New Zealand   
Emissions Trading Scheme auctions

Guidelines for participants

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3 The guide does not purport to be a comprehensive statement and analysis of the subject matter of auctioning in the NZ ETS, and the services of a suitably qualified person should be sought before action is taken in any particular case.

4 [Auctioning regulations](http://www.legislation.govt.nz/regulation/public/2020/0264/latest/LMS375230.html?search=ts_regulation%40deemedreg_climate+change+auction_resel_25_a&p=1) and associated legislation are considered the sole and primary source of truth.

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# 1 Introduction

### The New Zealand Emissions Trading Scheme (NZ ETS)

The NZ ETS is the Government’s main tool for meeting domestic and international climate change targets.

The Climate Change Response Act 2002 provides an overall framework for the NZ ETS.

The NZ ETS puts a price on greenhouse gas emissions incentivising businesses to reduce emissions and landowners to earn units by growing trees.

### How it works

Putting a price on emissions creates a type of currency that can be traded between participants of the NZ ETS, creating the NZ ETS market. This currency is an emission unit or a New Zealand Unit (NZU). It represents one tonne of carbon dioxide or carbon dioxide equivalent.

The NZ ETS places obligations on its participant based on the type of activity carried out.

The Government gives eligible foresters units for carbon dioxide that is absorbed by their trees. The foresters can sell these units on the NZ ETS market or invest them. Businesses that emit carbon dioxide have surrender obligations (legal obligations to hand over units) must buy units to cover their emissions. These units are then surrendered to the Government. The Government supplies units to the NZ ETS market each year, and sells them to emitters for cash at auction. The price is set by supply and demand.

The Climate Change Response (Emission Trading Reform) Amendment Act introduced auctioning in the NZ ETS, to align the supply of units in the scheme with New Zealand’s emission reduction targets. The first auction will take place In March 2021.

### More information

* [Overview: How the NZ ETS works](https://www.mfe.govt.nz/climate-change/new-zealand-emissions-trading-scheme/about-nz-ets) (includes short video)
* [A guide to the NZ ETS](https://www.mfe.govt.nz/publications/climate-change/guide-new-zealand-emissions-trading-scheme)

## Purpose of these guidelines

This guide:

* describes how auctions operate for the NZ ETS. The first auction is expected to be held in March 2021.
* is based on the Climate Change (Auctions, Limits, and Price Controls for Units) Regulations 2020 (the regulations). These were passed into legislation by Order in Council on 21 September 2020 and come into force on 4 January 2021
* does not override the regulations, and is not intended to be used instead of the regulations. [View auctioning regulations](http://www.legislation.govt.nz/regulation/public/2020/0264/latest/LMS375230.html?search=ts_regulation%40deemedreg_climate+change+auction_resel_25_a&p=1)
* does not provide specific advice or training on the managed auction service that runs auctions on behalf of the government.

### Register for an auction

To find out more, or to register as an auction participant, go to the auction website or email the auction operator at [auctions@nzx.com](mailto:auctions@nzx.com).

## Scope

These guidelines cover regulations under sections 30GA and 30GB of the Climate Change Response Act 2002 (the Act):

* [Auctioning in the NZ ETS](#_Auctioning_in_the)
* [When auctions are held](#_When_auctions_are)
* [Determining how many units are for sale](#_Determining_how_many)
* [NZ ETS units available under the cap (limits) and price control settings](#_NZ_ETS_units)
* [Auction notices and information](#_Auction_notices_and)
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* [Settlement of auction sales](#_Settlement_of_auction)
* [Definition](#_Definitions)s

# 2 Climate Change (Auctions, Limits, and Price Controls for Units) Regulations 2020

## Auctioning in the NZ ETS

The Climate Change Response (Emissions Trading Reform) Amendment Act 2020 made a series of reforms to how the NZ ETS works. This includes setting a cap on emissions covered by the scheme. The cap declines over time as our emissions budgets reduce in line with our targets. The purpose of auctioning is to allow the Government to sell New Zealand emission units (NZUs) from within the cap, aligning the supply of units to our targets.

### Auction operators

Auctions are managed and run on behalf of the Government by an auction operator appointed by the Minister of Climate Change.

## When auctions are held

### Scheduling

[See regulations 5–9](http://www.legislation.govt.nz/regulation/public/2020/0264/latest/LMS375247.html?search=qs_act%40bill%40regulation%40deemedreg_Auctioning_resel_25_h&p=1)

Auctions in the NZ ETS begin on 17 March 2021 and are held approximately quarterly.

Auction dates are published on the Ministry’s website when the schedule is set each year. [View auction schedule](https://www.mfe.govt.nz/reforming-nzets-auctioning)

The schedule must be published annually before the end of September for the following year.

The schedule publishes the auction dates and the number of units for sale at each auction.

Auctions are:

* not held on any of the 20 working days before 31 May (the surrender date for NZUs)
* held only on working days, not on weekends, public holidays or anniversary days
* where possible, not held on the same date as an announcement that might have a substantial impact on the market for units.

### Postponing auctions

[See regulations 10–11](http://www.legislation.govt.nz/regulation/public/2020/0264/latest/LMS375254.html?search=qs_act%40bill%40regulation%40deemedreg_Auctioning_resel_25_h&p=1)

An auction can only be postponed in exceptional circumstances that are out of the auction operator’s control and may cause unfairness to bidders generally.

If an auction is postponed, a new auction date must be set as soon as possible that meets the same scheduling restrictions as the original date.

The operator must publish the new date on their website and inform all registered bidders.

The only reason an auction can be automatically postponed is if the bidding window faces an outage that is either:

* longer than 5 minutes and occurs at any time during the final 30 minutes of an auction
* longer than 15 minutes in total, including all outages occurring at any time during the same auction.

## Determining how many units are for sale

### How many units the operator can sell

[See regulations 12–13](http://www.legislation.govt.nz/regulation/public/2020/0264/latest/LMS382840.html?search=qs_act%40bill%40regulation%40deemedreg_Auctioning_resel_25_h&p=1)

The auction operator makes available for sale, at each auction, the number of units published on the auction calendar for that date, plus any unsold volume from previous auctions that is rolled forward.

If the reserve is triggered during the auction, the operator also sells NZUs from within the reserve limit at that same auction.

### Carrying units forward

If units are not sold at any particular auction, they are carried forward to the next auction unless that auction occurs in a subsequent calendar year. Unsold units are not carried forward to subsequent years because the number of units for sale each year is set based on New Zealand’s annual emissions budgets. Those budgets, once set, are fixed under regulations for the next two calendar years.

## NZ ETS units available under the cap (limits) and price control settings

### Determining how many units are available, including for auction

[See regulations 14–15](http://www.legislation.govt.nz/regulation/public/2020/0264/latest/LMS376564.html?search=qs_act%40bill%40regulation%40deemedreg_Auctioning_resel_25_h&p=1)

#### Limits

Limits are set for a calendar year on both the total number of units available in the NZ ETS (overall limit) and the number of units to be sold at auction. The regulations publish these annually and refer to them as ‘limits’ because they:

* represent the maximum number of units that can be made available
* ensure total units remain within the emissions budget for that year.

The regulations also set a limit on the number of approved overseas units that can be used in the NZ ETS. The NZ ETS is currently a domestic-only system: no overseas units are approved. The limit for 2021 to 2025 is therefore set to zero.

The overall limit is calculated based on our annual emissions budgets. It includes units that can be made available in the NZ ETS by any means, including allocation to eligible activities or for sale by auction. It takes into account emissions that occur outside the NZ ETS.

More information: [ETS targets and budgets](https://www.mfe.govt.nz/reforming-nzets-emissions-reduction-targets-and-emissions-budgets)

The units available for sale by auction include:

* the total number of units available for sale at all auctions during that year
* the number of units available for sale from the reserve if the trigger price is hit.

A separate table in the regulations (price control settings) lists the limit each year on the number of reserve units available for sale if an auction clearing price hits the corresponding reserve trigger price (reserve amount of New Zealand units). View [price control limits table](https://www.legislation.govt.nz/regulation/public/2020/0264/latest/whole.html?search=qs_act%40bill%40regulation%40deemedreg_Auctioning_resel_25_h&p=1#LMS376569).

Therefore, to calculate the number of units available by auction *without* the reserve amount, subtract the reserve amount from the New Zealand units available by auction.

The Ministry publishes these figures annually: see [Auctioning in the NZ ETS](https://www.mfe.govt.nz/reforming-nzets-auctioning).

#### Price control settings/price floor

The price control settings table also sets out the minimum price at which units may be sold by auction – also known as the price floor. The auction operator does not allow bidders to enter bids below that price.

The Government sets new values for all these limits annually and publishes them in the regulations: see [Schedule 3, Limits and price control settings](http://www.legislation.govt.nz/regulation/public/2020/0264/latest/whole.html?search=qs_act%40bill%40regulation%40deemedreg_Auctioning_resel_25_h&p=1#LMS376569).

## Auction notices and information

### The auction operator publishes auction notices

[See regulations 16–17, 36](http://www.legislation.govt.nz/regulation/public/2020/0264/latest/LMS376665.html?search=qs_act%40bill%40regulation%40deemedreg_Auctioning_resel_25_h&p=1)

The auction operator publishes a notice on their website at least 30 days before each auction date. The notice confirms the date and time, and:

* the number of units for sale
* the number of units for sale from the reserve and the reserve trigger price
* the price floor (the minimum acceptable price at which units are sold)
* the date by which you must pay any collateral to the operator.

If an auction is postponed, the operator publishes the new date for the replacement auction.

The operator’s website also sets out:

* guidance for potential bidders, including how to participate in auctions, and how to provide collateral for bids
* how to register to bid
* the terms and conditions for bidding
* results, on the day of a completed auction, including:
* the final clearing price
* the number of units bid for and sold, including any reserve units
* total number of bidders, and how many bidders won units
* the number of unsold units, if any.

## Registering as a bidder

### Requirement to register

[See regulation 18](http://www.legislation.govt.nz/regulation/public/2020/0264/latest/LMS378674.html?search=qs_act%40bill%40regulation%40deemedreg_Auctioning_resel_25_h&p=1)

To participate in an auction, individuals or entities must:

* have an account in the NZ Emissions Trading Register (the Register), and
* register with the auction operator, meeting the requirements below.

#### Postponed auctions

If the postponement is after the bidding window has opened, bidders at the postponed auction must have already registered before the original auction date ([Postponing auctions](#_Postponing_auctions)). They must still meet registration requirements on the date of the rescheduled auction.

### Who can apply to register?

[See regulation 19](http://www.legislation.govt.nz/regulation/public/2020/0264/latest/LMS405846.html?search=qs_act%40bill%40regulation%40deemedreg_Auctioning_resel_25_h&p=1)

Any individual or entity with a holding account in the [New Zealand Emissions Trading Register (the Register)](https://www.eur.govt.nz/Authentication/Logon.aspx?ReturnUrl=%2f) may apply to the operator to be a registered bidder.

The account holder or their primary representative may apply.

#### Notifying the Registrar

Applicants first notify the Registrar that they intend to bid in auctions.

More information: see the Environmental Protection Authority website: [Register guidance](https://www.epa.govt.nz/industry-areas/emissions-trading-scheme/the-emissions-trading-register/register-guidance/)

### Applying to register

[See regulation 20](http://www.legislation.govt.nz/regulation/public/2020/0264/latest/LMS378627.html?search=qs_act%40bill%40regulation%40deemedreg_Auctioning_resel_25_h&p=1)

There are two steps for applying to register to bid:

1. Notify the Registrar of the NZ ETS Register that you want to apply.

More information: <https://www.epa.govt.nz/industry-areas/emissions-trading-scheme/the-emissions-trading-register/register-guidance/>

<https://www.eur.govt.nz/Authentication/Logon.aspx?ReturnUrl=%2f>

1. Apply to the auction operator on their website.

Once registered, you are entitled to bid in any auction so long as your details remain correct and valid.

You will need to include:

* Your status in the Register as either an account holder or a primary representative.
* The unique identifier assigned by the Registrar.
* The account holder and primary representative’s details.
* If the account holder is a company, the business number (NZBN) under the New Zealand Business Number Act 2016.
* The address of the principal business or registered office.
* The holding account number in the Register. If there is more than one holding account, this should be the one to use for settlement.
* Details of any person authorised to bid on your behalf.

You must also:

* confirm to the auction operator that you have notified the Registrar of your intention to bid
* confirm to the operator that you are authorised to verify required information with the Registrar
* declare that the information in your application is true and correct, using the form provided by the operator.

Verification includes checking:

1. the applicant’s identity as an account holder or their primary representative; and
2. that the details align with any corresponding information the Registry holds.

### Processing applications

[See regulations 21–22](http://www.legislation.govt.nz/regulation/public/2020/0264/latest/LMS378673.html?search=qs_act%40bill%40regulation%40deemedreg_Auctioning_resel_25_h&p=1)

After verification ([How to bid](#_How_to_bid) above), the operator registers you as a bidder and notifies you that registration is complete. You are then considered a bidder and can submit bids at an auction.

If the operator declines an application, they notify you and give the reasons. You can reapply at any time.

### Agreeing to terms and conditions

[See regulation 26](http://www.legislation.govt.nz/regulation/public/2020/0264/latest/LMS399957.html?search=qs_act%40bill%40regulation%40deemedreg_Auctioning_resel_25_h&p=1)

All bidders must agree to the auction terms and conditions before they bid. In practice you agree to these when you register.

If terms and conditions change, the operator notifies bidders and seeks agreement to the revised terms and conditions before the next auction.

The operator can set terms and conditions to ensure the effective conduct or administration of an auction. These are enforceable only to the extent that they are necessary for either of those purposes.

## How auctions are run

### Providing collateral for bids

[See regulation 25](http://www.legislation.govt.nz/regulation/public/2020/0264/latest/LMS381177.html?search=qs_act%40bill%40regulation%40deemedreg_Auctioning_resel_25_h&p=1)

All bidders must provide collateral for their bids before they can bid at auction.

At least five working days before submitting a bid at an auction, the bidder must provide collateral for each bid at 25 per cent of the bid’s maximum value.

Collateral can be:

* a cash deposit to a nominated Crown bank account
* in the form of a negotiable instrument – either a bank guarantee or letter of credit.

Bidders must give their bank account details to the auction operator for managing collateral, and the operator must advise bidders how to lodge collateral.

Before the auction, bidders may request that collateral held as cash be used as payment or part-payment for any units purchased at the auction.

If a bidder wins units at the auction but does not pay in full within four business days, their collateral for that bid is forfeit to the Crown. The forfeit is 25 per cent of the invoiced successful bid amount as follows:

collateral forfeit for unpaid successful bids = 25 per cent of (number of units sold to the successful bids x auction clearing price).

After the auction, collateral must be returned to the bidder as soon as possible except when:

* the bidder requests that non-cash collateral be held for future auctions
* the bidder does not pay for their successful bid and the collateral held for that bid becomes forfeit to the Crown. (The Crown returns any remaining collateral over the forfeit amount to the bidder.)

Bidders may provide a single amount or form of collateral to cover the combined maximum value of multiple bids at an auction, or bids at more than one auction.

### Bidding window and requirements for bids

[See regulations 23–24](http://www.legislation.govt.nz/regulation/public/2020/0264/latest/LMS381443.html?search=qs_act%40bill%40regulation%40deemedreg_Auctioning_resel_25_h&p=1)

On the day of auction, the bidding window opens at 9 am and closes at 12 pm.

Bids entered during the bidding window must specify a volume (number of units) and price.

The bid must be for at least 500 units (minimum bid), and must be a multiple of 100 units (lot size).

The bid price must be stated to the auction operator as a price per unit. This must be:

* at or above the prescribed minimum bid price (price floor), and
* a multiple of $0.05 or 5 cents.

### How to bid

[See regulations 27–28](http://www.legislation.govt.nz/regulation/public/2020/0264/latest/LMS381175.html?search=qs_act%40bill%40regulation%40deemedreg_Auctioning_resel_25_h&p=1)

As a registered bidder you may bid at an auction during the bidding window by submitting bids in the form specified by the auction operator.

The bid must meet the [requirements for bids](#_Bidding_window_and).

The auction operator must accept the bid unless:

* the [requirements for bids](#_Bidding_window_and) are not met
* your registration details could not be verified
* you did not provide [collateral as required](#_Providing_collateral_for)
* you did not agree to the terms and conditions before submitting the bid.

The operator cannot reject a bid for any other reason.

During the bidding window you may amend or withdraw your bid by advising the operator as required.

Any amendment to a bid must comply with the bid requirements, including to provide collateral. If the amendment is rejected, the operator must tell you why.

### Restriction on disclosure of bids

[See regulation 29](http://www.legislation.govt.nz/regulation/public/2020/0264/latest/LMS382702.html?search=qs_act%40bill%40regulation%40deemedreg_Auctioning_resel_25_h&p=1)

The auction operator will not make details of any bid available publicly or to any person, except, if necessary, to assist with running an auction.

## How auction results are determined

### Process for determining auction results

[See regulation 30](http://www.legislation.govt.nz/regulation/public/2020/0264/latest/LMS375260.html?search=qs_act%40bill%40regulation%40deemedreg_Auctioning_resel_25_h&p=1)

Once the bidding window closes and all bids have been received, the operator follows the steps below to determine the results.

1. Using the original number of units for sale, calculate an [interim clearing price](#_Interim_clearing_price) to see if this triggers the release of the reserve.
2. If the interim clearing price triggers the reserve, add the number of reserve units for sale at that trigger price to the total number of units for sale and determine a new interim clearing price.
3. Repeat step (2) if there are multiple reserve trigger prices until either the interim clearing price fails to trigger any reserve units or all reserve units are sold.
4. Set the final clearing price and sell the units.

For more details, see the section ‘Determining the clearing price and allocating units for sale to bids’ below.

### Determining the clearing price and allocating units for sale to bids

[See regulation 32](http://www.legislation.govt.nz/regulation/public/2020/0264/latest/LMS382209.html?search=qs_act%40bill%40regulation%40deemedreg_Auctioning_resel_25_h&p=1)

When bids are received during the bidding window they are ranked from highest to lowest price. Units are then allocated to bids in this order until either:

* there are no more bids, or
* all units are allocated.

When the bidding window closes, the clearing price for an auction (interim or final) is determined as the bid price of the lowest-ranked bid (or bids) that receives units. Figure 1 shows the clearing price when all units are sold.

Figure : Determining Auction Clearing Price



#### Unsold units

If some units are not sold at the auction (in other words, bids are only received for some of the units available), the remaining units are treated as unsold. Unsold units are added to the amount for sale at the next scheduled auction, if it is during the same calendar year.

#### More bids than units available

If the bid that sets the clearing price is for more units than are still available for sale, it is only allocated the remaining units. In other words, that final bid may only be partially satisfied.

### Selling units from the auction reserve

[See regulation 31](http://www.legislation.govt.nz/regulation/public/2020/0264/latest/LMS403288.html?search=qs_act%40bill%40regulation%40deemedreg_Auctioning_resel_25_h&p=1)

#### Interim clearing price

The first time the clearing price is determined using the original number of units for sale, it is referred to as the interim clearing price. This is used to determine if any reserve units should be released for sale.

If the interim clearing price is greater than or equal to the lowest value trigger price for the reserve, the auction operator adds the number of reserve units (the reserve limit) for sale at that trigger price to the auction, and recalculates the interim trigger price. In practical terms this means there are more units for sale at that auction, so more units are allocated to bids and the clearing price drops.

#### Reserve units released for sale

If reserve units are released for sale, bids can only be allocated units until either there are no more reserve units left to sell or the next lowest bid price is less than the trigger price. This means that if reserve units are released for sale, they are only sold to bids at the same price or higher than the trigger price for that reserve.

### Tied bids and rounding rules

[See regulation 31](http://www.legislation.govt.nz/regulation/public/2020/0264/latest/LMS403288.html?search=qs_act%40bill%40regulation%40deemedreg_Auctioning_resel_25_h&p=1)

#### Tied bids

If more than one bid sets the clearing price, those bids are referred to as tied bids. If all tied bids together bid for more units than are left, each tied bid is allocated a proportional share of the remaining units, subject to rounding rules.

#### Rounding rules

As noted, bids are only accepted in multiples of 100 units, known as lot size. Units are allocated to bids in multiples of lot size. Therefore, when tied bids occur and the operator calculates proportional shares, they apply rounding rules as follows:

* The number of units allocated to a tied bid, if not a multiple of the lot size, is rounded down to the nearest 100 units (this may include being rounded down to zero).
* Rounding down to the nearest 100 units means that there is no risk that the operator allocates more units to bids than there are units available for sale. However, it also means that unallocated units may remain after the first step is complete.
* If unallocated units remain after tied bids are awarded their proportional share (rounded to the nearest 100 units), any remaining lots are randomly allocated to the tied bids, but only up to their original bid amount.

### Requirement to sell at final clearing price

[See regulation 33](https://www.legislation.govt.nz/regulation/public/2020/0264/latest/LMS407774.html?search=qs_act%40bill%40regulation%40deemedreg_Auctioning_resel_25_h&p=1)

As soon as practicable after completing the [Process for determining auction results](#_Process_for_determining) (including resolving any tied bids and, if applicable, selling any reserve units), the auction operator sets the final clearing price based on the last interim clearing price.

All bidders pay the final clearing price for their successful bids.

Once the final clearing price is set, the Government is required to sell to bidders, and the bidders must buy the number of units allocated to their bids at the final clearing price.

## The confidential reserve price

**Purpose of the confidential reserve price**

[See regulations](https://www.legislation.govt.nz/act/public/2021/0004/latest/whole.html)

The confidential reserve price is the minimum price at which the Government will sell units during a specific auction and is calculated relative to the secondary market price at that time. The purpose of the confidential reserve price is to prevent NZUs from being sold at auction at a price significantly below the secondary market price. If the auction-clearing price is less than the confidential reserve price, the auction will not sell any NZUs.

The confidential reserve price is calculated for each auction using a confidential methodology based on recent secondary market price(s) and taking into account market volatility. The methodology and reserve price are kept confidential to avoid them becoming the target of bidding behaviour during the auction.

The confidential reserve price is distinct from the published auction price floor that sets a clear expectation that the Government will not accept bids below a stated price level as a long-term price signal.

## Settlement of auction sales

### Payment required before units transferred

[See regulation 34](http://www.legislation.govt.nz/regulation/public/2020/0264/latest/LMS382566.html?search=qs_act%40bill%40regulation%40deemedreg_Auctioning_resel_25_h&p=1)

If you buy units you must pay in full within four working days of the auction.

You can request before the auction that your cash collateral be used as payment for units bought at auction. In this case, if a bid is successful, the auction operator arranges for transfer of the invoiced amount from your collateral account to the settlement account. If the collateral does not cover the full amount for settlement, the operator invoices you for the remainder.

The payment is considered complete when the transaction is made to the settlement account, cannot be reversed and the money is available to the Crown.

When full payment is made, the Registrar is notified and the units are transferred to the successful bidder’s nominated Registry account.

### Consequences if payment requirements not met

[See regulation 35](http://www.legislation.govt.nz/regulation/public/2020/0264/latest/LMS400456.html?search=qs_act%40bill%40regulation%40deemedreg_Auctioning_resel_25_h&p=1)

As stated earlier, if you win units at the auction but do not provide full payment within four working days of the auction, your collateral for that bid is forfeit to the Crown. Also, the units that were not paid for are considered unsold. The unsold units are either added to the units for sale at the next scheduled auction or, if the auction was the last one for that calendar year, are not sold.

The amount of collateral forfeit is 25 per cent of the invoiced successful bid amount as follows:

collateral forfeit for unpaid successful bids = 25 per cent of (number of units sold to the successful bids x auction clearing price).

# Definitions

|  |  |
| --- | --- |
| Terms | Definitions |
| approved overseas units | A unit other than a New Zealand Unit (NZU) that is issued and prescribed as a unit, which may be transferred to accounts in the Registry. |
| auction operator | The Minister or an agent appointed by the Minister to run the sale of units by auction.  The current auction operator is NZX Ltd |
| bid price | The maximum price per unit that the bidder states they will pay for their bid. This price must be at or above the prescribed minimum price (price floor) and be a multiple of $0.05. |
| bid volume | The number of units sought, which must be at least 500 and a multiple of 100. |
| bidding window | The period that starts at 9 am on the day of the auction and ends at 12 pm on the same day. |
| clearing price | The bid price of the lowest-ranked bid (or tied bids) to be allocated NZUs. |
| collateral | The collateral required – see [Providing collateral for bids](#_Providing_collateral_for). |
| collateral account | A Crown bank account nominated to hold collateral for NZ ETS auctions. |
| combined volume | The sum of the bid volumes of all related tied bids. |
| cost containment reserve (CCR) or the reserve | A type of price ceiling that is incorporated into an auction mechanism. The units held in the reserve are auctioned once the price ceiling is reached (trigger price). |
| maximum value | In relation to a bid, the amount calculated by multiplying  the bid volume by the bid price. |
| negotiable instrument | See definition in section 16(1) of [the Personal Property Securities Act 1999](http://www.legislation.govt.nz/act/public/1999/0126/latest/DLM45928.html?search=sw_096be8ed81a06779_negotiable+instrument_25_se&p=1&sr=2) |
| NZU | New Zealand Unit. This represents one metric tonne of carbon dioxide or carbon dioxide equivalent (ie, the amount of another greenhouse gas that does as much damage as one tonne of carbon dioxide). |
| overall limit | Limit on the sum of the units available by auction, units available by other means and approved overseas units. |
| price floor | A price below which NZUs must not be sold at auction. |
| proportional share | In relation to a tied bid, the bid volume of the tied bid divided by the combined volume of the related tied bids. |
| registered bidder | A person who is registered to bid at an auction. |
| Register | The unit register operated by the Environmental Protection Authority, also known as the New Zealand Emissions Trading Register. |
| related tied bids | In relation to a tied bid at a particular bid price, all the bids that are tied at that price. |
| reserve volume | In relation to an auction and a trigger price, the number of NZUs that are for sale from the reserve at the current auction. Note, the reserve limit shown in regulations is a total figure for the calendar year. Therefore, any reserve units sold at an auction during the year are not available for sale at auctions held later that same year. |
| settlement account | A Crown bank account used for the settlement of auction sales. |
| tied bids | Any two or more bids that have the same price and match the clearing price. |
| trigger price | The price at which reserve units are released into the auction |
| unit | Refers to New Zealand units except where stated otherwise. See NZU above. |