Clean Fuels for a Cleaner New Mexico

How the Credit Market Works

The Clean Transportation Fuel Program (CTFP) 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 Clean Transportation Fuel Standard, referred to as the CTFS (e.g., renewable diesel, biodiesel, electricity)
- **Deficits**: Generated by fuels with CIs greater than the CTFS (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.

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.

Emission reductions for CTFP-only scenario

By 2030	NOx	169 tons
	VOCs	200 tons
	PM2.5	144 tons
By 2040	NOx	264 tons
	VOCs	286 tons
	PM2.5	214 tons

Emission reductions for combined NMVES + CTFP scenario

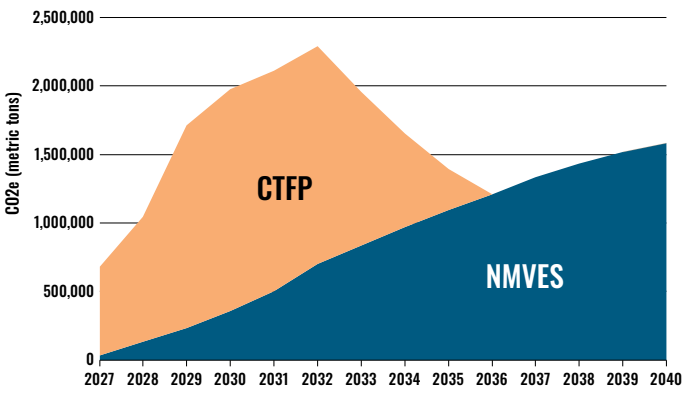
By 2030	NOx	501 tons
	VOCs	351 tons
	PM2.5	150 tons
	SO_2	10 tons
By 2040	NOx	3,252 tons
	VOCs	2,399 tons
	PM2.5	248 tons
	SO_2	72 tons

Cumulative greenhouse gas (GHG) reductions by 2040

CTFP-only: **10.5 million metric tons (MMT) CO_2e avoided**

NMVES + CTFP combined: **22.4 MMT CO_2e avoided**

Equivalent to **removing 500,000-1,667,000 gasoline cars**



Public Health Benefits

Cleaner fuels mean healthier communities. Using EPA's **COBRA model**, CTFP is projected to avoid:

Cumulative Health Effects by 2040

CTFP-only

- **337** Asthma cases
- **60** Work-loss days
- **59** School-loss days
- **353** Minor restricted activity days

Health benefits: $11.0–20.8 million (2024)

NMVES+CTFP

- **1,463** Asthma cases
- **79** Work-loss days
- **713** School-loss days
- **466** Minor restricted activity days

Health benefits: $38.2–51.5 million (2024)

Economic Benefits

The CTFP yields a substantial net benefit for New Mexico. The program's cumulative macroeconomic impacts through 2040 were modeled using **IMPLAN** that includes both direct and secondary economic impacts, such as infrastructure jobs and changes to the supply chain, under varied consumer passthrough conditions.

The CTFP **benefit-cost analysis** shows program benefits **outweigh costs at a rate of more than 2:1**.

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 CTFP 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

Equity Considerations

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

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

Rural Communities

Urban Freight Corridors

Low-income Neighborhoods

Feasibility and Policy Integration

The program is fuel-agnostic and market-based, letting industry find the most cost-effective fuel pathways.

Washington, Oregon, and California have been able to build up credit banks and to ensure full program compliance each year.

The CTFP works alongside New Mexico's NMVES and RPS. By 2036, those programs are expected to generate enough credits to meet CTFP targets without further invention.

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