



New Mexico  
Clean Fuel Coalition

## Why do we need the Clean Transportation Fuels Standard?

Transportation fuels are the largest source of air pollution and carbon emissions in New Mexico. Air pollution causes asthma and other health effects and associated costs. Carbon emissions contribute to climate change, resulting in increased wildfires, droughts, and floods in our state. And it's about time we have market competition for transportation fuels.

# What is the Clean Transportation Fuels Standard?

## What is it?

Simple. A Clean Transportation Fuels Standard (CTFS) provides a strong incentive to produce cleaner fuels, creating fuel market competition while reducing the carbon emissions from the production, transport and use of transportation fuels, including gasoline and diesel. The CTFS will require transportation fuels to be 20% cleaner by 2030 and 30% cleaner by 2040, compared with 2018 levels. The program takes an all-of-the-above approach and therefore does not pick winners and losers.

**ALSO.** By creating a market-based solution that promotes investments in cleaner fuels to meet climate goals, a CTFS will make New Mexico a national leader by attracting companies to produce low-carbon or no-carbon fuels in our state.

**ALSO.** The CTFS also helps to ensure that ALL New Mexicans can benefit from cleaner air and a full range of convenient fueling alternatives, including charging for electric vehicles.

## How do the transportation fuels get cleaner?

The CTFS creates an annual target for carbon intensity and a credit market. Fuels are measured based on their lifecycle carbon emissions from the source

through production, transport, and use in vehicles. Cleaner fuels—those below the target carbon intensity—earn credits, with the cleanest fuels earning the most credits. This creates a significant incentive for rapid investments in both new clean fuels AND in technologies to produce lower-carbon gasoline and diesel.



## How does the credit market work?

Companies earn credits by providing fuels that are below the target carbon intensity in a given year. Fuels above the target accrue deficits, which are offset by buying credits directly from

clean fuel providers. Because the credits have tangible value, producers can boost their bottom line by producing the cleanest possible fuels to earn maximum credits.

### What are examples of cleaner fuels?

With this legislation, New Mexico can become a leader in the production of cleaner transportation fuels. New companies will set up shop in New Mexico to take advantage of the credits for producing low-carbon biofuels, renewable natural gas, renewable propane, green hydrogen, renewable DME, sustainable aviation fuels, and renewable electricity. In addition, existing companies will invest in technology upgrades to produce cleaner gasoline and diesel.

### How does a CTFS support electric vehicles?

With the rapidly increasing number of electric vehicles (EVs) in the marketplace, our state will need more charging stations to ensure that all New Mexicans can have a choice of vehicles and fuels. The CTFS requires utilities that earn credit revenues in the program to reinvest those profits in statewide EV infrastructure.

### Can cleaner fuels save drivers money?

By creating a strong incentive to produce cleaner fuels, the CTFS encourages fuel market competition. Real-world experience in states with similar programs have shown two key things: 1.) the impact on conventional fuel prices was pennies to non-existent, and 2.) cleaner fuels are not tied to the price of crude oil and therefore can even provide a cheaper alternative for drivers every time oil price spikes drive up prices of gasoline and diesel.



**It's a big win for New Mexico.**  
**Reduce air pollution.**  
**Fight climate change.**



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