

Pamela Jones

**STATE OF NEW MEXICO
ENVIRONMENTAL IMPROVEMENT BOARD**

**IN THE MATTER OF PROPOSED
NEW REGULATION, 20.2.92 NMAC No. EIB 25-23 (R) *Clean Transportation Fuel Program***

**RNG COALITION CLOSING STATEMENT IN SUPPORT OF A NEW
MEXICO CLEAN TRANSPORTATION FUEL PROGRAM**

The Renewable Natural Gas Coalition (RNG COALITION) continues to support the New Mexico Environment Department's Clean Transportation Fuel Program and appreciates the Department's responsiveness throughout this rulemaking. The Coalition also extends its thanks to the Environmental Improvement Board (EIB) members for their leadership in this process.

The Coalition agrees with the Department's core assessment that the Clean Transportation Fuel Program should be designed to deliver cost-effective greenhouse gas reductions while maintaining market stability and integrity. That said, we have remaining concerns with the revised proposal's treatment of avoided methane crediting.

Importance of Avoided Methane Crediting

Avoided methane crediting is a major element of other established clean fuel programs. Methane is an extremely potent greenhouse gas, and capturing methane from organic waste sources is widely recognized as one of the most effective near-term climate mitigation strategies available. Clean fuel programs have historically played an important role in enabling methane capture from RNG projects by providing a predictable revenue stream that can be relied upon for financing and development.

In California, Oregon, and Washington, avoided methane recognition with up to 30 years of crediting was initially incorporated in program design to support market formation, investment certainty, and project deployment. This crediting time period matched reasonable assumptions about the useful life of RNG projects and acknowledged that no other regulatory requirements to control methane were likely to be put in place prior to that period concluding. This framework has proven successful in driving RNG project development, with California now having the largest number of RNG projects of any state in the country.¹ Only after years of program operation did some jurisdictions begin to consider phased adjustments to crediting durations, usually based on the assumption that as avoided methane crediting will be phased out mandated regulatory controls on methane would be phased in.

¹ <https://www.rngcoalition.com/>

Concerns with the 20-Year Crediting Period

Starting New Mexico's program with a shortened avoided methane crediting period will not correctly incentivize RNG development. It places additional constraints on project economics at precisely the moment when developers and investors are assessing whether the New Mexico program provides sufficient value to justify the investment. In other jurisdictions with newly shortened periods (e.g., Washington), there is no proven track record of motivating RNG project deployment under such a 20-year framework. RNG projects require significant upfront capital investment and long development timelines. Financing for these projects is highly sensitive to crediting duration, credit pricing, and regulatory certainty. This is particularly relevant in New Mexico, where the RNG market is not yet mature and where early projects will play an outsized role in demonstrating feasibility and delivering early emissions reductions in the state which suffers from some of the highest levels of methane emissions in the country.

It is also important to emphasize that the Department has not found RNG to be a significant driver of oversupply risk in the program. On the contrary, the Department has repeatedly indicated that RNG is expected to remain a modest contributor to total credit volumes. If that is the case, then avoided methane crediting functions as a precision tool to enable important near-term emissions reductions rather than as a broad unrestrained market driver that might warrant early restriction.

Further, no justification exists for ceasing avoided methane crediting fully in 2040 (and having only a \leq ten-year crediting window for a project built between 2030 and 2040). Unless a mandatory control provision is expected to be in place by that year (that prohibits all methane emissions across all sources), crediting any projects that do still provide additional methane emission reduction benefit over their useful life is simply correct carbon accounting.

The program would be better served by allowing all projects with avoided methane crediting to function with a longer horizon during the early years of implementation, with the understanding that adjustments can be considered in the future based on real-world experience and data. *We recommend that the EIB establish a uniform 30-year crediting period for avoided methane crediting.*

The following changes should be made in section 20.2.92.202(E)(3) beginning on page 19, line 35 of NMED Exhibit 112:

- (a) The avoided methane emissions crediting period for facilities or feedstock production operations producing transportation fuel or process fuel that break ground between the effective date of 20.2.92 NMAC and December 31, 2029, is limited to ~~twenty-thirty~~ years, where the avoided methane emissions crediting period begins with the first full quarter following department approval of the application for an alternative fuel pathway with a certified carbon intensity that includes avoided methane emissions.

~~(b) The avoided methane emissions crediting period for facilities or feedstock production operations producing transportation fuel that break ground on or after January 1, 2030, will be through December 31, 2040.~~

Unlevel Playing Field for RNG Compared to Other Fuels

The newly-proposed Section 20.2.92.202(E)(5) provides NMED the ability to suspend pathways with avoided methane crediting because of unrelated environmental compliance issues by feedstock providers. If retained, this provision will serve as a significant barrier to RNG investment. This language unfairly targets RNG, ignoring statutory requirements for fuel neutrality. Pathways that involve power plants that produce electricity for electric vehicles and facilities and feedstock providers for liquid biofuel production facilities could also hypothetically have violations of environmental law and would not be subject to similar crediting suspension as currently drafted. We fully agree that all participating facilities, whether fuel production sites or feedstock sources (e.g., manure and organic waste sources), should comply with all applicable environmental laws. However, as currently drafted, the rule creates investment uncertainty and procedural burden for RNG pathway holders that may inadvertently weaken the program rather than strengthen it.

The provision allows the Department to suspend avoided methane crediting when a feedstock provider is found in violation of an environmental requirement, regardless of the nature or severity of the violation. This places the entire crediting eligibility of the project at risk for factors over which the pathway holder often has no operational control. Many RNG developers neither own nor operate the dairies, landfills, or wastewater facilities that supply feedstock (or raw biogas) to the RNG facility, yet the draft text makes crediting contingent on third-party compliance issues that may be wholly unrelated to methane management by the RNG facility itself.

The suspension appears to be immediate and open-ended, with reinstatement occurring only after the Department determines that the violation has been remedied or that “adequate steps” are being taken. Without objective timelines or criteria, this introduces regulatory uncertainty that complicates financing and long-term planning for methane-reduction projects. Other programs include environmental safeguards, but they also provide clear, administrable processes to ensure due process and minimize disruption to credit generation for good-faith actors.

In addition, the requirement that pathway holders notify the Department of any violation within 15 days may be unworkable in cases where the RNG project lacks real-time visibility into enforcement actions taken against independent feedstock providers. Most RNG projects rely on contractual relationships and partnerships, not ownership, of feedstock and the rule as drafted could unintentionally penalize compliant fuel producers for actions taken by third parties.

The EIB should strike Section 20.2.92.202(E)(5) in its entirety or, if retained, make changes to ensure fuel neutrality:

(5) To maintain eligibility for an alternative fuel pathway with a certified carbon intensity, including avoided methane emissions, the fuel production facility and any facilities providing feedstock to the alternative fuel pathway holder shall remain in compliance with all applicable federal, state, and local environmental laws. If a fuel production facility or any facility providing feedstock to the alternative fuel pathway holder is found in violation of an applicable environmental law by an authority with jurisdiction, the alternative fuel pathway holder shall notify the department in writing within 15 days of the finding and include the violation and state the finding by the authority. In addition to the authorities in 20.2.92.604 NMAC, the department may deem the alternative fuel pathway ineligible to use a certified carbon intensity that includes avoided methane emissions until the alternative fuel pathway holder demonstrates to the department that the violation has been remedied or that the facility is taking adequate steps to remedy the violation.

Conclusion

In closing, the Coalition reiterates its support for adoption of the Clean Transportation Fuel Program and commends the Department for its extensive work to develop a balanced, market-based rule. We respectfully urge the Board to reconsider two elements of NMED's revised proposal that risk undermining the program's effectiveness during its formative years.

- **Provide a 30-year rather than 20-year avoided methane crediting period at program launch.** Avoided methane crediting has historically been incorporated into clean fuel programs with 30-year crediting horizons. This framework has been proven to work. Beginning New Mexico's program with a shorter crediting period departs from established precedent and places significant constraints on project economics at precisely the moment when early investment is most critical. Given the Department's own assessment that RNG is expected to remain a modest contributor to overall credit supply, allowing avoided methane crediting to function with a longer horizon in the early years would better support near-term methane reductions and can be reassessed in the future based on real-world experience.
- **Do not attempt to enforce all other environmental rules through Clean Transportation Fuel Program crediting.** The proposed provision that allows avoided methane crediting to be suspended based on compliance determinations at independent feedstock facilities should be struck. While we fully support strong environmental compliance, as drafted this provision introduces open-ended and discretionary penalties that extend beyond the scope of the Clean Transportation Fuel Program and violate technological neutrality requirement of HB 41. It ties credit eligibility to third-party compliance matters often outside the operational control of pathway holders, without

clear standards, timelines, or procedural certainty for reinstatement. This approach creates regulatory uncertainty that complicates financing of RNG projects and risks discouraging investment in methane reduction during the program's early years. Removing this enforcement provision would not weaken environmental protections. The Clean Transportation Fuel Program can achieve its climate objectives without arbitrarily extending enforcement authority in a way that reduces program effectiveness.

With these targeted corrections, our industry will be able to participate in the program and deliver meaningful, near-term methane reductions while bringing significant economic and environmental benefits to the Land of Enchantment.

Date: December 22, 2025

Respectfully submitted,

By: /s/ Yanni Psareas

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CERTIFICATE OF SERVICE

This certifies that a true and exact copy of the above and foregoing was served via electronic mail on the following on the 22nd day of December 2025.

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