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November 12, 2025

Ms. Claudia Borchert
Chief, Climate Change Bureau
New Mexico Environment Department
1190 St. Francis Drive, Suite N4050
Santa Fe, New Mexico 87505

RE: The Transport Project Comments on the New Mexico Environment Department Proposed Rule for a New Mexico Clean Transportation Fuel Standard Program

Dear Chief Borchert:

The Transport Project (TTP) respectfully submits the following comments on the New Mexico Environment Department (NMED) Draft Rulemaking for the New Mexico Clean Transportation Fuel Standard Program (CTFS) and in support of NMED's objective, to continue to incentivize the lowest carbon fuels and technologies available to the transportation market. The proposed CTFS rule is comprehensive and represents significant efforts that are appreciated. It is our belief and the intent of the draft CTFS rule that New Mexico should continue to be fuel neutral through the CTFS, using national standards and the Argonne GREET model to quantify life cycle vehicle emission values.

The Transport Project is a national coalition of fleets, vehicle and engine manufacturers and dealers, servicers and suppliers, and fuel producers and providers dedicated to the decarbonization of North America's transportation sector. By continuing to increase the use of gaseous motor fuels including renewable natural gas (RNG or biomethane) and hydrogen, New Mexico can achieve ambitious climate goals and greatly improve air quality safely, reliably, and effectively without delay and without compromising existing commercial business operations.

Biomethane made from animal waste has the lowest carbon intensity of any fuels including electricity and hydrogen. New Mexico has an abundance of crop, dairy and other animal farms, some of which are already producing RNG and other bio and renewable fuels, providing economic opportunity for many rural areas of New Mexico.

As has been evident in California, the use of low-carbon fuels, including renewable diesel and renewable natural gas, have produced most of the emissions reductions to date, demonstrating the need to retain these fuels until ZEV technology, charging/fueling and supply reach full operational capacity. There is **no one solution** to the pressing environmental issues facing the transportations sector. Policy makers should move quickly to deploy those technologies and solutions that are readily available, maximize cost-effective emission reductions, and provide a real pathway to carbon neutral or carbon-negative emissions.

The Transport Project commends the draft CTFS rule and offers comments regarding the following:

- **Book-and-Claim Accounting**

The CTFS draft rule defines “Book-and-Claim” to mean “the accounting methodology where the environmental attributes of an energy source are detached from the physical molecules or electrons when they are commingled into a common transportation and distribution system for that form of energy.” TTP supports the use of Book-and-Claim and recommends that New Mexico hold to its language that the biofuel molecules may come from outside of New Mexico. This will further promote the growth of facilities producing such molecules and is the current “best practice” used in California’s LCFS and other states’ programs.

- **Avoided Methane Crediting**

The CTFS draft rule enables avoided methane crediting which is an accurate representation of emissions reduction and will better incentivize new and additional biomethane projects that would not have occurred in the absence of the CTFS. The inclusion of avoided methane crediting follows federal and several state practices in determining Carbon Intensity (CI) scores by including avoided methane.

- **Leveraging Other Programs, Pathways and Third Party Verifications**

NMED, through its draft CTFS rule is promoting leveraging other in-state and out-of-state programs which will provide greater connectivity of efforts. Also, allowing re-certification of pathways approved in other states (adjusted as needed for NM) will streamline increased opportunity, as will recognizing third-party verifications of pathways.

- **Biomethane as an Input for Renewable Hydrogen**

TTP commends NMED for considering the value of biomethane as an input for renewable hydrogen, and it will push hydrogen emissions lower as fueling infrastructure and use expand.

The Transport Project thanks NMED for their work and requests consideration for our comments and requests made regarding the proposed CTFS rule. We strongly believe that multiple fuels and technologies will be needed to reduce emissions, and that the “best fit for the purpose” should be the guiding principle. The key is to find proven products that are available, that effectively and affordably lower emissions, have existing infrastructure for fueling/charging and fit the current business model.

New Mexico has a history of supporting alternative fuel vehicles as the best path to building greater demand for New Mexico-produced clean fuel products, cleaning the environment by using lower emission vehicles in transportation, and providing economic benefit to the state and its constituents. Implementing a CTFS in New Mexico will continue to enable the cleanest and best for purpose fuels to be used for transportation in New Mexico.

Please contact me with any questions.

Sincerely,



Sherrie Merrow

The Transport Project Director of State Government Affairs