Clean Fuels
ALLIANCE AMERICA

November 24, 2025

New Mexico Environmental Improvement Board

Re: Comments on the Proposed Clean Transportation Fuels Program

Submitted via email with attachments: https://nmed.commentinput.com/?id=Q7EpmKPeC

Dear members of the New Mexico Environmental Improvement Board:

The Clean Fuels Alliance America (Clean Fuels) appreciate the opportunity to provide written comments on the proposed Clean Transportation Fuel Program (CTFP) regulation submitted by the New Mexico Environment Department (NMED). Previously known as the National Biodiesel Board, Clean Fuels is the U.S. trade association representing the entire biodiesel, renewable diesel, and sustainable aviation fuel supply chains including producers, feedstock suppliers, fuel distributors, and fleets serving the on- and off-road transportation fuel markets. Made from an increasingly diverse mix of resources such as recycled cooking oil, soybean oil, canola oil, inedible corn oil, and animal fats, the clean fuels industry is a proven, integral part of America's clean energy future.

Clean Fuels was part of the coalition that got HB 41 passed in 2024 and was a member of the CTFP advisory committee. In addition, Clean Fuels has been longtime supporters of the state's overall climate and air quality improvement goals and have collaborated frequently with NMED staff toward achieving those goals along with the biodiesel blending mandate. Clean Fuels looks forward to being an active participant in bringing biodiesel, renewable diesel, and sustainable aviation fuel to New Mexico through its membership of feedstock providers, fuel producers and fleet partners.

Outside of New Mexico, Clean Fuels has been a strong partner in the Low Carbon Fuel Standard (LCFS) jurisdictions including California, Oregon, and Washington. We bring over 15 years of expertise in designing and implementing the policy throughout the west to this rulemaking process in the hopes that New Mexico can learn from that experience. In 2024, biodiesel and renewable diesel, known together as biomass-based diesel or BBD, represented approximately 74% of California's diesel pool, 28% of Oregon's diesel pool, and almost 20% of Washington's diesel pool and we look forward to expanding our presence in New Mexico as well.

Comments on the Rulemaking:

1. Delayed compliance period - Clean Fuels supports the proposal to have an extended initial compliance period through 2027. We believe this gives the market enough time to satisfy the administrative requirements of the program and build partnerships to provide clean fuels into the state. During this period, Clean Fuels recommends that both credits and deficits be generated against declining carbon intensity reduction targets to ensure that greenhouse gas emissions reductions occur as soon as possible. It is our understanding that quarterly reports will begin for

Q2 2026 and the initial compliance report will be due by April 30, 2028 for the period between April 1, 2026 through December 31, 2027.

2. Indirect land use change (ILUC) values –

   Clean Fuels supports the testimony provided by Dr. Tristan Brown on behalf of Growth Energy. As he provides, advancements in the methodology to estimate ILUC has evolved drastically since California adopted their values in 2016. Both the models and the data sets have improved. The values used in California are now outdated and inaccurate to the point where the California Air Resources Board directed staff to convene a public process to engage with academia and industry stakeholders to discuss how best to address the topic. Data shows that ILUC values continues to decrease but there is a lack of consensus around what an updated value should be or even if the approach to assign a single value is still valid. Despite this, NMED still proposes to adopt the California ILUC values in this rulemaking. Clean Fuels strongly opposes that proposal since it will unfairly penalize biofuels in the clean fuels market. Instead, Clean Fuels proposes the following:

   a. ILUC values should be zero until CARB adopts new ILUC values. Doing so will allow biofuels to get a jump on credit generation that will help build an early bank of credits which is sorely needed to meet the program's aggressive carbon intensity reduction targets. The most recent modeling from NMED shows that even more biofuels will be needed to achieve the program's targets, adjusting for less credits being generated by electricity, and removing the ILUC penalty at the beginning of the program is a good way to address that.

   b. If a. is not adopted, then the ILUC values for soy biodiesel and renewable diesel should be aligned with the methodology proposed by Dr. Brown in his testimony. Using the GTAP-BIO+CCLUB (2024)[1] model, Clean Fuels proposes the ILUC value to be 10.32 gCO2e/MJ for soy biodiesel and 11.69 gCO2e/MJ for soy renewable diesel. We believe these values are more representative of the latest version of the models and as well as the latest data.

   Clean Fuels also notes here that New Mexico consumes approximately 800 million gallons of diesel per year which is drastically lower than California's 4 billion gallons which means that New Mexico's ILUC values should be proportionately lower than California's.

   In addition, Clean Fuels strongly opposes the proposal by CCAE to apply the ILUC value for palm-based biofuels to soy- and canola-based biofuels. This proposal is without scientific basis and will severely harm New Mexico's ability to meet its carbon intensity reduction targets. Applying 71.4 gCO2e/MJ to soy- and canola-based fuels will make those fuels generate deficits instead of credits and effectively remove them from the New Mexico market at a time when significant quantities of biodiesel and renewable diesel are needed.

[1] Kwon, H., X. Liu, S. Kar, H. Cai, and M. Wang. 2025. "Expansion of Carbon Calculator for Land Use and Land Management Change from Biofuels Production (CCLUB) to Address Induced Land Use Changes and Other Indirect Effects of Clean Fuel Production for R&D GREET 2024," Argonne National Laboratory, ANL/ESIA-24/22, January. Available on the Web at: https://publications.anl.gov/anlpubs/2025/05/193639.pdf (accessed August 31, 2025).

3. Conventional fossil jet fuel crediting benchmark – Clean Fuels supports the proposal to establish a conventional fossil jet fuel crediting benchmark. This change provides a very clear way for sustainable aviation fuel producers to determine how many credits can be generated in the CTFP and also removes the program from having renewable diesel compete with sustainable aviation fuel against a combined fossil diesel and jet fuel baseline.

4. Emergency deferral – Clean Fuels opposes the change to 20.2.92.601(A)(1)(a) to include "a shortage of generated and banked credits relative to deficits" as a reason to issue an emergency deferral. Credits and deficits are generated on a quarterly basis and regulated parties will be able to observe the relative balances through the publishing of quarterly data reports by NMED. While there may be a shortage of credits at any point in the calendar year, regulated parties are only required to demonstrate compliance on an annual basis, at which point, the credit clearance market in 20.2.92.507(I) is in place to address any individual party's shortage of credits to comply. Including a credit shortage into the considerations to issue an emergency deferral will only provide additional uncertainty in the market.

Clean Fuels thank NMED staff for their continued efforts to strengthen the CTFP and provide the vision for the program to meet New Mexico's carbon reduction goals. Thank you for your consideration of these comments. We look forward to continuing to collaborate with NMED staff.

Sincerely,

Cory-Ann Wind

Cory-Ann Wind
Director of State Regulatory Affairs
Clean Fuels Alliance America