

## **Ofcom's Market Review for the Hull Area 2026-31: Critique of the KCOM PIA Offer**

### Introduction: KCOM Physical Infrastructure

1. KCOM announced on 30 July 2025 a voluntary commercial offer for access to its pre-existing duct and pole infrastructure ('KPIA'). This has been positioned by KCOM as a final offer following previous trials with a number of alternative network operators in the Hull Area.
2. CityFibre has conducted an assessment of this offer and compared it with the principal features of regulated Openreach PIA.
3. In Table 1 below, we summarise the principal differences between the two products.
4. In the remainder of this annex, we set out our detailed assessment of the offer's features, highlighting those which in our view make it highly unattractive for alternative operators such as CityFibre, seeking to extend their networks in the Hull Licensed Area, to consume.

**Table 1: KPIA Product Overview**

<b>KPIA Product feature</b>	<b>Openreach PIA comparison</b>	<b>Financial/Operational impact</b>
All use subject to prior approval, including surveys and emergency works <sup>1</sup>	Permissive rights for PIA users to undertake works, subject to general compliance with contract including whereabouts and engineering principles	Potentially lengthy and complex process prohibits use at scale. Creates risk of multiple requests having to be submitted for same works; Prior approval for emergency works makes it difficult to meet downstream SLAs
Works must be completed on specified timescale <sup>2</sup>	Users have flexibility on completion of works, subject to protections against Unauthorised Use	Creates significant operational risk: no clarity on how timescales will be set or whether there is scope to request extensions in the event of unforeseen events
Maximum occupation of duct at 50% <sup>3</sup>	No restrictions on space	This creates an artificial cap on the extent to which we can ever use KCOM PIA. There is no objective justification for this as the KCOM fibre network has been completed.
Forecasting requirements are onerous <sup>4</sup> - no guarantee of confidential treatment of data provided.	Forecasting requirements made less stringent and more realistic over time. Openreach has extensive restrictions in place on access to data.	[.....]
Scope of permitted NAs unclear for overhead works <sup>5</sup>	All UG and overhead works fully specified.	May not be able to make use of overhead NAs.
NA ordering process complex, and manual: basis of assessment unclear with no timescale for approvals <sup>6</sup>	Simple, automated process for ordering NAs, particularly for self-provided works. Order confirmation timescales defined.	Combined effect is to deter requests for NAs: operators likely to revert to self-build in order to have control of overall build timescales.
NA cost sharing strictly limited – KCOM only contributing to an apparent maximum of £300 <sup>7</sup>	Costs covered by Openreach up to £4,7k cap, self-provided NAs recharged to OR	Unclear what extent of financial exposure is, given lack of clarity on incidence of UG blockages. Also unclear how overhead NAs are to be paid for. This creates significant financial cost control risk for user

<sup>1</sup> O&M manual 4.1, Service Description 2.5, Schedule 4 Clause 1

<sup>2</sup> O&M manual 4.2, Schedule 4 Clause 6

<sup>3</sup> O&M Manual p40. "Duct Capacity"

<sup>4</sup> Main Contract Clause 9 and Schedule 7

<sup>5</sup> Schedule 5 Clause 4

<sup>6</sup> Schedule 5 Clauses 4 and 5

<sup>7</sup> Schedule 5 Clause 6

Pricing subject to change including for pre-installed apparatus <sup>8</sup>	Prices subject to a regulated charge control.	Lack of any protection against future 'bill shock' deters use of product.
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### The non-permissive nature of the offer

- The rights conferred by KCOM to signatories to the offer are significantly limited compared with those conferred on signatories to the Openreach regulated PIA Reference Offer. Overall, the KCOM offer confers only *a right to make requests for access to physical infrastructure* and provides multiple grounds for KCOM to refuse the request.

#### *Complex pre-approval process*

- Before seeking to make use of KCOM physical infrastructure, a requesting operator must submit a complete plan of its intended use, providing extensive and very specific detail of every piece of kit it intends to place, including showing on a map where it would be placed.<sup>9</sup> This complete plan then needs to be submitted to KCOM, whose planners will double-check the requesting operator's work and must give their approval before build can proceed. It is not clear on what basis this assessment would be made and hence in what circumstances such approval might be withheld.
- The requirement to pre-submit a build plan for approval is a precedent step to undertaking any work at all, including conducting preparatory pre-build surveys. Before any ducts can be tested for blockages, for example, KCOM requires the full build plan to be developed and provided to them. It is entirely possible that at the survey stage a user might find an unacceptable level of blockages, rendering the plans developed and submitted for approval null and void and requiring the requesting operator to restart the process.
- It should further be noted that this pre-approval is not restricted to initial rollout activities: any emergency works or service restoration works also need to be approved by KCOM in advance. The resultant scope for delay in completing essential engineering work has obvious consequential risks for a KCOM PIA user of not being able to meet its own SLAs to its downstream customers.

<sup>8</sup> Main Contract, Clause 19.2

<sup>9</sup> O&M Manual 4.1, Service Description 2.5 and Schedule 4 Clause 1

9. No timescales for approving a submitted build plan are included in the offer materials.

#### *Specified timescales for completion of works*

10. If KCOM nonetheless approves a build plan, it will also set a build period for the requesting operator to complete the work, with KCOM reserving the right to remove any equipment installed if work is not completed in time. It is not clear how this build period would be determined to ensure it was realistic, and there appears to be no provision for the requesting operator to seek an extension of this period if it encounters unforeseen difficulties in completing the works.
11. In all these respects, the offer differs significantly from regulated PIA, under which a user has extensive permissive rights to undertake works including survey and emergency works subject to the submission of whereabouts information and compliance with operational requirements and engineering rules. KCOM PIA assumes that every step of the process must be resubmitted, validated and approved. This highly restrictive and bureaucratic approach is clearly incompatible with scale use of the remedy.

#### *Restriction on duct capacity*

12. The KCOM offer also caps the occupation of duct by other CPs at 50%. There is no equivalent of this in the Openreach PIA product. There is no objective justification for this, particularly given that KCOM has already completed its fibre network deployment. The only obvious reason for this restriction would appear to be to limit the extent of competition which can emerge in Hull.

#### *Manual processes*

13. In addition, processes for ordering KPIA or issuing 'build complete' notices - are manual (based on email). This will also impact on the attractiveness of using the product compared with the largely fully automated processes we have secured from Openreach for PIA. We recognise that KCOM may be unwilling to invest in automated processes if it considers that demand for the product is uncertain, but we would expect KCOM to be willing to work collaboratively on such process automation were users to take up the offer and seek to make use of it at scale.

#### *Forecasting and confidentiality*

14. Before being in a position to order KPIA, twelve-month volume forecasts are required to be provided quarterly. Forecasts have to be sent no less than three months before the period they relate to so there is a rolling twelve month forecast requirement which needs to be submitted at least three months in advance. The first six months of each forecast is seen as being "firm" with the

second period being merely “indicative”. We note that forecasting requirements of this kind have been significantly reduced in the Openreach PIA product and it has been recognised that forecast accuracy diminishes as the forecast period is increased.

15. Importantly, we do not see in the documentation any protections about the treatment of this highly sensitive commercial information which is being supplied to a competing network builder which is the dominant operator in the location. This contrasts with the Openreach PIA product where guarantees were provided by Openreach about the way that data would be stored and who would have access to it. [...]

### Scope of Network Adjustments (NAs)

16. As with the Openreach PIA product, the KPIA offer envisions both overhead and underground NAs being possible. However, there are marked differences to the Openreach PIA product in the detailed provisions covering NAs.
17. All underground NAs must be undertaken by the requesting operator: there is no provision (unlike Openreach PIA) to ask KCOM to undertake the work. This is not, in principle, objectionable to us given that the general trend in Openreach PIA has increasingly been for operators to undertake underground works themselves: but this needs to be considered alongside the operational issues regarding the NA request process discussed further below.
18. The documentation provides much less specificity on how the process for requesting overhead Network Adjustments is intended to operate compared with underground NAs. Indeed, the documentation is confusing even as to whether such works are within scope.<sup>10</sup> We suspect that the intent is to mirror Openreach practice whereby any work to repair, replace or make additional space on poles must be carried out by KCOM. However, KCOM seems to be reserving the right to reject orders for pole-top adjustments on unspecified grounds. Hence, on an initial reading, we cannot be certain that KCOM anticipates allowing any overhead NAs at all. [...].

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<sup>10</sup> Whilst overhead adjustments (effecting repairs to or making capacity on poles) are listed at para 8.2.1 of the O&M manual, certain categories are specified as being carried out by KCOM and the text then says “not permitted”. These are also coloured red while other categories (for example “provide stand-off bracket”) are coloured green or amber. No explanation as to the colour coding is provided but red presumably means prohibited. The wording of para 8.2.1 therefore seems to imply that pole top repairs or adjustments can be requested although they would be excluded by the definition of Network Adjustment at para 8.1.

## Network Adjustment ordering and provisioning processes

19. Further serious flaws in the product are evident when we examine KCOM's Schedule 5 documentation covering ordering and provisioning of NAs. Some of the points below mirror our general concerns about the non-permissive nature of the offer already described, but these are particularly marked in relation to the NA process as it is specified.

20. Key differences in the approach compared with Openreach PIA include:

- A formal request for a NA must be submitted in advance of any works commencing and approval must be received.<sup>11</sup> As discussed above, full plans including any requested NAs must be provided for approval, prior to *any* works, including initial survey, being undertaken.
- In requesting an NA, the requesting operator must explain and prove that it has looked at alternative ways to deploy network, such as different routing of cables, and explain why these options are not acceptable. It is not clear to us how KCOM would interpret this provision but clearly this gives it considerable latitude to reject NAs based on its sole judgement of whether works are 'necessary'.
- If the requesting operator nonetheless persuades KCOM to approve a self-provided NA but then finds more blockages and request further NAs, KCOM can decline these if they consider the repair is 'no longer economic', and KCOM also states that it is not liable for any of the extra costs.<sup>12</sup> The effect of this needs to be considered alongside the restriction on conducting initial survey work, described above, as this clearly creates an asymmetric risk for the requesting operator which may find unanticipated blockages only when undertaking works, and for which it consequently bears the entire financial cost.
- At the point where KCOM accepts an order, the requesting operator then needs to place a firm order within five days for the NA. If the requesting operator fails to do so the order expires, and the operator would have to recommence the process from scratch. This contrasts with Openreach PIA where users are simply expected to complete the work and notify Openreach after the event with a claim for the cost (accompanied by suitable evidence to prove the work was required and in fact carried out).
- Conversely, there are no timescales for KCOM approving our NA requests but, as noted, no works can be undertaken until permission has been

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<sup>11</sup> Schedule 5 clause 5

<sup>12</sup> Schedule 5 clause 7.7

granted. This contrasts with the Openreach PIA product where, because of recent product developments, requests to self-provide an NA do not need approval, and CPs are expected to proceed with the Network Adjustment and claim the cost of the work retrospectively.<sup>13</sup>

21. Overall, therefore it is clear that, in the granular detail of how Network Adjustments are ordered and provisioned, KPIA compares highly unfavourably with the regulated Openreach PIA product.

### Network Adjustment payments

22. The process for paying for Network Adjustments is completely different to that imposed on Openreach under the PIA remedy, whereby Openreach has to cover the costs up to the £4,750 cap, and where if the requesting operator undertakes the work itself it can bill Openreach for works undertaken up to that cap.

23. In contrast, KCOM's commitment to share the cost of work is strictly limited. The proposed 'NA Fund'<sup>15</sup> imposes a cost cap of £700 per kilometre of duct where the NA is conducted by the KPIA user. It proposes to split the costs of NAs 50-50 with the requesting KPIA user up to that total cap. We interpret this as meaning that if an NA costs £700, KCOM will pay the requesting operator £350, but any additional cost beyond the £700 limit is for the requesting operator to cover with no KCOM contribution. By implication, the £700 cap assumes a much lower rate of duct blockages than Openreach assumes in its own product. We do not know what evidence KCOM relies on to justify this and the contract materials are silent on this point.

24. The focus of the documentation is strongly towards underground NAs, and as discussed above, there is a lack of clarity about how NAs for poles are to be requested and provisioned. In terms of liability for cost, the documentation appears to be self-contradictory on this issue, in one place stating that anything that is not self-provided is chargeable to the requesting operator:<sup>14</sup>

25. Given that we understand the intent of the offer is that pole replacement or capacity adjustment works cannot be undertaken by the requesting operator, this would imply that the full cost of pole replacement or adjustment might be borne by the requesting operator (even though KCOM itself benefits from the

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<sup>13</sup> Prior to this change, Openreach was expected to provide confirmation that works could proceed within five working days. <sup>15</sup> Schedule 5 Clause 7

<sup>14</sup> Schedule 5 Clause 7.3

work to the extent that it itself retains customers connected to the replaced or adjusted pole). However, the documentation then goes on to state that replacement of D Poles and making space on poles will be paid for by KCOM.<sup>15</sup> We are therefore left unclear as to the extent of the financial liability that would be incurred by a KPIA user for any overhead NAs, should these indeed be accepted as falling within the scope of the product by KCOM.

## Pricing

26. We have examined the list prices for KPIA produced by KCOM and compared these with Openreach's current list prices. [...].

27. However, we note that there is no benchmarking commitment from KCOM in the contract and prices are liable to increase at 56 days' notice for infrastructure already in place, or 28 days' notice for new orders placed after the date of the price change notification.<sup>16</sup> Clearly, this creates a material risk that, should we choose to take up the offer, we would be exposed to 'bill shock' through increases to pricing, including for pre-existing infrastructure. This would need to be factored into any decision we would make about use of the product.

## Conclusions on the KPIA Offer

28. Whilst we welcome in principle KCOM's willingness to make a commercial offer for reuse of its physical infrastructure, the foregoing analysis highlights that the offer it has put into the market falls well short of what we would regard as necessary to render it useable for any scale deployment of fibre networks in the Hull Area. At minimum, to make use of the offer we would require that:

- Processes for ordering and provisioning are significantly streamlined to make the product useable. We would need to be able to undertake pre-installation survey work, and emergency works, without needing to go through the process of obtaining permission to do so. We question the need for highly detailed design work to be pre-submitted for approval and if technical approval is required for any works (such as Network Adjustments), the basis on which this assessment is to be conducted, and the grounds for rejection, would need to be much more clearly specified based on objective and agreed engineering considerations. These are

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<sup>15</sup> Schedule 5 Clause 7.8

<sup>16</sup> Main Contract Clause 19.2

issues that have been progressively resolved through the detailed development of Openreach's PIA product and there is no reason why KCOM could not make use of these learnings to design a more useable product.

- KCOM commits to work with requesting operators to automate ordering and provisioning processes over time, if order volumes merit this.
- Greater clarity is provided on how overhead NAs are to be provisioned. If this work is to be reserved exclusively to KCOM (to which we do not object in principle), then the contract would need to provide greater detail of how such works would be undertaken and on what timescales.
- The proposed approach to NA cost-sharing is revisited. The proposed contribution from KCOM to the costs of NAs looks meagre in comparison with the Openreach PIA cost cap and KCOM has not provided any justification for this, such as engineering reports on the incidence of blockages per kilometre in its network. We also do not understand how KCOM proposes to recover costs of overhead NAs, on which the contract materials are contradictory.
- The restrictions on the amount of duct space which can be occupied are removed.
- If KCOM insists on onerous forecasting obligations, at minimum the contract should provide explicit protections as to the confidentiality of the forecast information provided, both as regards storage and access.
- Users should be protected from 'bill shock' by the benchmarking KCOM prices to Openreach PIA.