

Auction Fundamentals

Auction

Auctions are single round, sealed-bid. Bids are collected during the bidding window and ordered from highest to lowest price.

The clearing price is set when the demanded bid volume is equal to the available auction volume. However, when the auction volume exceeds the bid volume the clearing price is set by the lowest bid within the available volume. Bids that fall below the clearing price and available volume will not be successful.

A bid at the clearing price may be partially filled to complete the auction volume available. If there are multiple bids at the clearing price, each bid is prorated and partially filled to complete the auction volume available.

Bidding

When placing a bid at auction, your bid is made up of the following: Bid

Price: Bid price in NZD

Quantity: Number of NZU

Reference: Free text

Create and enter the details of your bid. The bid price must be equal to or higher than the price floor. Bid price increments are \$0.05. The minimum quantity of a bid is 500 NZUs (with 100 NZU increments).

Once a bid is submitted it enters into the bid stack. Bids can be placed, edited, or deleted by every bidder of an eligible participant during the auction.

Settlement

When the bid price is above the final cleared price, your bid is successful and will be added to your invoice. Any bids that are made under the clearing price will not be allocated. Once your invoice has been fully paid, the NZUs will be delivered to your Registry account. You will receive an email notification from the Register once this is complete.

Cost Containment Reserve (CCR)

Cost Containment Reserve (CCR) volume is used when the auction clearing price exceeds a certain level (CCR trigger price).

Scenario one: If the interim clearing price is lower than the CCR trigger price, CCR volume will not be included in the auction.

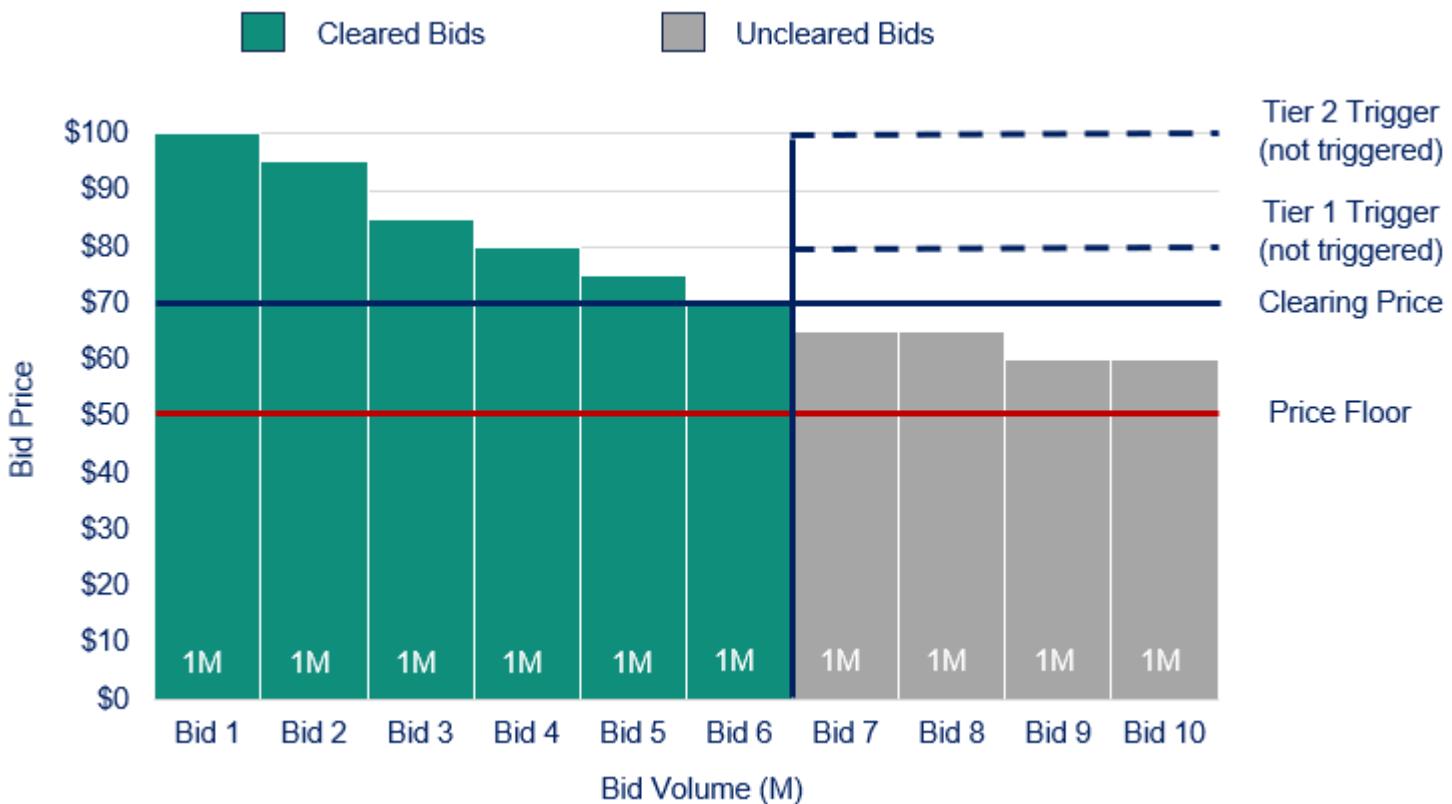
Scenario two: If the interim clearing price is equal to or above the tier 1 CCR trigger price, then tier 1 CCR volume will be added to the auction volume available and the clearing price will be recalculated.

Scenario three: If the tier 1 CCR has been triggered and the interim clearing price then becomes equal to or above the tier 2 CCR trigger price, then tier 2 CCR volume will be added to the auction volume available and the clearing price will be recalculated.

Please see graphical examples

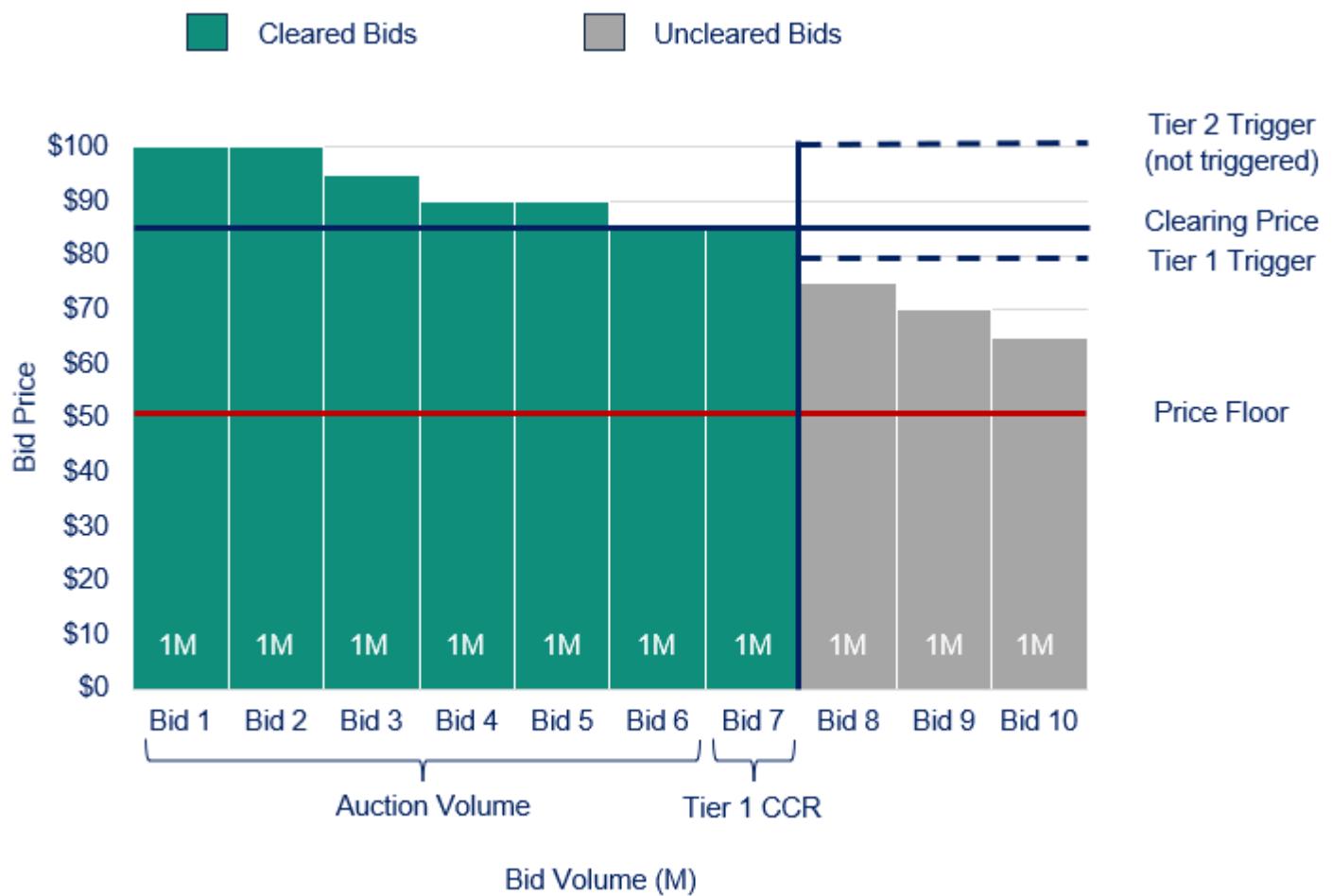
Cost Containment Reserve (CCR) Scenarios

Scenario One: 6M units for sale – CCR not triggered



Scenario Two: 6M units for auction – Tier 1 triggered

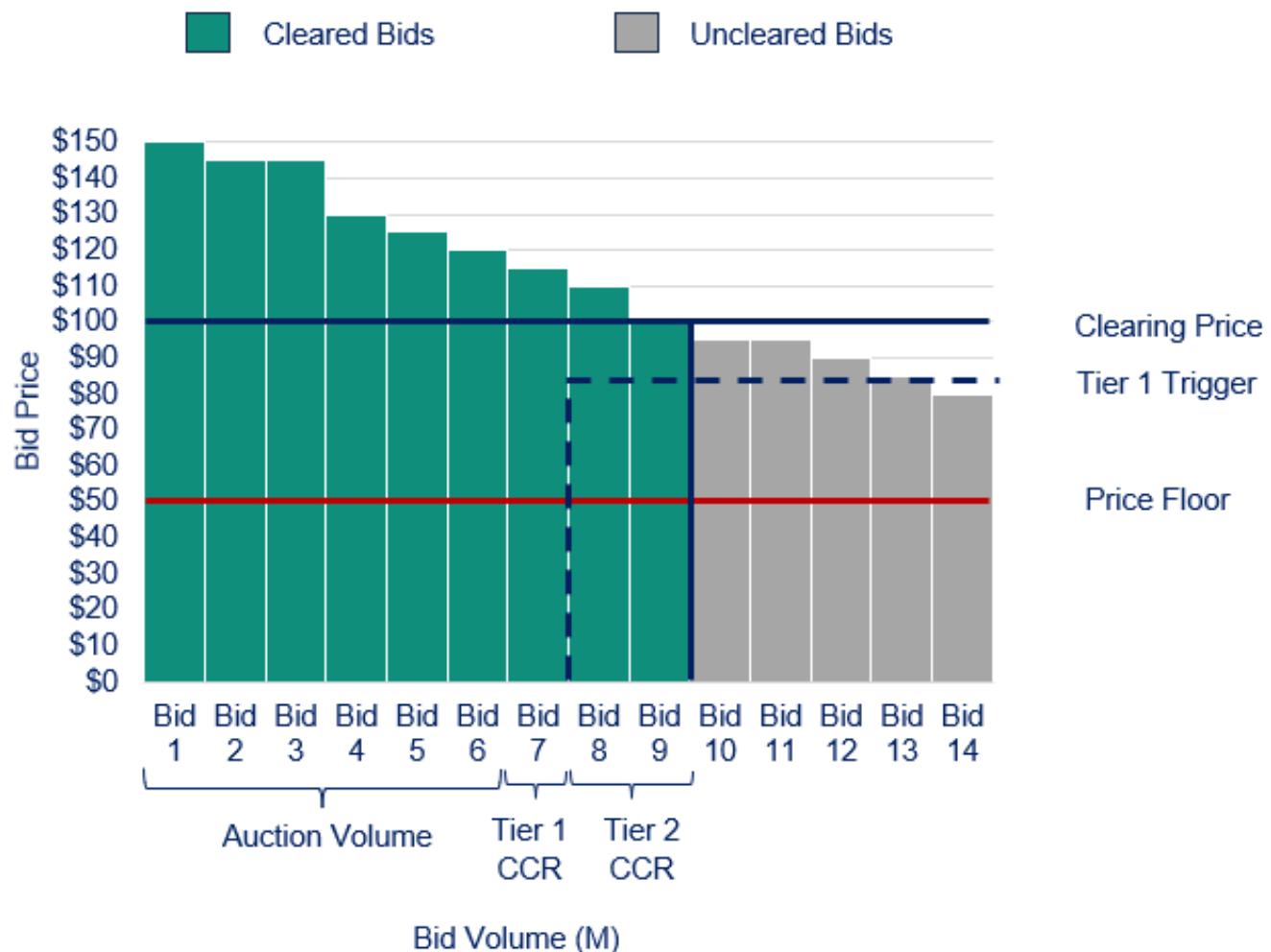
Tier 1 trigger price \$80, 1M units available



Scenario Three: 6M units for auction – Tier 2 triggered

Tier 1 trigger price \$80, 1M units available

Tier 2 trigger price \$100, 2M units available



Unsold (roll over) units

Units that are not sold at auction roll over to the next auction in the same calendar year. This preserves the availability of auction units throughout the year, allowing participants access to the previously unsold units if there is enough demand.

Remaining unsold auction units will not roll over into the next calendar year.

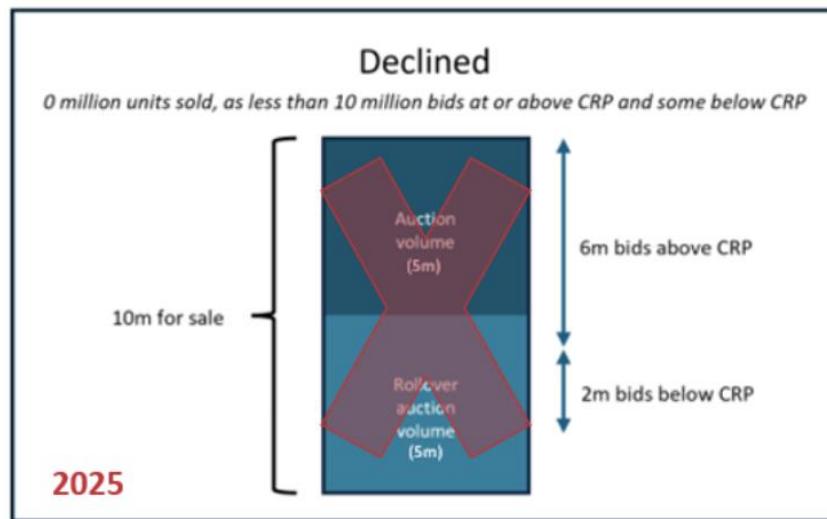
As of 1st January 2026, unsold units from a previous auction will not be made available in the next auction until all of the new auction units are sold. This allows for the initial allocation of auction units to still be sold if there is not enough demand for rollover units to clear above the confidential reserve price (CRP).

- The auction operator first attempts to clear all new auction units above the CRP. If so, these units are sold with the lowest bid determine the clearing price.
- The auction operator then attempts to clear any unsold units rolled over from previous auctions.
 - If the unsold units **can** clear above CRP, both the new auction units and roll over units are sold with the lowest bid determining the clearing price.
 - If the unsold units **can not** clear above CRP, only the initial units are sold.

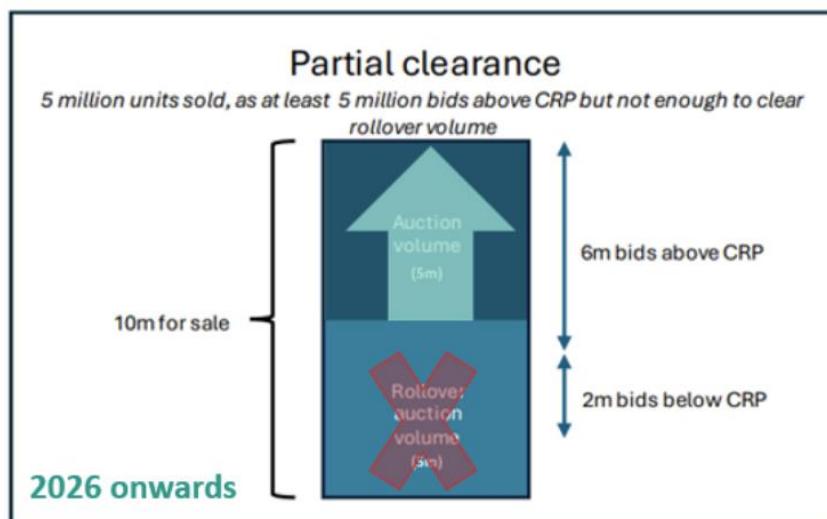
Example Scenario:

- 10M units for auction (5M new auction units + 5M Rollover auction units).
- 8M units bid for (6M bids above CRP + 2M bids below CRP).

Before 2026: 0 units sold



2026 onwards: 5M units sold



Partial Clearing

Determining a clearing price when not all units are bid for:

If not all available units are bid for, it is still possible for units to be sold at auction – this is called a *partial clearance*.

A partial clearance can happen if the lowest priced bid is at or above the confidential reserve price (CRP).

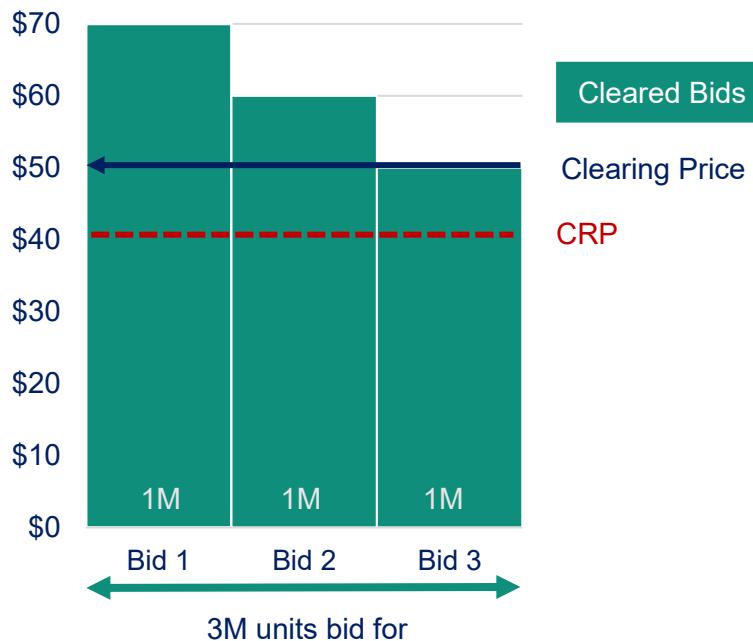
Scenario (simplified): 5M units are available at auction. Demand is low and only 3M units in total are bid for.

However, the lowest priced bid is \$50, which is above the CRP of \$40.

The auction will partially clear – bidders will receive 3M of the 5M units available at the clearing price of \$50.

The remaining 2M units unsold will roll over to the next auction (in the same calendar year).

Scenario: 5M units for auction



Contact us for more information

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