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September 2, 2025

New Mexico Environment Improvement Board
Harold L. Runnels Building
1190 St. Francis Drive, Suite N4050
Santa Fe, NM 87505

Via Electronic Submission

Re: EIB 25-23 (R) - In the Matter of Proposed Adoption of 20.2.92 NMAC Clean Transportation Fuel Program

Dear Members of the Environmental Improvement Board:

On behalf of The Scoular Company, thank you for the opportunity to comment on the New Mexico Environment Department's ("Department") Discussion Draft of the Clean Transportation Fuels Program (CTFP) Rule. Scoular, a 130-year-old, employee-owned agribusiness headquartered in Omaha, Nebraska, has a longstanding interest in renewable fuel policy as a supplier of renewable feedstocks.

Scoular plays a critical role in supplying renewable feedstock, including animal fats, oils, and waste greases, to renewable fuel producers across the country. By aggregating supply from many partners and providing the logistics execution to move these materials reliably, Scoular ensures that producers of biomass-based diesel have access to traceable, compliant feedstocks needed to meet federal, state, and international standards. Looking ahead, Scoular is also working to expand the availability of low-carbon oilseeds such as winter canola, supporting both U.S. agriculture and the energy transition.

We respectfully offer the following comments on issues of critical importance to our customers and our business:

1. Accurate Treatment of ILUC Values

We urge the Department to revise its proposed approach to Indirect Land Use Change (ILUC) values by aligning it with the latest scientific modeling. We recognize that the California Air Resources Board (CARB) has become the de facto reference point for other state clean fuel programs. However, CARB's Indirect Land Use Change (ILUC) factor of 29.1 gCO_2e/MJ for biomass-based diesel from soybeans is outdated and inconsistent with more recent science.

Recent modeling by Argonne National Laboratory demonstrates significantly lower ILUC values:

- Argonne GREET CCLUB (2023): 12.5 gCO_2e/MJ
- 40B SAF GREET (2024): 12.2 gCO_2e/MJ
- 45Z Clean Fuels GREET (2025): 13.6 gCO_2e/MJ

These results confirm that soybean-based biofuels provide far greater GHG reduction benefits than CARB's values reflect. Scoular encourages the EIB to align ILUC accounting with current GREET science to ensure accurate carbon intensity values.

Additionally, Scoular recommends that New Mexico adopt region-specific carbon intensity values, as implemented in California LCFS, Oregon Clean Fuels, 40B SAF GREET, and 45ZCF GREET. A uniform ILUC factor penalizes feedstocks from the U.S., which already operate under stringent sustainability and compliance standards, including those set by the Environmental Protection Agency.

2. Recognition of Winter Canola and Other Winter Oilseeds

The draft regulation currently refers to "canola biodiesel or renewable diesel" in Table 8. We urge the Department to modify this designation to "spring canola biodiesel or renewable diesel."

Winter canola is biologically and agronomically distinct from spring canola and represents a growing supply opportunity along with other developing winter oilseeds. Planted in the fall and harvested before summer crops, winter canola grows between primary rotations without displacing food production, lowering land use change risk. It also improves soil health, reduces erosion, and enhances rotations — often increasing subsequent wheat yields.

The 2024 R&D GREET update recognized this distinction by designating a "spring canola" pathway, along with pathways for winter oilseeds, reflecting their lower ILUC impacts and environmental benefits. Independent research from Purdue University's GTAP Center has shown that winter canola can have a negative ILUC value (–6.61 gCO_2e/MJ) compared with a positive ILUC for spring canola (+14.65 gCO_2e/MJ).

If New Mexico's program maintains a generic "canola" designation, there is a significant risk that winter canola's lower carbon intensity (CI) may not be recognized. This outcome would undermine the program's central objective of incentivizing the use of lower-CI feedstocks and supporting the production of cleaner fuels. It would also discourage grower adoption of environmentally beneficial winter canola at a time when interest and acreage are expanding in regions proximate to New Mexico, such as Kansas, Oklahoma, and Texas. To ensure the CTFP fulfills its intention of driving the lowest-CI biofuel pathways, winter canola should be explicitly distinguished.

3. Continued Access for Vegetable Oils as Biofuel Feedstocks

While we appreciate the need for regulatory compatibility to align with other state LCFS programs, including California, we urge the Department to continue to oppose restrictions on the use of vegetable oil as a biofuel feedstock.

Capping the use of vegetable oils would significantly increase fuel costs. Because vegetable oil is currently one of the most efficient and cost-effective feedstocks, limiting its use would constrain the supply of biodiesel and renewable diesel. This would create a supply-demand imbalance, driving up the costs of renewable diesel production and, consequently, the price at the pump for consumers.

By capping vegetable oil usage, the program would risk stalling the progress already made to reduce carbon emissions by creating a bottleneck in renewable diesel production.

Vegetable oils, including soybean and canola oil, are efficient, scalable, and cost-effective feedstocks. Restrictions would discourage innovation and investment at a time when states are seeking to rapidly decarbonize transportation sectors. We strongly support the proposal's current approach of avoiding such restrictions, which supports American agriculture, established science, and smart biofuels policy.

Conclusion

Scoular commends New Mexico for its leadership in advancing low-carbon fuel policies that recognize the importance of agricultural feedstocks. We respectfully urge the Board to:

- Align ILUC values with current GREET science.
- Distinguish spring canola from winter canola to recognize their distinct CI values and encourage adoption of low-CI winter oilseeds.
- Maintain eligibility of vegetable oils without restriction to ensure robust feedstock supply.

Accurate ILUC accounting, fair treatment of winter oilseeds, and continued access for vegetable oils are essential to ensuring a fair, effective, and durable program that supports both decarbonization and rural economies. Scoular looks forward to working with the Department to finalize and implement a program that achieves these shared goals.

Sincerely,

Ed Prosser
Senior Vice President, Government Relations
The Scoular Company