

Dame Melanie Dawes
Chief Executive, Ofcom
Riverside House
2a Southwark Bridge Road
London
SE1 9HA

12 May 2023

Dear Melanie,

Openreach FTTP pricing

As the date for Ofcom to issue its final assessment of the Equinox 2 offer approaches, I would like to address some of the concerns that have been raised during the course of Ofcom's review and Openreach's proposed course of action in relation to those concerns.

We are confident that Openreach's offer will continue the momentum towards adoption of fibre services that has built since the introduction of the Equinox offer, driving positive outcomes for Openreach's CP customers and consumers. In making FTTP the technology of choice for CPs and their customers Openreach considers that Equinox 2 will deliver benefits for industry as a whole.

Nevertheless, during the course of Ofcom's review of Equinox 2, you have also raised separate concerns with us that if, going forward, there were frequent and repeated price changes for Openreach's FTTP rental services, this could have the potential to create market uncertainty. Although Ofcom made clear in its provisional assessment that this is a wider issue that goes beyond the Equinox 2 assessment, I understand that you consider this issue could give rise to future regulatory concerns.

In fact, Openreach has not to date changed its FTTP rental prices as frequently as alleged, with Equinox 1 notified to Ofcom in July 2021 and the Equinox 2 overlay notified almost 18 months later in December 2022. Moreover, Equinox 2 was a direct response to requests from Openreach's CP customers and can only be seen as competition on the merits.

That being said, we appreciate your feedback on some of these alleged concerns and, assuming that Openreach is able to proceed with its Equinox 2 offer, I would put the following statement out to industry to address the concerns that have been expressed:

- a) Openreach does not have any current plans to change its Equinox 2 FTTP rental prices once launched and does not intend to initiate any further such changes during this market review

cycle (i.e. until 31 March 2026), aside from those changes provided for as part of the Equinox offer itself (e.g., CPI-based price increases);

- b) Openreach will, of course, need to consider requests for price changes if they are made by its CP customers and will need to consider its pricing in the event of any material market change. The usual process will be followed in these circumstances, as envisaged in the WFTMR; and
- c) In the event that circumstances arise which necessitate a further price review, Openreach commits that it would not propose any new form of conditionality relating to the volume or range of services offered by Openreach in respect of FTTP rental prices, which goes beyond the conditionality already contained in the Equinox offer.

Yours sincerely

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Clive Selley
CEO, Openreach