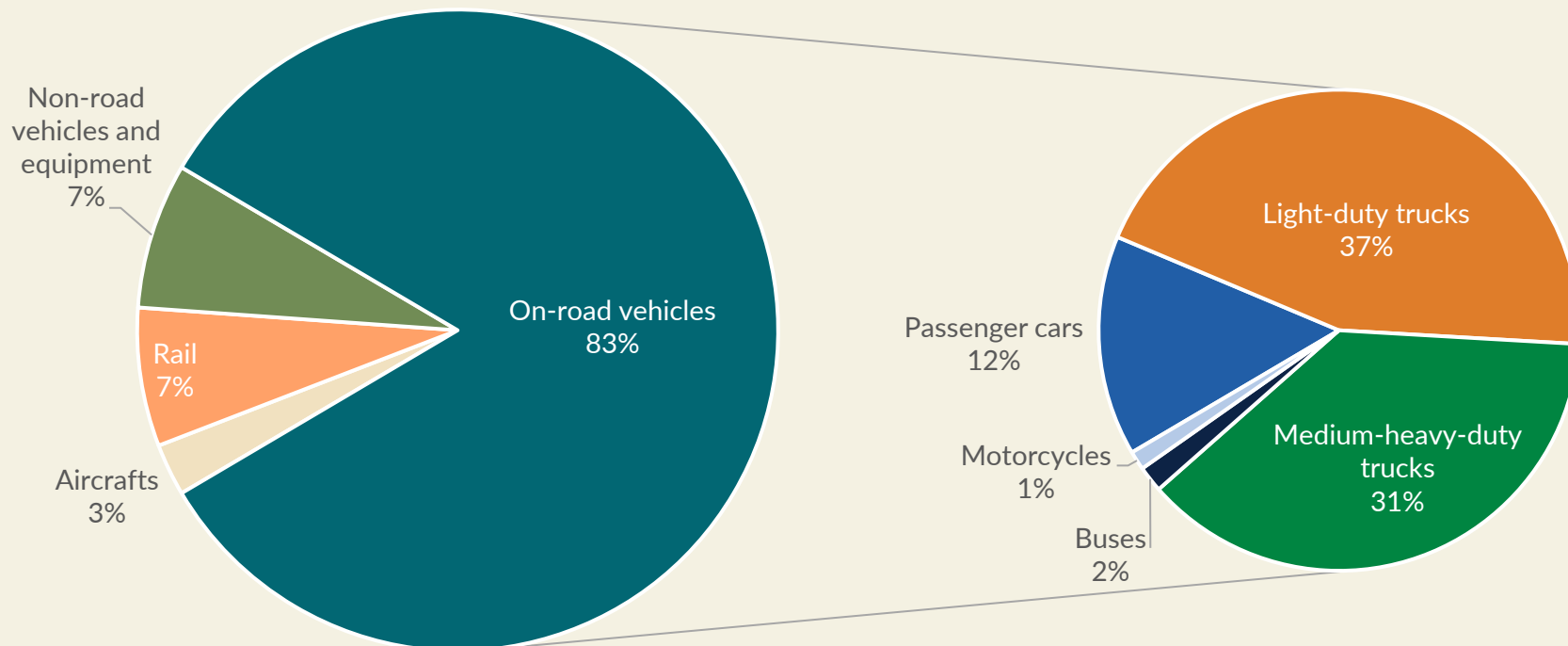


2023 Emissions - Transportation

CO₂e Emissions by Transportation Mode

Total Emissions
17.24 MMT CO₂e

On-road Emissions
14.31 MMT CO₂e



Includes emissions from all transportation modes operating within the state: on-road, aviation, rail and non-road

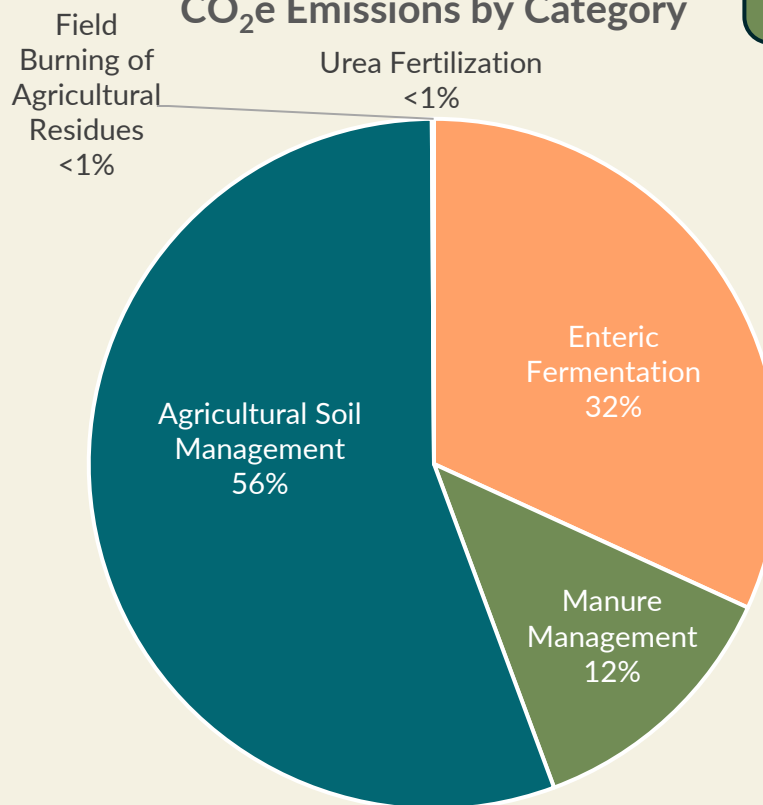


2023 Emissions - Agriculture

Agricultural soil management accounts for the majority of agriculture emissions, followed by enteric fermentation, then manure management

Total Emissions
10.07 MMT CO₂e

CO₂e Emissions by Category



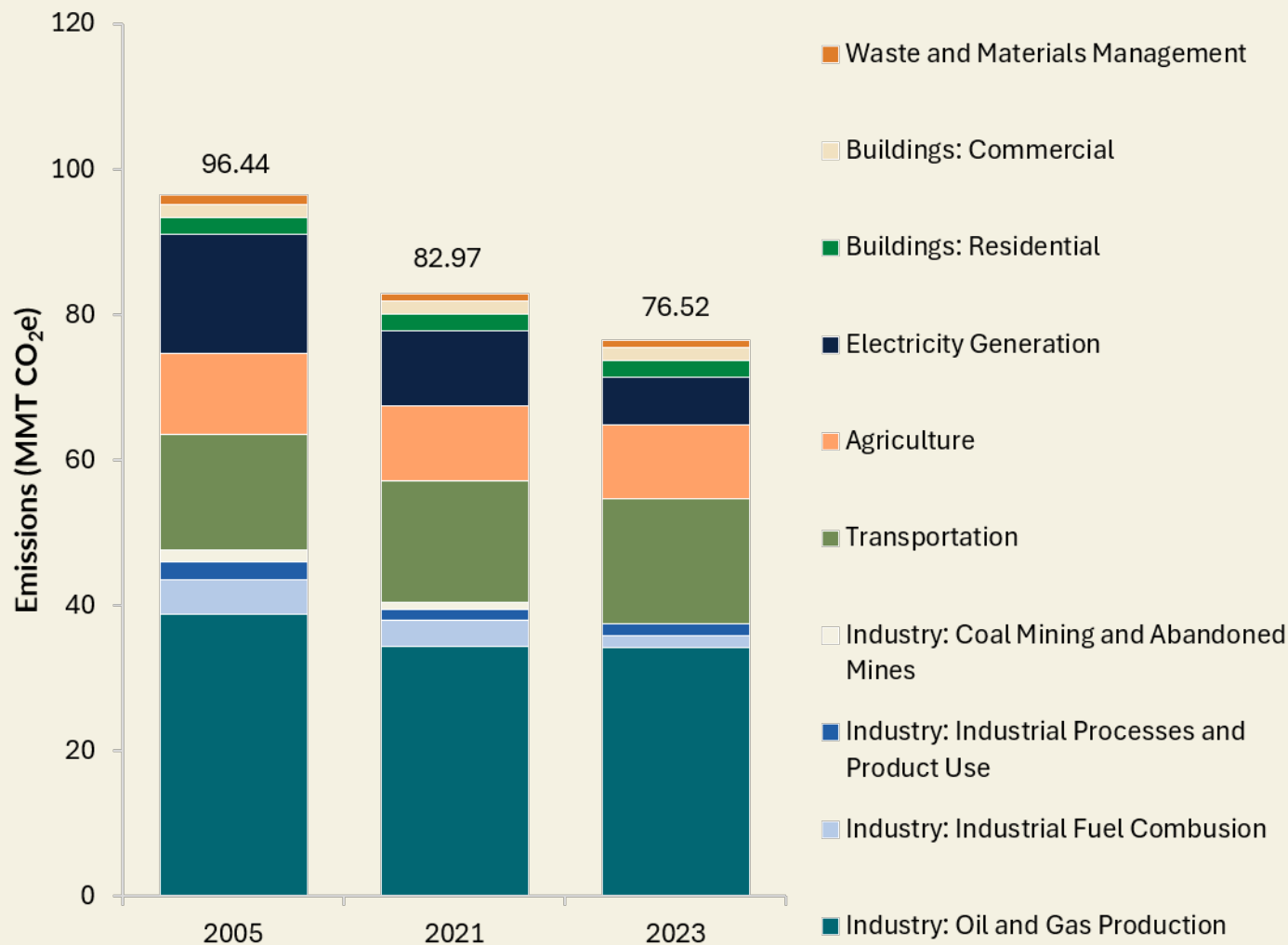


Trends and Analysis

NM's GHG emissions trend:

2005 – 2023
21% decrease

2021 – 2023
8% decrease





Trends and Analysis

Current Policies:

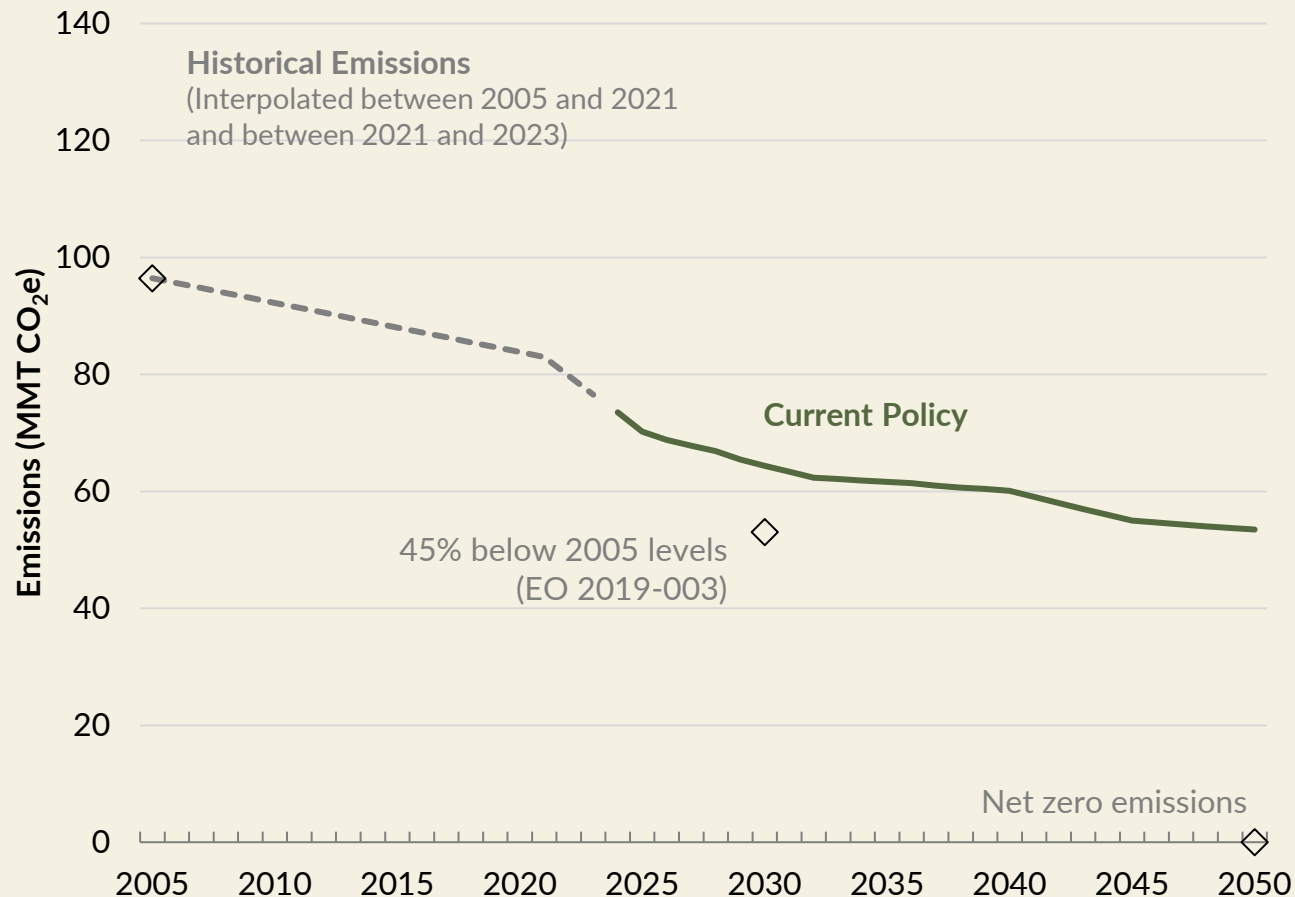
Ozone Precursor Rule (NMED)

Methane Waste Rule (EMNRD)

Clean Transportation Fuels Program (NMED)

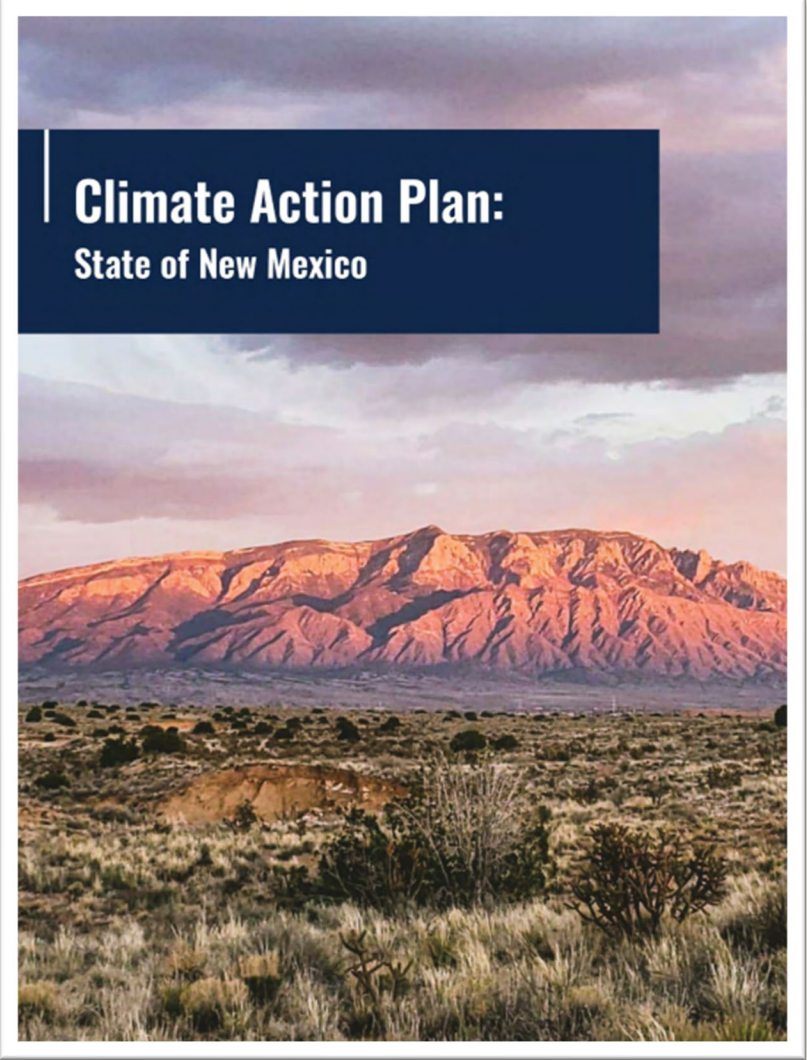
Energy Transition Act

New Mexico Vehicle Emissions Standards (NMED)





Filling the Gap

The image shows the cover of the "Climate Action Plan: State of New Mexico". It features a photograph of a desert landscape with a large, reddish-brown mountain range in the background and sparse vegetation in the foreground. A dark blue banner at the top left contains the title in white text.

Climate Action Plan: State of New Mexico

- ❑ Statewide implementation efforts underway to “fill the gap” (based on New Mexico’s Climate Action Plan)
- ❑ New Mexico Environment Department new actions underway include:
 - ❑ Compliance Implementation
 - ❑ Methane Abatement Rulemaking
 - ❑ Clean Fuel / Vehicle Infrastructure and Equipment
 - ❑ Waste Prevention and Diversion



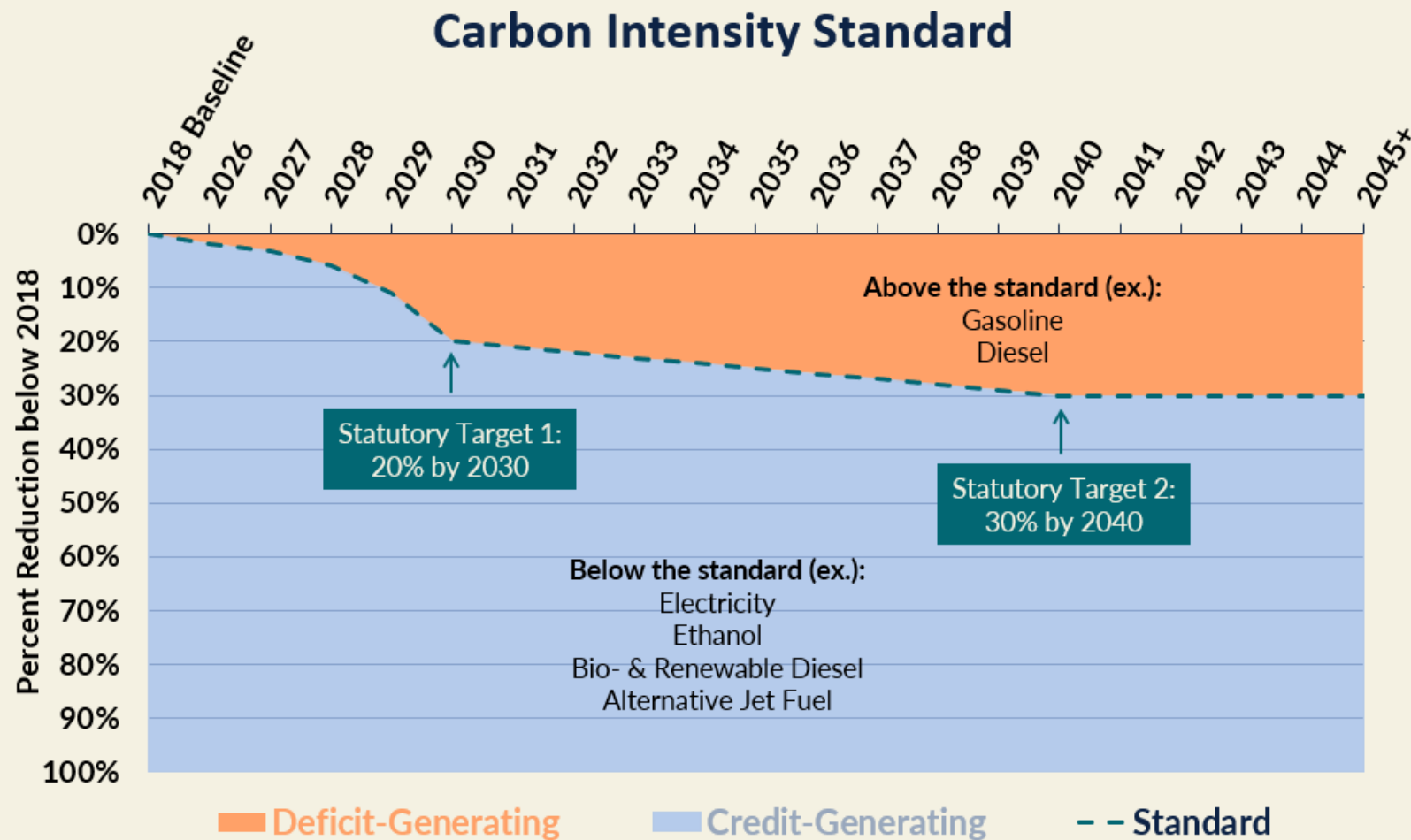
Clean Fuels Update

- Clean Transportation Fuel Program (“CTFP”) or “Clean Fuels”) overview
- Background & rulemaking process
- Implementation highlights
- Fuel market impact analysis





How the Clean Fuels Program Works





Clean Fuels Program Timeline





Clean Fuels Program Background

- ❑ **Order:** [Executive Order 2019-003](#) mandates a market-based program to curb emissions in NM by 45% from 2005 levels by 2030.
- ❑ **Legislation:** [House Bill 41](#), Clean Transportation Fuel Standards Act directs NMED and EIB to create a regulatory framework; signed into law in 2024.
- ❑ **Codification:** New Mexico became 4th U.S. state to enact a low carbon fuel program, now codified in statute [Section 74-1-18 NMSA 1978](#) as part of the Environmental Improvement Act.
 - ❑ 10 provisions that must be addressed in the program.
- ❑ **Rulemaking:** NMED drafted rule to turn statutory goals into a detailed program; EIB adopted final rule, [20.2.92 NMAC](#), in January of 2026.



Clean Fuels Rule Versions

- Discussion Draft Rule (December 2024)
- Petition Draft Rule (May 2025)
- Notice of Intent Rule (Sept. 2025)
- Rebuttal Rule (November 2025)
- Final Rule (enacted April 1, 2026)

225 New Mexico Register / Volume XXXVII, Issue 5/ March 10, 2026			
ENVIRONMENT DEPARTMENT		20.2.92.5 EFFECTIVE DATE: April 1, 2026, except where a later date is cited at the end of a section. [20.2.92.5 NMAC - N, 04/01/2026]	a credit generator has designated an aggregator to act on its behalf.
TITLE 20 ENVIRONMENTAL PROTECTION CHAPTER 2 AIR QUALITY (STATEWIDE) PART 92 CLEAN TRANSPORTATION FUEL PROGRAM		20.2.92.6 OBJECTIVE: To apply the CTFS through implementation of the CTFP to reduce the carbon intensity of transportation fuel, as measured in carbon dioxide equivalent units per unit of fuel energy of transportation fuel produced in New Mexico, imported into New Mexico or dispensed for use in New Mexico by a minimum of twenty percent below 2018 carbon intensity levels by 2030 and by a minimum of thirty percent below 2018 carbon intensity levels by 2040. [20.2.92.6 NMAC - N, 04/01/2026]	(5) “Alternative jet fuel” means a transportation fuel, made from fossil or non-fossil sources that can be blended and used with conventional fossil jet fuel without the need to modify aircraft engines and existing transportation fuel distribution infrastructure, and is a transportation fuel that has a lower carbon intensity than the conventional fossil jet fuel crediting benchmark in Table 3 in Subsection C of 20.2.92.701 NMAC. This includes alternative jet fuel derived from co-processed feedstocks at a conventional petroleum refinery.
20.2.92.1 ISSUING AGENCY: Environmental Improvement Board. [20.2.92.1 NMAC - N, 04/01/2026]			(6) “Announce” means the department sends an email to persons that have indicated to the department an interest in receiving emails, makes a post within the clean transportation fuel program data management system (CTFP-DMS) and includes on the department website.
20.2.92.2 SCOPE: The provisions of 20.2.92 NMAC shall: A. Establish the administrative authorities, requirements and procedures for the department to implement and enforce the clean transportation fuel program (CTFP) per Section 74-1-18 of the Environmental which reduces the of transportation		20.2.92.7 DEFINITIONS: The definitions in the Environmental Improvement Act, Section 74-1-3 NMSA 1978 shall apply in 20.2.92 NMAC. The definitions in 20.2.2.7 NMAC shall not apply in 20.2.92	

Environmental Improvement Board
Received
February 12, 2026
Pamela Jones

**STATE OF NEW MEXICO
ENVIRONMENTAL IMPROVEMENT BOARD**

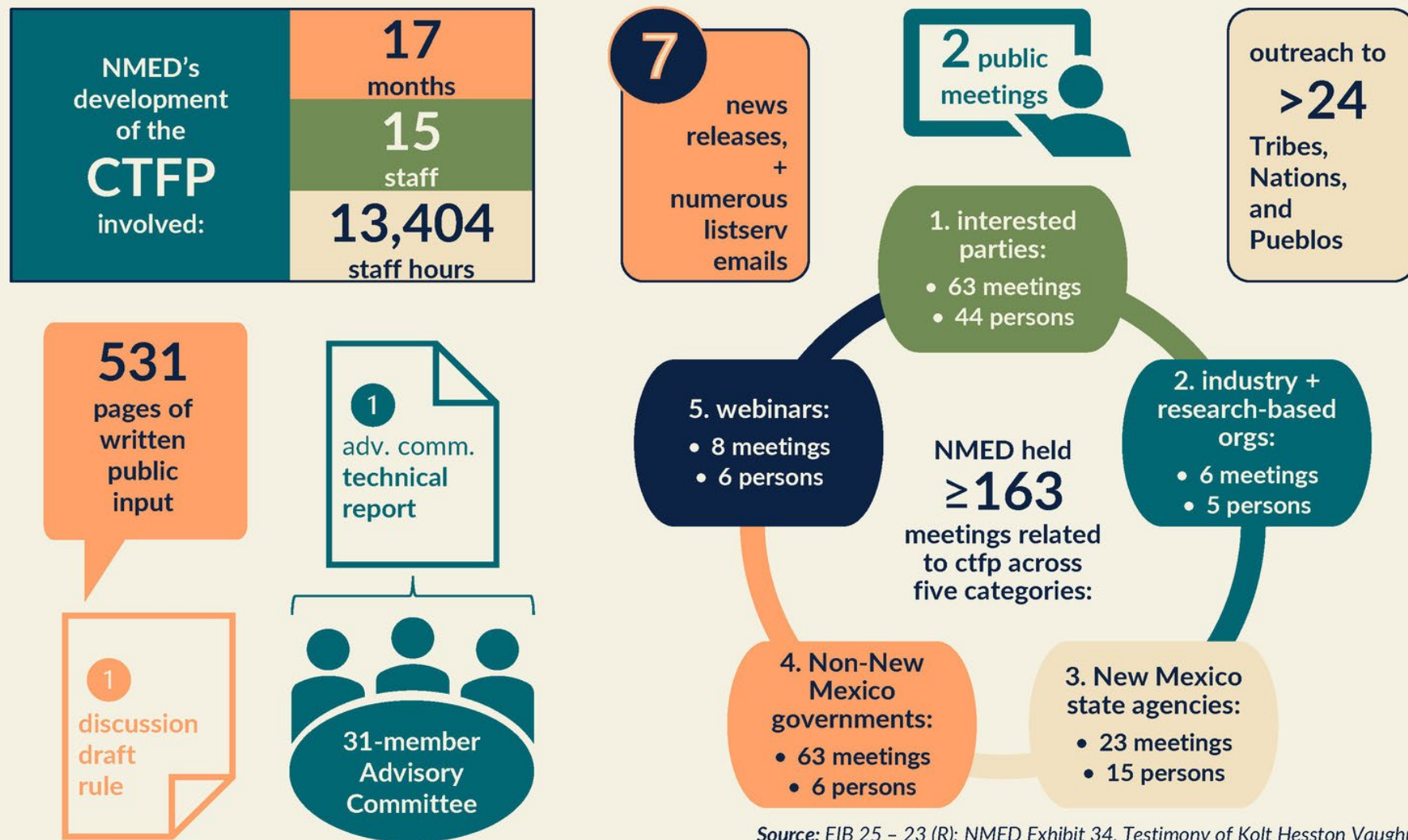
**IN THE MATTER OF PROPOSED
ADOPTION OF 20.2.92 NMAC –
Clean Transportation Fuel Program**

No. EIB 25 – 23(R)

**ORDER AND STATEMENT OF REASONS
FOR THE ADOPTION OF 20.2.92 NMAC, CLEAN TRANSPORTATION FUEL PROGRAM**



Clean Fuels Program - Public Engagement



Source: EIB 25 - 23 (R); NMED Exhibit 34, Testimony of Kolt Hesston Vaughn



New Mexico's Clean Fuels Program

Flexible

- Temporary fuel pathways from other states
- Book-and-claim opportunities
- Banking, Credit Clearance Market (CCM)
- Vehicle manufacturer participation



Responsible

- Avoided emissions parameters
- Deliverability for book-and-claim
- FSE credit limits, eligibility rules
- Residential electric vehicle charging revenue use
- CCM pledging requirements

Technology Neutral



- Fuel Supply Equipment (FSE) capacity credits
- Project credits for emissions reductions in transportation activities and fuel processes
- Pathways for innovative fuels
- Uniform registration fees





Implementation Highlights

Milestones in 2026

April,
August

Launch and
update of
Applications,
Reporting, and
Compliance
System (ARCS)

September

Over 100 CTFP
participants
registered!

October

Quarterly Fuel
Reporting
underway in
ARCS

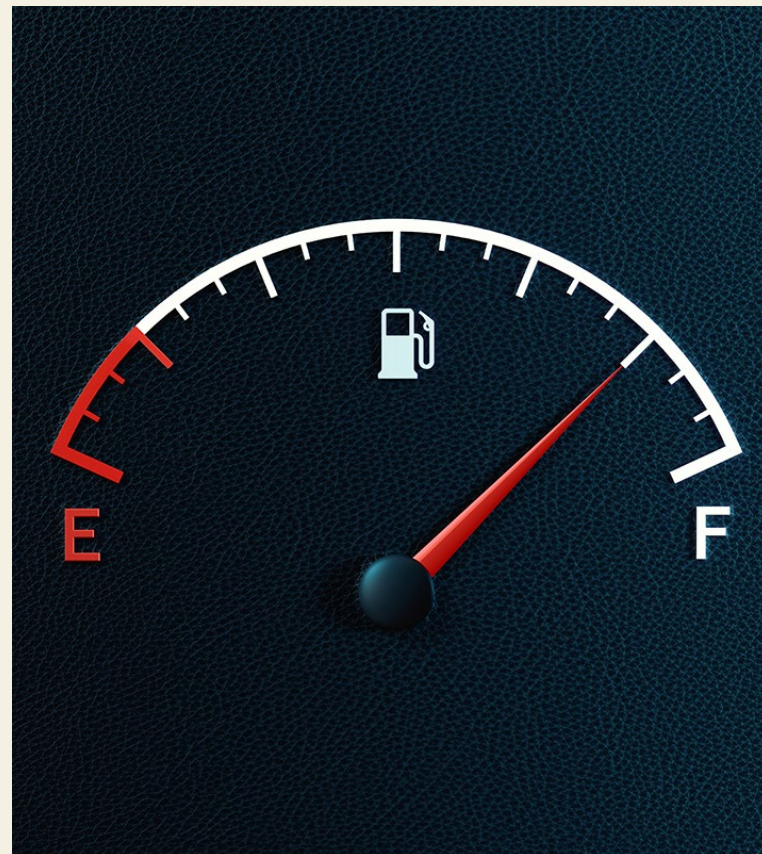
Throughout

NMED compliance
with rule
requirements:
publications, lifecycle
calculators, public
input



What About Gas Prices?

- Fact: The program is not a state tax or state fee and does not require a surcharge at the pump.
- Fact: The primary factor affecting the price of gasoline and diesel made from petroleum is the price of a barrel of oil on the global market.
- Fact: Current attribution is speculative; credit and deficit trading has not begun.
- Fact: Companies are already innovating to produce clean transportation fuels.
- Fact: The program provides flexibility for fuel suppliers and improves consumer choice to choose which fuels to purchase.





Questions?



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