BT Group Response: Ofcom consultation on Openreach's proposed commercial offers

August 2026

Executive summary

- In the current competitive context, Ofcom is correct to provisionally conclude that it should not block five offers.
- These will:
    - incentivise migrations from legacy copper to full fibre in some areas;
    - drive fibre take-up more generally, and;
    - enable migrations to faster speeds within a full fibre environment.
- We are concerned, however, about Ofcom's provisional blocking of Openreach's Incremental New to Network offer ('the offer') for two reasons:
    1. Blocking the offer is inconsistent with Ofcom's stated principle of a bias against intervention[1], given:
        i. the limited impact of the offer compared with the overall size of the market, and;
        ii. the fact that internet service providers (ISPs) who purchase services from Openreach are unlikely to use it in the way described by Ofcom.
    2. Blocking the offer will distort retail competition by reducing the flexibility for BT retail[2] to win customers by competing fairly and robustly in areas where competitors are present. BT has chosen to deliver retail services in a rational manner – i.e. as a vertically integrated, nation-wide provider. Ofcom's proposed approach appears to undermine this strategy by limiting the ability of our wholesale supplier, Openreach, to offer fair competitive pricing that responds to competitive dynamics in the market and by reducing Openreach's ability to attract new connections to its network. This will necessarily have a distorting effect on retail markets – yet Ofcom has not assessed this.
- We therefore urge Ofcom to reassess its approach to the offer taking account of our points above. We set out further detail below.

[1] Ofcom Policies and guidelines. Accessed 5 August 2026

[2] For the purposes of this submission, we use BT retail to mean all 'downstream' units in BT Group, which purchase inputs from Openreach

We support Ofcom's decision not to block five Openreach commercial offers

- As Ofcom correctly noted in the recently concluded TAR, competition across the broadband market has flourished in recent years:

  > *"Consumers and their broadband providers are…taking advantage of the increased choice available to them…with around a quarter of full fibre connections now delivered by altnets. Openreach is…having to compete with other networks…Consumers are also benefiting from more attractive pricing and a greater choice of services as altnets and Openreach seek to attract customers.[3]"*

- At the retail level, customers continue to make the most of this intense competition and choose services and providers which best meet their needs on price and service quality. Straightforward, fast switching between providers continues apace, facilitated via the industry One Touch Switching Platform, which has so far facilitated over 3 million switches[4].

- As Ofcom's pricing research has noted, this competition is particularly intense at faster, full-fibre-enabled, speeds – with prices for "superfast and ultrafast (≥300 Mbit/s) broadband products…[falling] at a faster rate than those with standard broadband".[5] While the depth of this competition has varied according to speed tier, it is instructive to note that both promotional <u>*and*</u> list prices at the retail level have consistently fallen in real terms since September 2021[6].

- In this highly competitive retail context, we agree with Ofcom's provisional conclusion not to block:
  - The Geographic Incremental New to Openreach Customer Offer;
  - The Incremental Ethernet Net Demand Offer;
  - The Six-month extension to Equinox 550Mb incentive;
  - The Ethernet Access Direct ('EAD') re-sign Offer;
  - The Frontbook Average Revenue Per User ('ARPU') and Box Swap Offer.

- Collectively, these offers will provide all Openreach customers – including BT retail –with greater flexibility to continue offering the lowest possible prices to consumers, subject to their commercial plans and strategies. In some cases, individual offers will also:

  (i) act as a spur to encourage customers to migrate away from legacy, copper-based technologies to faster, more reliable fibre technologies – for example in areas where only Openreach full fibre and legacy cable are available[7]. We estimate this to be currently around [REDACTED] of the market and;

  (ii) provide customers with a means of upgrading to even faster speeds within the full fibre framework – thereby giving customers even greater choice to select services which work for them.

We are – however – concerned about Ofcom's provisional decision to block Openreach's Incremental New to Network Offer

- There are two reasons for this:

  (i) On proportionality grounds given:
  - Ofcom's stated bias against intervention and the limited impact of the offer;
  - Ofcom has not established that retail providers have the sophistication or the incentive to act in 'supplier selection' processes envisaged by Ofcom to achieve thresholds.

  (ii) Given the impact it will have on retail competition and BT retail specifically as a user of Openreach only.

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[3] Ofcom (2026) *Promoting competition and investment in fibre networks: Telecoms Access Review 2026-31 Volume 1: Overview, summary and structure*, Paragraph 1.7

[4] The One Touch Switching Company (2026) *3 Million Switches. A milestone achieved together - TOTSCo*

[5] Ofcom (2026) *Pricing and consumer engagement Trends in the UK communications sector*, 'What we have found – in brief'

[6] Ofcom (2026) *Pricing and consumer engagement Trends in the UK communications sector*, Page 35.

[7] The Frontbook Average Revenue Per User ('ARPU') and Box Swap Offer

(i) Proportionality and Ofcom's bias against intervention[8]

- Ofcom has not established that intervention is warranted given the limited impact of the offer on the revenues of Openreach, Openreach customers, and – by extension – third-party networks and consumers. Indeed, in our assessment using BT/public data, it is not possible to establish that the pricing change is material.
- To illustrate this point:
    - [REDACTED]
    - [REDACTED];
    - [REDACTED];
    - Even a major increase in new network adds across the entire Openreach estate might – therefore - result in a change in revenues of [REDACTED] across the entire market – compared with Openreach reported adjusted revenues of around £6.2bn in financial results for the year ending March 2026[9] - or less than [REDACTED] of Openreach's entire revenues in the financial year immediately preceding introduction of the offer.

How ISPs might use the offer

- Moreover, even if Ofcom does not accept the lack of materiality, it is still not clear that ISPs today have the level of sophistication required to act in the manner suggested by Ofcom.
- At a minimum, to engage in 'supplier selection' behaviour suggested by Ofcom, an ISP would be required to identify at the point of choosing a wholesale partner:
    1) the location of a customer;
    2) that a customer is 'new to Openreach', and
    3) the incremental impact of each provisioning to a given customer on delivery to achievement of thresholds compared to the April 2026 baseline.
- While (1) and (2) are widely available to ISPs, sufficient understanding of (3) would require the development of specialist systems and procedures distinct from those involved in billing and subsequent reconciliation (usually at the end of each quarter).
- [REDACTED]
- Although we have no knowledge of processes used by others, it is instructive that multi-supplier ISPs have generally in the past used 'preferred supplier' agreements[10] which explicitly preference a single supplier where available, without the need for complex analysis about preferred approach for each provisioning. This might suggest that very few ISPs will be able to choose their supplier based on whether they will meet Openreach's proposed commercial thresholds.
- Finally, we do not believe Ofcom has gathered sufficient evidence on what commercial incentives might exist for ISPs to provide discounts on a 'per line' basis, compared with delivering more competitive pricing across their entire base. [REDACTED].

(ii) Given the impact on BT retail specifically as a user of Openreach only

- More fundamentally, we are concerned that Ofcom's provisional decision to block Openreach's proposed Incremental New to Network offer undermines BT's existing model of delivering services in the most rational way possible – i.e. via a single, wholesale partner on a national basis, to:
    i. minimise development costs involved in integrating more than one supplier and;
    ii. to allow pricing efficiencies to accrue across our entire base.
- There are strong reasons why customers continue to choose BT downstream companies (BT, EE, Plusnet) as their service provider – encompassing the importance of our brands, our market leading integrated network[11],

[8] Ofcom Policies and guidelines. Accessed 5 August 2026
[9] BT Group PLC Results for the full year to 31 March 2026
[10] E.g. CityFibre extends partnership with VodafoneThree | CityFibre
[11] BT and EE score historic double award win as studies reveal UK's best connectivity

and our first in class deployment of XGS-PON technology – which enables eligible consumers to achieve download speeds of up to 8Gbit/s[12]. Equally significant, however, is our ability to offer competitive pricing widely and absorb costs across the market, ensuring that those customers in hard-to-reach areas are able to see benefits from full fibre in the same way as those where more networks are present.

- Yet, with its current consultation, Ofcom's approach undermines the benefits BT Retail can offer end customers – which is highly valued by consumers – by reducing BT retail's competitiveness in the 'new to network' segment. We are concerned about this unnecessary distortion in the retail market, which does not appear justified given the limited impact across the market of the Incremental New to Network Offer (which we have set out above).
- Ofcom's approach will naturally have the greatest impact on ISPs which operate according to a single supplier model – who will see opportunities to deliver pricing efficiencies across their base diminish.
- In other words, BT retail will be unfairly impacted by this approach, given the decision of other retail providers to 'multisource' from different wholesale partners – will see its business model undermined, without any detailed consideration of the relative impacts of this approach by Ofcom.
- This approach is all the more surprising given Ofcom appears to be departing from the approach set out only months ago in the Telecoms Access Review 2026, where it suggested that:

  > *"…[Ofcom's] strategy in areas where network competition is unlikely is still to provide incentives for commercial investment in, and provide access to, the SMP operator's network to promote downstream competition and to protect consumers."*[13]

- In this context, we do not believe Ofcom's provisional decision to block launch of the Incremental New to Network offer is justified. Ofcom should – at the very least – consider the above effects via a formal consultation and information-gathering exercise before proceeding with its preferred approach.

[12] EE BECOMES FIRST MAJOR UK PROVIDER TO OFFER 8GBPS SPEEDS ON ADVANCED FULL FIBRE BROADBAND USING XGS-PON TECHNOLOGY

[13] Ofcom (2026) Promoting competition and investment in fibre networks: Telecoms Access Review 2026-31 Volume 1: Overview, summary and structure