

## EXECUTIVE SUMMARY

New Mexico's Clean Transportation Fuel Program became effective on 1 April 2026. The market-based program sets legally binding transportation-fuel carbon-intensity reduction targets of 20% below the 2018 baseline by 2030 and 30% by 2040. It covers a range of fossil and renewable transportation fuels, while electricity, bio-CNG, bio-LNG, alternative jet fuel and other listed fuels may opt in to generate credits. Regulated fuel parties were required to register by 15 May 2026, and Alternative Fuel Pathway and Project Credit applications could be submitted from 1 July 2026. The initial credit-clearance price cap is \$270 per credit and is inflation-adjusted thereafter.

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| <b>Years in Operation</b>               | Since April 1, 2026                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Regulated Fuels</b>                  | Gasoline, Diesel, Fossil compressed natural gas (Fossil CNG), fossil liquefied natural gas (Fossil LNG), or fossil liquefied compressed natural gas (Fossil L-CNG), Fossil LPG, Hydrogen, Renewable Diesel, Renewable Naphtha, Renewable Gasoline, Synthetic fuel, Biodiesel, Ethanol, and blends of the listed fuels.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>Carbon Intensity (CI) Trajectory</b> | CI reduction target: 20% below 2018 baseline by 2030 and 30% reduction by 2040.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Opt-In Fuels</b>                     | Electricity, Bio-CNG, Bio-LNG, Bio-L-CNG, Alternative Jet Fuel, Renewable LPG, and blends of the listed fuels.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>Exempt for Specific Fuels</b>        | (1) Transportation fuel produced, imported, or dispensed for use in the following motor vehicles is exempt from generating deficits: (a) Aircraft; (b) Railroad locomotive, which means a locomotive that uses fixed guideway rail tracks; and (c) Military tactical vehicle, which means a motor vehicle owned by the U.S. Department of Defense or the U.S. military services and used in combat, combat support, combat service support, tactical or relief operations, or training for such operations; (2) Dyed fuel is exempt from generating deficits through December 31, 2028; (3) Transportation fuel with an annual statewide aggregated quantity of fewer than 42.6 million megajoules of energy equivalent, when converted from its applicable quantity to megajoules using the energy density ratios. |
| <b>Program Fees</b>                     | One-time registration fee of \$3,000 for CTFP credit and deficit generators and \$500 for all other registered parties. Annual fees are used to recover program administration and enforcement costs. Deficit and credit generators pay fees based on the deficits and credits they generate, while other registered parties pay a flat annual fee of \$2,000. In addition, applications for Tier 1 alternative fuel pathways, EER pathways, and FSE pathways are subject to a \$5,500 fee, while Tier 2 pathways novel to New Mexico are charged \$15,000 and project credit fees shall be calculated per project and assessed on a full cost recovery basis.                                                                                                                                                      |
| <b>Penalties</b>                        | Regulated parties that fail to submit required reports are assessed an annual CTFP fee based on the deficits and credits that would have been generated, calculated using the applicable per-deficit and per-credit fee rates.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>Credit Clearance Market</b>          | Price cap: \$270/credit for initial compliance period and inflation-adjusted thereafter.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |

## Major Developments

Transportation is the second largest source of GHG emissions in New Mexico, accounting for nearly one quarter of the state's annual emissions inventory and trailing only the oil and gas sector. New Mexico has implementing the Clean Transportation Fuel Program (NM CTFP), a market-based program designed to reduce greenhouse gas (GHG) emissions, improve air quality, and support economic growth by lowering the carbon intensity (CI) of transportation fuels. As the fourth state to adopt such a program, New Mexico has established legally binding targets to reduce transportation fuel CI by 20% by 2030 and 30% by 2040 relative to 2018 levels through annual reduction requirements under the CTFP.

According to New Mexico's CTFP Factsheet, renewable diesel and biodiesel are expected to provide most CTFP credits during the program's first decade, while after 2035 the New Motor Vehicle Emission Standards (NMVES) and the state's Renewable Portfolio Standard (RPS- which requires electric utilities to increase the share of electricity generated from renewable resources and achieve 100% carbon free electricity by 2045), are expected to generate sufficient credits from transportation electrification and renewable electricity to meet the program's statutory carbon intensity reduction targets. NMVES includes New Mexico's Advanced Clean Cars II (ACC II) where starting with Model Year 2027, 43 percent of new light-duty vehicles delivered to the state must comply with the rule, and ending with Model Year 2032, the rule ensures that over 80% of new vehicles meet the standard and Advanced Clean Trucks (ACT) which requires that 40-75% of new, on-road medium- and heavy-duty vehicles delivered for sale in the state be zero-emission vehicles by 2035.

The NM CTFP became effective on April 1, 2026, with the registration deadline for regulated fuel parties on May 15, 2026. Participants will be able to begin submitting Alternative Fuel Pathway and Project Credit applications starting July 1, 2026, which is also when NMED will release Tier 1 and Tier 2 carbon intensity calculators and related guidance documents.

Some of the key developments in New Mexico's CTFP are:

1. In May 2026, New Mexico released the Enhanced FSE Credit Eligibility Map to help Clean Transportation Fuel Program (CTFP) participants identify locations where new Fuel Supply Equipment (FSE) projects may qualify for enhanced FSE capacity credits. The program awards FSE capacity credits to support the deployment of clean fuel infrastructure, such as electric vehicle charging

stations and alternative low carbon fuel dispensing equipment, during the early years of operation when utilization may be below optimal levels. Projects located in zip codes with median household incomes at or below the statewide average are eligible for enhanced FSE credits, which increase the maximum lifetime credit value. Projects in other areas may also qualify if applicants can demonstrate limited access to clean fuel infrastructure relative to the state average.

2. In May 2026, NMED released the EDU Credit Revenue Provision Map to help Electric Distribution Utilities (EDUs) identify low income and underserved communities for compliance with the CTFP. Under the CTFP, EDUs that generate and sell credits from residential electric vehicle (EV) charging are required to reinvest 100% of the resulting revenue into transportation decarbonisation and electrification projects in New Mexico. At least 50% of this revenue must be directed toward projects that benefit low income and underserved communities.

## References

- New Mexico Environment Department: Clean Transportation Fuel Program  
<https://www.env.nm.gov/clean-transportation-fuel-program/rulemaking/>
- New Mexico Environment Department Update: Clean Transportation Fuel Program 101 Factsheet  
[https://content.govdelivery.com/attachments/NMED/2026/03/16/file\\_attachments/3585692/CTFP%20101%20Fact%20Sheet.pdf](https://content.govdelivery.com/attachments/NMED/2026/03/16/file_attachments/3585692/CTFP%20101%20Fact%20Sheet.pdf)
- New Mexico Environment Department Clean Transportation Fuel Program: Enhanced FSE Credit Eligibility Map  
<https://laws-lois.justice.gc.ca/eng/regulations/SOR-2022-140/>
- New Mexico Environment Department Clean Transportation Fuel Program: Electric Distribution Utility Credit Revenue Provision Map Update  
<https://content.govdelivery.com/accounts/NMED/bulletins/41994ae>
- New Mexico Environment Department: New Motor Vehicle Emissions Standards (Advanced Clean Cars II/Advanced Clean Trucks)  
<https://www.env.nm.gov/climate-change-bureau/transportation/>

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