



**Response to Ofcom's consultation on
Openreach's proposed FTTP and Ethernet offers**

27 August 2026

Non-confidential version

1. Introduction and summary

1.1 This is CityFibre's response to Ofcom's consultation on Openreach's proposed FTTP and Ethernet offers which was published on 28 July 2026 (the **Consultation**). The Consultation document (**ConDoc**) sets out Ofcom's provisional views on whether Openreach's offers raise competition concerns under the regulatory framework established in Ofcom's Telecoms Access Review 2026-31 Statement (**TAR**).

1.2 As Ofcom notes in the ConDoc,¹ the key regulatory requirements that apply to Openreach's commercial offers are:

- (i) **Fair and reasonable pricing.** Openreach's charges must be fair and reasonable, so as to allow reasonably efficient operators to compete on a sustainable basis.
- (ii) **Conditional terms.** Where the price or other terms offered by Openreach are conditional on the volume and/or range of services purchased, a 120-day prior notification period applies. Ofcom may intervene to prevent such terms where appropriate, including through its direction-making powers under SMP Conditions.
- (iii) **Geographic discounts.** Openreach is prohibited from offering geographically targeted price reductions if these amount to undue discrimination. However, Openreach can apply to Ofcom for consent to geographic pricing that would otherwise be prohibited.

1.3 In summary:

- (i) Ofcom recognises that network competition is still developing and that altnets continue to face significant challenges in overcoming the incumbency advantages of Openreach. Ofcom's regulatory framework is designed to enable reasonably efficient altnets to compete and increase take-up. Take-up is critical to the development of sustainable network competition and underpins altnets' ability to exert a strong competitive constraint on Openreach.²
- (ii) Ofcom has found that Openreach has significant market power (**SMP**) and the ability and incentive to act in ways that could undermine sustainable network competition.³ Openreach offers that may unduly prevent altnets from gaining the necessary take-up require careful assessment on a case-by-case basis. Consumers are already

¹ ConDoc, para 1.2.

² ConDoc, paras 1.4-1.5 and 2.3-2.4.

³ ConDoc, paras 1.3 and 1.5.

experiencing the benefits of network competition and Ofcom must take action to ensure that those benefits are sustained for the long term.

- (iii) CityFibre welcomes Ofcom's proposal to direct Openreach to withdraw its Incremental New to Openreach Offer (**NTO Offer**). CityFibre agrees that Openreach's prices under this offer are **not fair and reasonable** – they would inhibit the competition that is necessary to keep prices low in the long term. CityFibre also welcomes Ofcom's **overall approach** to assessing the NTO Offer under the fair and reasonable pricing requirement, which takes account of Openreach's significant incumbency advantages.
- (iv) In relation to the **conditionality** of the relevant Openreach offers and Ofcom's three-question analytical framework, Ofcom should **clarify in its final decision** that the imposition of a direct financial penalty on ISPs for using altnets rather than Openreach is not the only scenario in which conditional terms could create a barrier to using altnets, and that it is instead merely an example of such a scenario.
- (v) CityFibre notes Ofcom's provisional view that the Geographic Incremental New to Openreach Offer (**Geographic Offer**) does not give rise to concerns under the regulatory framework. However, it is vital that Ofcom remains alert to any future attempts by Openreach to use geographic discounts to undermine the development of sustainable network competition. Ofcom should take a precautionary approach and the onus should be on Openreach to explain why any future geographic offers are incapable of undermining altnets' ability to compete.
- (vi) CityFibre disagrees with Ofcom's provisional view that the conditionality of the Incremental Ethernet Net Demand Offer (**Ethernet Offer**) does not create a barrier to using rival networks. Openreach enjoys significant incumbency advantages in the provision of LLA services; the Ethernet Offer directly targets existing and potential customers of rival networks; and the discounts significantly reduce the pricing advantage that rival networks require to overcome Openreach's incumbency advantages.
- (vii) If Ofcom allows the Ethernet Offer to be introduced, it should carefully and proactively **monitor its impact on customer behaviour**. This would facilitate the creation of an evidential baseline against which to assess any future Openreach proposal to extend the Ethernet Offer beyond its current timeframe or to introduce another offer with a similar structure but even deeper discounts.⁴

⁴ See in this connection Ofcom's open letter to industry dated 9 October 2025 in relation to Openreach's proactive upgrades special offer (available [here](#)).

1.4 The remainder of this response is structured as follows:

- (i) **Section 2** addresses issues relating to the NTO Offer.
- (ii) **Section 3** addresses the Geographic Offer.
- (iii) **Section 4** addresses the Ethernet Offer.

2. The NTO Offer

2.1 As noted in section 1 above, CityFibre welcomes Ofcom's proposal to intervene on the NTO Offer. CityFibre agrees that the NTO Offer is targeted at customer segments which altnets need to win and retain in order to achieve scale, and that the offer results in prices and margins that would not allow a reasonably efficient operator (**REO**) to compete.⁵

[Issues relating to low pricing](#)

Ofcom is right to direct Openreach to withdraw the NTO Offer

2.2 CityFibre strongly agrees with Ofcom's proposal to direct Openreach to withdraw the NTO Offer.⁶ The charges under the NTO Offer are not fair and reasonable, as CityFibre explained in its response to the Call for Inputs (**CFI Response**). The substantial price reductions under the NTO Offer would result in margins that would not allow an REO to recover its costs. Absent intervention by Ofcom, the NTO Offer would harm the development of network competition to the detriment of consumers in the long term.⁷

2.3 Directing Openreach to withdraw the NTO Offer is consistent with Ofcom's regulatory approach set out in the TAR and its statutory duties.

2.4 Ofcom recognises that "*huge strides*" have been made by the industry in rolling out full-fibre networks, but network competition has yet to reach the point where it is sustainable and sufficient to mean that Openreach no longer has SMP.⁸ If competition is to become established, take-up of challenger networks is critical to allow those networks to scale and become strong long-term competitors to Openreach.

2.5 For altnets, take-up underpins their ability to exert an effective competitive constraint in the long term through growing scale. The period covered by the TAR is a critical window as altnets seek to build scale. As CityFibre has previously explained to Ofcom, to achieve this scale, altnets

⁵ ConDoc, paras 4.121-4.123.

⁶ For the avoidance of doubt, CityFibre agrees with Ofcom that it should direct Openreach to withdraw the offer in both WLA Area 2 and WLA Area 3.

⁷ CityFibre's CFI Response, para 1.2.

⁸ ConDoc, paras 2.2-2.3.

will require further capital to fund expansion, either through network build or, more likely, consolidation. Take-up is a key metric in persuading investors to provide the further investment necessary to provide long-term sustainable network competition.⁹

- 2.6 As Ofcom notes, it takes time for new networks to build customer bases and achieve scale, and altnets still face considerable challenges in overcoming Openreach's substantial incumbency advantages.¹⁰ Furthermore, Openreach has strong incentives to undermine altnets' pursuit of scale to protect its SMP position.
- 2.7 Ofcom's approach to enforcing Openreach's SMP obligations during this period is therefore particularly important. CityFibre agrees with Ofcom that it is important that regulation maintains the opportunity for reasonably efficient altnets to compete for material sources of demand to increase take-up during the TAR review period.¹¹ This is the right underlying principle for considering whether the NTO Offer is fair and reasonable. Ofcom's confirmation of this principle in its final decision will provide welcome certainty.
- 2.8 Openreach is in a unique position to use commercial terms to influence competition since it is the only national network and continues to enjoy other significant incumbency advantages that it can leverage through the design of commercial terms. It is therefore important that Ofcom ensures its approach to assessing Openreach offers does not allow Openreach to benefit from these incumbency advantages.¹² To do so would undermine the development of competition.
- 2.9 Against this background, Ofcom is right to find that:
- (i) The NTO Offer is targeted at customers whom altnets need to be able to compete for in order to increase take-up and defend their existing bases. Ofcom is right to reflect this in its assessment methodology. As CityFibre explained in its CFI Response, the NTO Offer is designed to "*drive incremental new customer wins*" for Openreach necessarily at the expense of altnets. Increasing volumes above the baseline would mean that ISPs divert volumes that would otherwise be placed with altnets to Openreach.¹³ There would be a double effect on altnets as the NTO Offer would give ISPs powerful incentives to switch customers from altnets, while at the same time limiting altnets' ability to win customers from VMO2 or other altnets.

⁹ CityFibre's CFI Response, para 1.4.

¹⁰ ConDoc, para 2.4.

¹¹ ConDoc, para 2.6.

¹² CityFibre's CFI Response, para 3.36.

¹³ CityFibre's CFI Response, paras 3.12 - 3.15.

- (ii) The NTO Offer would result in margins that may not allow an REO to recover its costs.¹⁴ The NTO Offer would create a barrier to the use of altnets, which altnets would be unable to overcome without pricing at a loss.¹⁵
- (iii) The risk that the NTO Offer could have a significant adverse effect on take-up and prices for altnets, which would undermine altnets' ability to exert an effective competitive constraint in the long-term, is plausible enough to justify Ofcom intervening to direct Openreach to withdraw the NTO Offer.¹⁶

CityFibre supports Ofcom's assessment of the NTO Offer prices against estimates of an REO's costs derived from the 2026 Fibre Cost Model

- 2.10 CityFibre supports Ofcom's use of the outputs of the 2026 Fibre Cost Model, and the resulting REO cost range, in assessing whether the NTO Offer prices are fair and reasonable.¹⁷ Such an approach is consistent with the approach Ofcom set out in the TAR.
- 2.11 CityFibre further agrees that Ofcom should be concerned where Openreach's prices are at the mid to lower end of the REO cost range. As Ofcom recognises, Openreach's strong incumbency advantages mean that it is not enough for altnets merely to replicate Openreach's pricing – to win customers, altnets need to discount significantly against Openreach's prices.¹⁸ This is particularly the case given that ISPs typically have longstanding wholesale relationships with Openreach, which remains an unavoidable trading partner for ISPs wishing to provide a national service. This is important context to Ofcom's assessment of Openreach's charges against the REO cost range.
- 2.12 The very substantial discounts under the NTO Offer would result in the differential between altnet and Openreach prices closing,¹⁹ significantly weakening ISPs' incentives to use altnets. As Ofcom notes, this narrowing of the price differential would put downward pricing pressure on altnets to remain competitive or otherwise risk losing volumes.²⁰ This could affect both volumes under existing altnet wholesale agreements, and the prospects for altnets to execute future wholesale agreements.²¹

¹⁴ ConDoc, para 4.123.

¹⁵ CityFibre's CFI Response, para 3.8.

¹⁶ ConDoc, para 4.123.

¹⁷ CityFibre's CFI Response, para 3.29.

¹⁸ CityFibre's CFI Response, para 3.11.

¹⁹ ConDoc, para 4.102.

²⁰ ConDoc, para 4.103.

²¹ As set out by Ofcom in paras 4.116 - 4.118 of the ConDoc.

- 2.13 However, as Ofcom's analysis shows, altnets are highly constrained in their ability to respond with further price reductions, as the NTO Offer prices are in the bottom half of, or below, the REO cost range. The result is that the NTO Offer would undermine the opportunity for altnets to compete for an important source of take-up and scale, damaging their ability to exert an effective competitive constraint in the long term.²²
- 2.14 As explained in more detail below, Ofcom's assessment should also adopt a precautionary approach reflecting the asymmetric risks to consumers from assessment errors. Assessing the future impact of offers is inherently uncertain, particularly as forecasting the likely nature and scale of demand reactions is difficult. Ofcom's assessment, including its assessment of Openreach's prices against the REO cost range, should take account of this uncertainty.

CityFibre supports Ofcom's choice of output increment in this case

- 2.15 While Ofcom's approach to assessing any individual Openreach offer needs to be guided by the specific features and circumstances of that offer and the nature of the competition concerns under consideration, CityFibre strongly agrees with Ofcom that, in this case, the appropriate output increment over which to assess the NTO Offer is across all Openreach FTTP broadband products sold to customers that would be eligible for the NTO rebates (i.e. **above-baseline NTO customers**).²³ The NTO Offer is highly targeted, and it is right that Ofcom's approach in this case, particularly in relation to the output increment, properly reflects that.²⁴
- 2.16 In deciding on the right methodological approach in this case, Ofcom should be guided by the objective that underpins its *ex ante* regulatory framework: the promotion of sustainable network competition. Ofcom is right to conclude that this has two implications for the appropriate output increment in this case.
- 2.17 **First**, altnets' ability to compete against 'above-baseline' offer prices is important in its own right to the development of network competition. Altnets would likely need to compete with the above-baseline offer prices across all prospective NTO customers and across their existing customer bases.²⁵ Such customers comprise a material segment of volume for altnets; being able to compete for them is therefore important for altnets to increase their customer base and scale. The development of sustainable network competition would be impaired if altnets were not able to do so. Ofcom's test must therefore be capable of assessing the replicability, by an

²² CityFibre therefore agrees with Ofcom's assessment in paras 4.104 - 4.109 of the ConDoc.

²³ Such an approach is consistent with CityFibre's position in its CFI Response (para 3.38), which explained that Ofcom's assessment in this case needs to assess the (cumulative) offer-specific prices against the outputs of the 2026 Fibre Cost Model.

²⁴ ConDoc, para 4.66.

²⁵ ConDoc, para 4.76. Given the lack of information available to altnets on the existing network used by new customers, CityFibre agrees with Ofcom that altnets may need to proceed on the assumption that all prospective NTO customers for which they compete would be above-baseline customers if served by Openreach – they would have no basis to reliably refine such an assumption.

REO, of Openreach's pricing for above-baseline NTO customers in isolation. By focusing only on above-baseline NTO customers, Ofcom's proposed approach rightly does this.

2.18 **Second**, promoting sustainable network competition requires an approach that prevents Openreach from being able to leverage the substantial incumbency advantages it has over altnets to the detriment of competition and consumers.²⁶ As CityFibre explained in its CFI Response, Openreach's significant incumbency advantages include (but are not limited to):

- (i) **Its extensive and unrivalled FTTP footprint.** Openreach has access to many customers in areas where altnets are not yet present and therefore unable to compete.
- (ii) **Its larger installed backbook of higher-price customers.** Given its incumbent position and its ability to migrate customers from its copper network, Openreach enjoys a larger backbook of customers on its network than altnets. Furthermore, Openreach's wholesale charges have reduced considerably in recent years, such that across Openreach's backbook there will be cohorts of customers whose terms reflect higher-priced legacy offers. Openreach's incumbency position gives it backbook advantages that altnets do not have access to.
- (iii) **Disproportionately benefiting from customers who are not contestable by altnets** – for example, because not all customers engage actively with the market. This compounds Openreach's backbook advantages: not only does Openreach disproportionately benefit from its backbook, but a substantial proportion of those higher-value customers are not contestable by altnets.

2.19 As Ofcom notes, the extent of Openreach's incumbency advantages means that reasonably efficient altnets do not have the same ability as Openreach to offset low margins on above-baseline NTO customers with higher margins on other customers. REOs are therefore unable to replicate Openreach's pricing structure across broader increments than above-baseline NTO customers.

2.20 If Ofcom were to broaden the output increment for considering the NTO Offer, that would not only fail to capture the targeted nature of the offer; it would also allow Openreach to leverage its incumbency advantages to the detriment of competition and consumers. Such an approach would be inconsistent with Ofcom's regulatory objectives and underlying statutory duties.

2.21 Ofcom is therefore right to reject claims from Openreach that the output increment should be broader. It must continue to reject any such claims.

²⁶ ConDoc, para 3.36.

Ofcom should adopt a precautionary approach where there is uncertainty over key inputs to its assessment

- 2.22 Ofcom notes the difficulties in predicting the average price for above-baseline NTO customers to use in its assessment – the average will depend on the number of customers that receive rebates for each of the available durations, which is difficult to predict.²⁷
- 2.23 As Ofcom also recognises, it is unlikely that an REO, in competing with the NTO Offer, would have access to the information needed to know (i) the distribution of customers for an ISP that fall into each of the discount duration categories or (ii) the blended Openreach price across above-baseline customers.²⁸ Ofcom explains that, as part of its assessment, it has therefore considered Openreach's prices based on each of the three rebate durations, as well as a blended figure based on Openreach's weightings.²⁹
- 2.24 As set out above, where there is uncertainty over key inputs to its assessment, Ofcom should, in general, adopt a precautionary approach reflecting the asymmetric risks to consumers from assessment errors. This should include a robust assessment of the appropriateness of Openreach assumptions before relying on them, particularly where such reliance is determinative of the outcome of the assessment.
- 2.25 While CityFibre does not ask Ofcom to amend its approach to estimating the relevant Openreach prices in this case, we note that Ofcom's approach of relying on Openreach's weightings, seemingly without a robust assessment of their appropriateness, and adopting a five-year customer lifetime assumption, does not align with a precautionary approach. As CityFibre explained in its CFI Response, Openreach is likely to benefit from longer average customer lifetimes than altnets.³⁰ Furthermore, as Ofcom itself notes, some ISPs use shorter time horizons for their assessments of what network to place a customer on.³¹ The use of a shorter customer lifetime assumption would result in Ofcom finding Openreach's prices to be even lower relative to the REO cost range.

Summary: the prices in the NTO Offer are not fair and reasonable and Ofcom should continue to take a precautionary approach

- 2.26 In summary, CityFibre agrees with Ofcom's overall assessment of the NTO Offer under the fair and reasonable pricing requirement. The prices are so low reasonably efficient altnets would be unable to compete sustainably for contestable demand. Pricing at the level in the NTO Offer

²⁷ ConDoc, para 4.81.

²⁸ ConDoc, para 4.83.

²⁹ ConDoc, para 4.83.

³⁰ CityFibre's CFI Response, para 3.36(d).

³¹ ConDoc, para 4.87.

would severely limit take-up of altnets, slowing subscriber growth and hindering their ability to scale and compete over the longer term. Ofcom should also take a precautionary approach to assessing any pricing in future Openreach offers which risks undermining sustainable network competition.

Issues relating to conditionality

- 2.27 As Ofcom notes, the conditionality of the NTO Offer relates to the discounts being contingent on ISPs exceeding a specified baseline volume of ‘New to Openreach’ orders.³² Ofcom assesses whether the conditionality of the NTO Offer gives rise to concerns by applying the three-question framework set out in the TAR.³³
- 2.28 In relation to Question 1 of the framework (“*Do the commercial terms potentially create a barrier to using rival networks?*”), Ofcom’s analysis in this case focuses on whether the NTO Offer penalises ISPs financially for placing orders with altnets rather than Openreach.³⁴ Given Ofcom’s use of the words “*for example*” in paragraph 4.26 of the ConDoc, CityFibre understands that Ofcom was not intending to suggest that the imposition of a direct financial penalty on ISPs for using altnets rather than Openreach (**Direct Financial Penalty**) is the only scenario in which conditional terms could create a barrier to using altnets under Question 1 of the framework. As Ofcom clearly set out in Annex 8 of the TAR:

*“A range of different pricing terms could potentially result in incentives which deter telecoms providers from switching to rival networks. Pricing schemes could be **overtly loyalty inducing**, in that they **directly penalise** telecoms providers for moving volumes to rival networks. **Other schemes may operate with the indirect effect** that obtaining discounts is in practice contingent on whether telecoms providers purchase from rival networks.”*³⁵

- 2.29 It would be highly problematic if industry participants perceived that Ofcom has suggested in this Consultation – the first of its kind since the publication of the TAR – that the imposition of a Direct Financial Penalty is the only scenario in which conditional terms could create a barrier to using altnets under Question 1 of the framework. To avoid the potential for any misunderstanding, Ofcom should **clarify in its final decision** that the imposition of a Direct Financial Penalty is not the only scenario in which conditional terms could create a barrier to using altnets, and that it is instead merely an example of such a scenario.

³² ConDoc, para 4.22. The duration of the discounts is also contingent on performance above the baseline.

³³ ConDoc, para 4.25.

³⁴ ConDoc, paras 4.26-4.28.

³⁵ Annex 8 of the TAR, para A8.67, emphasis added.

- 2.30 The same issue arises in relation to the Geographic Offer³⁶ and the Ethernet Offer.³⁷ The issue is most pronounced in relation to the Geographic Offer, as in paragraphs 5.17-5.19 of the ConDoc there is no equivalent of the “*for example*” wording that is used in paragraphs 4.26 and 6.32.³⁸ Ofcom should therefore also clarify in the context of assessing the Geographic Offer and the Ethernet Offer that the imposition of a Direct Financial Penalty is not the only scenario in which conditional terms could create a barrier to using altnets.

3. The Geographic Offer

- 3.1 CityFibre notes Ofcom’s provisional view that the Geographic Offer is not capable of harming long-term competition to a sufficient degree to amount to undue discrimination.³⁹
- 3.2 Ofcom made clear in the TAR that Openreach could use geographically targeted price reductions – including discounts on both rental charges and connection charges – to undermine the development of network competition.⁴⁰ Absent effective *ex ante* regulation, Openreach has the incentive and ability to stifle network competition through geographic discounts. The significant capacity of such discounts to harm competition explains why they are prohibited under Ofcom’s regulatory framework, unless Openreach obtains prior consent.
- 3.3 It is vitally important that Ofcom remains alert to any future attempts by Openreach to use geographic discounts to undermine the development of sustainable network competition. In this case, the Geographic Offer is limited to a one-off discounted connection charge. However, any future geographic offers by Openreach – particularly geographic offers which contain significant rental discounts or combinations of rental and connection discounts – will require careful assessment on a case-by-case basis. Given its policy of promoting sustainable network competition, Ofcom should take a precautionary approach and the onus should be on Openreach to provide a detailed explanation of why any future geographic offers are incapable of undermining the ability of altnets to compete.

4. The Ethernet Offer

- 4.1 CityFibre notes Ofcom’s provisional view that the Ethernet Offer does not give rise to concerns under the regulatory framework.⁴¹

³⁶ See paras 5.17-5.19 of the ConDoc.

³⁷ See paras 6.32-6.34 of the ConDoc.

³⁸ Instead, footnote 124 of the ConDoc merely cross-refers to paragraphs 4.27-4.28.

³⁹ ConDoc, paras 5.56-5.58.

⁴⁰ TAR Volume 3, para 9.24.

⁴¹ ConDoc, paras 6.66-6.67.

Issues relating to conditionality

- 4.2 The conditionality of the Ethernet Offer relates to the discounts being contingent on a CP exceeding a specified baseline volume of Ethernet Offer orders.⁴²
- 4.3 Ofcom assesses whether the conditionality of the Ethernet Offer gives rise to concerns by applying the three-question framework set out in the TAR.⁴³ In relation to Question 1 of the framework (“*Do the commercial terms potentially create a barrier to using rival networks?*”), rather than narrowly focusing on whether the Ethernet Offer penalises CPs financially for placing orders with altnets rather than Openreach,⁴⁴ Ofcom should assess the structure and pricing of the offer in the round to determine whether it has direct or indirect loyalty-inducing effects.⁴⁵ It is a question of substance, not form.
- 4.4 CityFibre disagrees with Ofcom’s provisional view⁴⁶ that the Ethernet Offer does not create a barrier to using rival networks:
- (i) As CityFibre set out in its CFI Response and as Ofcom recognised in the TAR, Openreach enjoys significant incumbency advantages in the provision of LLA services, including network scale, existing ducts and fibre connecting to customer sites, and reputational advantages.⁴⁷
 - (ii) For business customers, there is a cost associated with switching away from Openreach in terms of the risk and time taken to establish a new connection through the building of new ducts and fibre. Rival networks such as CityFibre need to offer a significant price differential to compensate customers for this cost.⁴⁸
 - (iii) The Ethernet Offer directly targets existing and potential customers of rival networks, and the discounts significantly reduce the pricing advantage that rival networks require in order to overcome Openreach’s incumbency advantages.⁴⁹ As a result, the Ethernet

⁴² ConDoc, para 6.28.

⁴³ ConDoc, para 6.31.

⁴⁴ As noted in paras 2.29 - 2.30 above, Ofcom should clarify in its final decision that the imposition of a Direct Financial Penalty is not the only scenario in which conditional terms could create a barrier to using altnets.

⁴⁵ See Annex 8 of the TAR, para A8.67.

⁴⁶ ConDoc, paras 6.33-6.37.

⁴⁷ CityFibre’s CFI Response, para 3.20; and TAR Volume 2, para 5.439ff. Ofcom recognised in particular that Openreach’s competitors will generally incur higher costs than Openreach to connect business customers, as Openreach has already largely incurred capital costs in building out its LLA network and in many cases has already connected business premises to its fibre network.

⁴⁸ CityFibre’s CFI Response, paras 3.20-3.21.

⁴⁹ CityFibre’s CFI Response, paras 3.22-3.23.

Offer could significantly undermine infrastructure competition in the LLA market, contrary to Ofcom's policy objectives as set out in the TAR.

[Ofcom should monitor the impact of the Ethernet Offer on customer behaviour](#)

- 4.5 If Ofcom maintains its provisional view on the Ethernet Offer and allows it to be introduced, it should carefully and proactively monitor the impact of the offer on customer behaviour – specifically the extent to which customers switch Ethernet volumes from rival networks to Openreach in order to maximise discounts under the offer structure. This would facilitate the creation of an evidential baseline against which to assess any future Openreach proposal to extend the Ethernet Offer beyond its current timeframe or to introduce another offer with a similar structure but even deeper discounts.
- 4.6 It is important that Ofcom remains alert to any future attempts by Openreach to prevent sustainable infrastructure competition from emerging in the LLA market. Ofcom made clear in the TAR it sees the promotion of LLA infrastructure competition as the best means to secure long-term benefits for business users. It also recognised that such competition would take time to develop, given Openreach's incumbency advantages.⁵⁰ As with Openreach WLA offers, Ofcom should therefore adopt a precautionary approach to any future LLA offers which risk undermining LLA infrastructure competition in the long term.

⁵⁰ TAR Volume 2, para 5.391.