

New Mexico Cattle Growers' Association (Tom Paterson)

Please see the attached letter.



New Mexico Cattle Growers' Association

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October 13, 2025

by electronic submission

Environmental Protection Division Director, Michelle Miano

Climate Change Bureau Chief, Claudia Borchert

New Mexico Environment Department

Harold L. Runnels Building

1190 St. Francis Drive, Suite N4050

Santa Fe, NM 87505

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

Dear Director Miano and Bureau Chief Borchert:

The New Mexico Cattle Growers' Association appreciates the opportunity to comment on the EIB 25-23 (R) - In the Matter of Proposed Adoption of 20.2.92 NMAC Clean Transportation Fuel Program and offer the following:

Regrettably, our Legislature has asked you to develop a rule to do the impossible. Despite not insubstantial effort, you have not nor can you. The passage of a year and a half and the delivery of a 90-page rule have not changed the reality of what this rule will never achieve. No matter how it is rolled out, this rule will not improve our environment. It will, however, undeniably raise the cost of fuel to New Mexicans. That includes our poor. It likewise includes our businesses who already exist on razor-thin margins. These are the businesses that provide jobs in small communities, the farms and ranches that produce our food and the businesses that harness our energy resources.

Section 20.2.92.6 of the Proposed Rule specifies: "OBJECTIVE: To apply the CTFS through implementation of the CTFP to reduce the carbon 31 intensity of transportation fuel, as measured in carbon dioxide equivalent units per unit of fuel energy of 32 transportation fuel produced in New Mexico, imported into New Mexico or dispensed for use in New Mexico by a 33 minimum of twenty percent below 2018 carbon intensity levels by 2030 and by a minimum of thirty percent below 34 2018 carbon intensity levels by 2040." That objective will not be realized. Likewise, the Statement of Reasons for the draft rule at paragraphs 26, 27, 28, 29, 31, 32 and 33 are fanciful, lacking factual basis.

BRONSON CORN, President, Roswell; **TOM PATERSON**, President-Elect, Luna; **BECKY SPINDLE**, Vice-President At Large Amistad, Roy Farr, SW Vice-President Datil; **DAVE KENNEKE**, NW Vice-President, Cimarron; **JEFF DECKER**, SE Vice-President, Lovington; **CLIFF COPELAND**, NE Vice-President, Nara Visa; **SHACEY SULLIVAN**, Secretary-Treasurer, Bosque Farms; **LOREN PATTERSON**, President, Corona; **RANDELL MAJOR**, Past President, Magdalena

The authority for those statements apparently derives from the New Mexico Environment Department's public representation that "[f]or the program's **first ten years**, credits are expected to come from **renewable diesel** and **biodiesel**. **After 2035**, New Mexico's New Motor Vehicle Emission Standards (NMVES) and Renewable Portfolio Standard (RPS) will supply sufficient credits from **electrification** and **renewable electricity** to satisfy CTFP's statutory requirements." The facts for such a claim are missing.

The Proposed Rule is fundamentally flawed in its treatment of fuel cost impacts, rural fuel availability, fuel quality under biodiesel blending mandates, and the likely instability of the proposed credit market. These weaknesses will have disproportionate effects on rural New Mexico, including many Native American and low-income communities, as well as on the state's agricultural and resource-based industries.

Experience in California and Oregon shows that low-carbon fuel programs lead to higher retail fuel prices due to compliance costs being passed through the supply chain. In smaller markets such as New Mexico, these price impacts are likely magnified due to lower liquidity and a limited number of fuel suppliers. Credit price volatility in California's LCFS—where credits have fluctuated from over \$200 per ton to under \$70—demonstrates how unpredictable these costs can be. The proposed New Mexico rule includes no effective cost-containment mechanism, such as a credit price ceiling or a cost-containment reserve, leaving fuel prices exposed to speculative swings. Credit scarcity is almost guaranteed with almost no in-state fuel producers. When credit prices spike, regulated entities will pass the cost to consumers.

Rural New Mexico, including many Native American reservations and frontier counties, already faces fuel supply constraints and high transportation costs. By design, compliance costs with the Proposed Rule will concentrate where the fewest fuel alternatives exist. The Proposed Rule does not include any exemptions for areas that rely on long-haul fuel transport or have limited access to biofuel infrastructure. The resulting price differentials will create economic hardship in communities already experiencing high poverty rates and reliance on dispatchable petroleum-based fuels that are far from any electrical service.

The rule implicitly encourages higher biodiesel blend ratios but does not incorporate sufficient quality control requirements. Biodiesel blends above B20 can cause injector fouling, filter plugging, and poor cold-weather performance, particularly at high elevations. Many agricultural and freight engines in New Mexico operate in remote conditions where fuel quality control is minimal. Without strict ASTM D6751 and D7467 compliance and mandatory winter-grade standards, the rule risks imposing hidden maintenance costs and reduced equipment life across the transportation and ranching sectors. Transportation fuel is a foundational input for New Mexico's economy—especially agriculture, mining, forestry, and construction. Even modest increases in per-gallon costs will reduce competitiveness and employment in these sectors. The draft rule does not include any quantitative economic analysis of these effects, nor does it propose offsets or exceptions for impacted sectors. This omission makes job

losses and economic contraction likely in the underserved rural communities the State ostensibly wants to help.

The Clean Transportation Fuel Standard, as drafted, risks imposing high and volatile costs on consumers while providing no environmental benefit. Its design does not account for New Mexico's unique rural economy, fuel-supply geography, or small-market credit dynamics. The likely effect is the destruction of jobs and depression of New Mexico's rural businesses. The Environmental Improvement Board should pause adoption.

No matter how it is tweaked, the Proposed Rule cannot and will not achieve its stated objective, but it will inflict great cost and suffering to New Mexicans least able to withstand it.

Sincerely,

A handwritten signature in black ink, appearing to read "Tom Paterson". The script is cursive and fluid, with the first name "Tom" and last name "Paterson" clearly distinguishable.

Tom Paterson, President Elect