

“We are now faced with the fact that tomorrow is today. We are confronted with the fierce urgency of now. In this unfolding conundrum of life and history, there "is" such a thing as being too late. This is no time for apathy or complacency. This is a time for vigorous and positive action.” - Martin Luther King Jr.

Understanding SB 14 - Clean Fuels Standard Act

The bill’s title is a misnomer, meaning there is no requirement to increase fuel standards by any date certain (for instance, the bill should set real standards that require a minimum of 40 miles per gallon or higher by 2025) and/or allow only zero emission vehicles to be sold by 2030 (talk about spur a market). In fact, the bill delays any meaningful action and makes no promises to do so in the future. This bill is too late and there is no there there. The bill suggests a petition be filed in 2 years whose contents are unknowable. This bill is designed to appease the Oil and Gas industry and it’s not at all science based. Our tax dollars should not be wasted. We do not have the luxury of waiting to do the right thing.

SECTION 3. D. No later than twenty-four months after the effective date of the Clean Fuel Standard Act the department shall petition the board to promulgate rules to implement the Clean Fuel Standard Act.

When the government wants to act it surely knows how; 2.5 years from now to begin to set carbon emissions limits is inconsistent with the urgent need to act! Is this deliberately ineffectual?

SECTION 3. D (1) “twenty percent below 2018 levels by 2030” is inconsistent with [IPCC](#) goals to keep impacts of global warming of 1.5°C above pre-industrial levels, and consistent with Governor Lujan Grisham’s Executive Order on Addressing Climate Change and Energy Waste Prevention, Executive Order 2019-003, including, but not limited to, the cite to the United Nations and World Meteorological Organization Intergovernmental Panel on Climate Change (“IPCC”) that found “that the planet has as little as *12 years* to take meaningful climate action in order to limit the increase in global average temperature to 1.5°C – the level necessary to forestall dramatic climatic changes that will further imperil our water supplies.”¹ (Emphasis supplied.)

SECTION 3. D (4) - (13) establishes “a process for providers to comply with the Clean Fuel Standard Act.

What’s the problem with carbon trading?

The purpose of establishing an energy credit market is to create a way for an individual or a company to pay for someone else to reduce emissions in order to cover emissions that they won’t

¹ No date or cite is provided in the Executive Order to which this quote refers. We believe that the Governor was relying on that statement from 2018, which means that essentially four years have been wasted and emissions have risen in that time period, and we only have 8 years left to dramatically reduce carbon emissions.

reduce themselves. Carbon trading and offset projects are hollow schemes to address climate – the overwhelming majority of projects have failed to reduce carbon emissions.² Some are hoaxes, resulting in the *increase* in emissions. The effect is to delay action.

In both California and the European Union the carbon offset and trading market schemes have often resulted in carbon leakage and market shuffling but inadequate *actual* reductions. We don't need trading. For instance, we could adopt laws that ban the sale of any new fossil cars by 2030, dramatically increase the fuel mileage standards by 2025, create tax incentives for zero carbon vehicles and increase investment for public transportation – now that will stimulate the market.

Successful programs demand strict accounting rules with robust time and performance standards and mitigation mechanisms that require certification of emission reductions. SB14 lacks these important guidance requirements.

The carbon offset and trading market(s) is dependent on actual enforcement. The Lujan Grisham administration has evidenced regulatory failure including, but not limited to the failure of her agencies to supervise, control, manage, and enforce.³ The same department that has been

² The European Commission published a [2017 study](#) revealing that 85% of carbon offset projects under the UN's Clean Development Mechanism failed to reduce emissions. These findings demonstrate the pressing need of oversight and regulation in this field.

³ On 11/11/2021, the State Engineer announced that he will step down due to “persistent lack of financial resources” and inadequate staffing (“67 fewer employees now than it did under then-Gov. Bill Richardson a decade ago”). “NM's top water official to step down, citing understaffing,” *Albuquerque Journal*, 11/11/2021,

<https://www.abqjournal.com/2445533/nms-top-water-official-to-step-down-citing-understaffing.html>

See also, “PRC needs full funding to do its job,” *Santa Fe New Mexican*, 11/14/2021, https://www.santafenewmexican.com/opinion/my_view/prc-needs-full-funding-to-do-its-job/article_4629f488-4364-11ec-a8bc-a380bf240fa0.html

(“Unfortunately, recent budgets have proved insufficient to hire and retain staff and outside experts to help guide the commission in an ever-increasingly complex global energy and regulatory environment. ... [T]he National Regulatory Research Institute [concluded]: This death-spiral-type condition [of increasing demands and shrinking resources] ... has seriously jeopardized the capability of the PRC to protect the public interest.”) Lastly, the Oil Conservation Division has failed to curtail or penalize the rampant and constant discharges of “produced water” (toxic waste flowback from oil and gas wells) and since the Lujan Grisham administration has been office these discharges have *increased* and are occurring at a rate of approximately 4 per day, contaminating the Earth and water supplies on and off Pueblo lands. The Lujan Grisham administration has failed to prevent toxic waste discharge from oil & gas wells; in fact, discharges have *increased* in the last 3 years. Since the time Governor Lujan Grisham took office one company XTO Energy, has had 2,214 spills – contaminating the Earth on an average of more than two times a day; another company, Oxy USA - 973 spills, nearly one spill a day, every day since Governor Lujan Grisham's administration has overseen the O&G sector. This doesn't address the pollution contamination of at least 50 other companies that regularly release cancer-causing contaminated waste onto the Earth and into our water supply.

underfunded, understaffed and unable to perform its current responsibilities has been tasked with the creation of an entire carbon trading or carbon tax program(s) that result in a monetary value being attached to units of carbon dioxide pollution. These programs include cap and trade, carbon offsets, baseline and credit, baseline and offset and so on. Emissions reduction “equivalent” that corporations can purchase as a cheap pollution right allowing them to continue polluting above an agreed-upon cap. § 3.E.

Advocates of the clean fuel standard claim this benefit: “Offsetting high carbon-intensity fuel with credits purchased from generators of low-carbon-intensity fuels, like electricity, hydrogen, renewable natural gas.” This kind of trading from the worst to not as bad (and with hydrogen it’s actually worse) is really a shuffle that will be difficult to measure and enforce. Gas is not *renewable* or *natural*.

SECTION 4. The bill creates a “clean fuel standard fund” but no appropriations are made. “Money in the fund is appropriated to the department and shall be administered by the department for staffing and resources needed for administration and enforcement of rules pertaining to transportation fuels.” Like the regulatory scheme that funds OCD oversight of spills through fees and penalties charged to the O&G industry, the funding mechanism represents a conflict of interest, leaving an agency dependent on industry money to fund industry oversight.

Even though, California’s clean fuel standard has been in place since 2007, the magnitude of the CO₂ emissions reduction for the transportation sector is around 10%.⁴ It’s an improvement, but not nearly ambitious enough. To the extent that emissions reductions are due to the increasing purchase of electric vehicles, the clean fuel standard has worked; however, the carbon trading/offset programs have been way less effective.

We support an actual clean fuel standard that will learn from the weaknesses and focus on the benefits of other clean fuel standards, leave the carbon and offset programs in the dustbin, and accelerate proposals that will effectuate comprehensive emissions reductions, improve public health, our economy and environment.

⁴ <https://journals.plos.org/plosone/article?id=10.1371/journal.pone.0203167>