# Clean Fuels for a Cleaner New Mexico

## Clean Transportation Fuel Program 101

New Mexico is implementing the **Clean Transportation Fuel Program (CTFP)**, a market-based program designed to cut greenhouse gas emissions, reduce air pollution, and create jobs. New Mexico would be the fourth state to adopt such a program, which **reduces the carbon intensity (CI) of transportation fuels**.

## What is the CTFP?

The program is authorized under New Mexico statute, and sets legally binding targets:

**20%** CI reduction by 2030

**30%** CI reduction by 2040

(relative to 2018 baseline)

The program establishes annual CI rates of decline to reach these statutory targets that are known as the Clean Transportation Fuel Standard, and applies to transportation fuels that are produced, imported, or dispensed for use in New Mexico.

## How Carbon Intensity Works

The program regulates fuels based on carbon intensity, which measures total greenhouse gas (GHG) emissions across the lifecycle of a fuel ("well-to-wheels"). This includes GHG emissions from the following lifecycle stages:

- Production of fuel feedstocks
- Refining or processing of feedstock into transportation fuel
- Blending at fuel terminal
- Distribution of finished fuel
- Fuel use and combustion

To calculate CI scores, New Mexico developed NM-GREET v1.0, a model customized from R&D GREET tool.

## How the Credit Market Works

The Clean Transportation Fuel Program uses a credit/deficit system. Each year, the program sets a declining carbon intensity (CI) standard:

- Credits: Earned by fuels with CIs less than the standard (e.g., renewable diesel, biodiesel, electricity)
- Deficits: Generated by fuels with CIs greater than the standard (e.g., fossil gasoline, diesel)
- Compliance: Fuel suppliers must hold enough credits to balance their deficits
- Trading: Credits are tradeable and bankable, allowing suppliers flexibility

For 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.

## Why Does New Mexico Need the CTFP?

Transportation is the second-largest source of GHG emissions in New Mexico, behind only oil and gas production—accounting for nearly one-quarter of the state's GHG inventory annually.

PM2.5 VOCs NOx

Motor vehicles are major sources of harmful air pollutants, including fine particulate matter (PM2.5), volatile organic compounds (VOCs), and nitrogen oxides (NOx).

### New Mexico is already experiencing the impacts of climate change:

- Fastest-warming state in the continental U.S (+3.3°F rise in 50 years)
- 2025 saw record-low snowpack, threatening tourism and ecosystems
- Extreme wildfire risk is now 50 days longer than 50 years ago
- Projected 25% loss in water supply over the next 50 years

## Expected Emission Reductions

Emissions from criteria air pollutants such as nitrogen oxides (NOx), volatile organic compounds (VOCs), fine particulate matter (PM2.5), and sulfur dioxide ($SO_2$) were estimated using EPA's MOVES model for a scenario that considers the CTFP as a near-term standalone policy (CTFP-only) and a longer-term policy scenario when combined with New Mexico's NMVES.

## Economic Benefits

- $2.4 billion in avoided GHG damages under CTFP-only
- $162 million in jobs and other impacts from CTFP fueling infrastructure credits
- $16 million of health benefits from improved air quality under CTFP-only

### Costs:

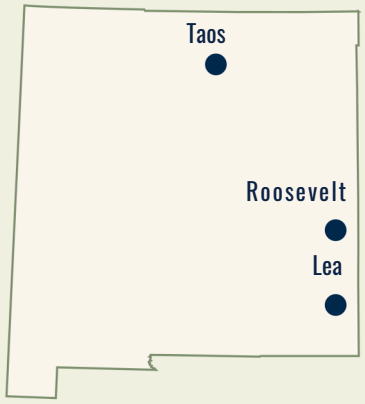
- $959 million in increased net expenditures for fuel production and supply costs under CTFP-only

### Total Net Benefit:

- **$1.65 billion** from the CFTP alone
- **$1.84 billion** when combined with NMVES

### Jobs Created (by 2040):

- 581 direct jobs (e.g., fueling infrastructure construction, pump installation, maintenance)
- 1,566 jobs from NMVES + CTFP combined
- 288 jobs expected from non-fueling projects (e.g., production of hydrogen, renewable natural gas, ethanol; carbon capture and storage)




### Example Projects and Estimated Workforce Impacts:

- Taos County (green hydrogen): 10 FTEs
- Roosevelt County (dairy ethanol): 40-45 FTEs
- Lea County (hydrogen): 81-100 FTEs

## Public Health Benefits

Cleaner fuels mean healthier communities. Using EPA's COBRA model, the Clean Transportation Fuel Program (CTFP) is projected to save lives and reduce costs:

### Avoided Cumulative Health Effects by 2040

| CTFP-only | NMVES+CTFP |
|---|---|
| 337 Asthma cases | 1,463 Asthma cases |
| 60 Work-loss days | 79 Work-loss days |
| 59 School-loss days | 713 School-loss days |
| 353 Minor restricted activity days | 466 Minor restricted activity days |
| Health benefits: $11.0–20.8 million (2024) | Health benefits: $38.2–51.5 million (2024) |

## Equity Considerations

The program was designed with equity in mind. At least 50% of credit revenues from electric utilities must be invested in low-income and underserved communities.

- Rural Communities
- Urban Freight Corridors
- Low-income Neighborhoods

Health modeling used local population data to ensure emission reductions benefit communities most burdened by pollution.

For more information, visit https://www.env.nm.gov/climate-change-bureau/clean-fuel-program/ or scan QR code: