OFCOM *APPROACH TO THE COPPER RETIREMENT SECOND THRESHOLD CALCULATION* CONSULTATION: GIGACLEAR LIMITED RESPONSE

Headlines

A blanket 90% second threshold risks doing the opposite of what Ofcom intends. It would incentivise Openreach to build beyond what is commercially rational, materially increasing the risk of inefficient altnet overbuild.

This is because a blanket second threshold ignores rural FTTP economics. Rollout costs, expected take-up and existing altnet coverage vary materially by exchange, especially in rural areas. This means the extent of commercially rational Openreach rollout (absent copper retirement benefits) varies materially by exchange.

The blanket 90% threshold risks chilling future rural investment. By making Openreach overbuild less market-driven and less predictable, investor confidence in altnets is likely to weaken. This risks diverting capital away from unserved premises.

Altnet coverage should be recognised where it supports effective wholesale access. Altnets could provide this wholesale access directly or indirectly if BT Group "resells" wholesale access over altnets' networks.

A more targeted approach would better serve consumers and competition. Ofcom should consider varying the threshold (or exclusion rate) in rural exchanges or applying the exclusion rate at the "super exchange" level. This would focus incentives on closing coverage gaps rather than duplicating networks.

Ofcom has time to get the design right. With copper charge controls unlikely to be lifted before April 2029, Ofcom should use the period ahead to consult further and align the framework with market realities.

1 Executive summary

1 Gigaclear welcomes the opportunity to respond to Ofcom's consultation on its *Approach to the copper retirement second threshold calculation*.

2 Gigaclear is the UK's largest rural-focused FTTP operator. Our network supports rural communities and enables the delivery of high-speed, reliable broadband in areas that would otherwise be underserved.

3 We operate in areas unlikely to sustain competing FTTP networks. The regulatory framework must support altnets, such as Gigaclear, to make sustainable investments in these areas. Otherwise, rural communities will be dependent on the copper incumbent, Openreach, for gigabit-capable connectivity.

1.1 Ofcom's copper retirement proposal is inconsistent with its aims

4 The proposed framework links the removal of copper charge controls to Openreach achieving a 90% FTTP coverage threshold in each exchange area. This introduces a non-market incentive into rollout decisions and risks distorting investment behaviour. However, if designed appropriately, copper retirement could instead promote competition, incentivise investment and support the availability and use of high-speed connectivity (i.e., reinforce Ofcom's objectives).

5 Ofcom's proposal links Openreach's ability to realise the cost and revenue benefits of copper retirement to its achievement of administratively defined coverage targets. This will alter how Openreach makes local investment and rollout decisions.

6 A blanket 90% coverage requirement cannot reflect local differences in FTTP rollout economics. While Ofcom contends that the requirement is not "arbitrary", it acts as a regulatory lower bound. It creates a non-market incentive for Openreach to extend rollout to meet the threshold, even where this would not be justified on a standalone commercial basis.

7 In practice, this is likely to tilt Openreach's rollout decisions towards overbuild. In areas where only a single FTTP network is likely to be sustainable, namely rural exchanges, this creates a material risk of inefficient duplication of infrastructure.

8 Ofcom states that its proposal *"is not aimed at incentivising Openreach to build more than it otherwise would"* and is not intended to require *"additional overbuild of altnets."*[1] However, Ofcom's proposal is inconsistent with these aims.

1.2 A blanket 90% threshold ignores differences in the local economic fundamentals of FTTP rollout

9 Ofcom's proposal has the effect of decoupling Openreach's rollout decisions from the local economic fundamentals that have underpinned both public subsidy frameworks and private altnet investment.

10 Ofcom's proposal does not reflect that:

(a) **FTTP rollout costs vary significantly across exchanges.** Ofcom's own estimates indicate that while a large share of premises can be passed at relatively low cost, the cost of serving the remaining premises increases sharply.

(b) **Altnet coverage varies significantly across exchanges.** In many rural areas, altnets have already established substantial coverage. Ofcom recognises that the presence of an altnet *"will reduce the take-up that Openreach is likely to achieve, making it harder for Openreach to recoup its costs."*[2]

[1] Ofcom (March 2026) Second threshold consultation, para 3.107.

[2] Ofcom (March 2025) TAR Consultation. Volume 3, para 2.77.

11 Differences in rollout costs and expected revenues, the latter driven in part by the presence of competing networks, directly determine Openreach's expected return on local FTTP investments. As a result, Openreach's standalone commercial incentives to roll out FTTP vary across exchanges.

12 A blanket 90% threshold does not reflect these local differences in costs, competition and expected returns. As a result, it cannot avoid "*incentivising Openreach to build more than it otherwise would.*"[3]

1.3 An increased risk of inefficient overbuild will have a chilling effect on future altnet investment

13 Investors have developed FTTP business cases, including in rural areas, based on predictable competitive conditions and economically rational rollout behaviour. The proposed framework would weaken this foundation by introducing a non-market rollout driver. Openreach's rollout decisions would increasingly reflect the incentive to remove copper charge controls rather than underlying FTTP economics. This would make Openreach's decision making less transparent and predictable, creating a material asymmetry that competitors and regulators cannot readily observe or anticipate.

14 This loss of transparency and predictability undermines a core requirement for sustainable investment. FTTP rollout, particularly in high-cost rural areas, depends on a stable and comprehensible regulatory framework. Introducing an opaque driver of rollout creates a risk of a chilling effect on further investment by altnets, while at the same time providing a justification for Openreach to overbuild in areas that cannot sustainably support infrastructure competition.

15 This is an issue affecting a material number of exchanges and premises across the UK.

(a) In England alone there are approximately 2,300 predominantly rural exchanges, and in one-third of these, altnet FTTP coverage exceeds that of Openreach.

(b) Within Gigaclear's footprint, substantial areas already have widespread FTTP availability (87% across all providers), yet the proposed framework would incentivise Openreach (which covers 42% of premises) to overbuild rather than focusing investment on the remaining unserved premises.

16 This heightened inefficient overbuild risk may deter future investment where an altnet is best placed to close out FTTP coverage gaps in rural areas.

1.4 There are benefits to aligning the threshold with market realities

17 To be effective, the copper retirement framework should align rollout incentives with underlying market conditions. It should ensure that Openreach's decision making remains transparent and economically grounded.

[3] Ofcom (March 2026) Second threshold consultation, para 3.107.

18 The most straightforward and proportionate way to achieve this, particularly in areas that are unlikely to sustain more than one gigabit-capable fixed network, is to allow existing and forthcoming altnet coverage to count towards the copper retirement thresholds, subject to the availability of an effective wholesale product that meets ISP demands.

19 This would ensure that the framework reflects the availability of gigabit-capable connectivity to consumers, rather than encouraging inefficient duplication of infrastructure. It would remove the distortion in Openreach's rollout incentives and allow both Openreach and altnets to base investment decisions on market fundamentals, while focusing competitive effort on extending coverage to the hardest-to-reach premises.

20 Any residual concerns can be addressed through targeted safeguards, including appropriate notice periods, consumer engagement requirements, protections for vulnerable customers and existing regulatory tools to address pricing concerns.

21 Continued investment by Openreach is clearly important. However, a regulatory approach that allows copper retirement incentives to support inefficient overbuild, rather than efficient migration and coverage expansion, would be inconsistent with Ofcom's objectives to promote competitive investment and sustainable network competition. It would also risk undermining the Government's wider objective of supporting economic growth, as set out in the Statement of Strategic Priorities, which Ofcom must have regard to in its decision-making.

22 If the objective is to achieve efficient and orderly copper retirement, then the framework must reflect the fundamentals of local fibre markets. Openreach should continue to compete actively with altnets, but its investment decisions should be driven by fibre market economics, not by the ability to internalise copper cost savings and redeploy them under the guise of meeting a regulatory threshold.

23 Failure to adopt such an approach creates a risk of diverting investment away from network expansion and towards duplication, particularly in rural areas where resources are most constrained. This would undermine both coverage and competition, weaken investor confidence and slow progress towards nationwide gigabit connectivity, with the greatest impact on the hardest-to-reach and most vulnerable consumers.

1.5 Recommendations for the design of the second threshold

24 Ofcom has an opportunity to refine its approach so that it supports efficient investment and sustainable competition, while ensuring that the benefits of gigabit-capable connectivity are extended as widely as possible.

25 This can be achieved through a more targeted and economically grounded approach to the second threshold. Ofcom could refine its approach in three respects.

26 First, if altnet coverage cannot be captured directly in progress towards the threshold, exclusions should be assessed by reference to the economic viability of Openreach

rollout, considering expected take-up, the presence of competing networks, and whether the relevant area can sustain more than one FTTP network.

27 Second, Ofcom should avoid applying a blanket exclusion rate across all exchanges. A fixed 10% exclusion rate is unlikely to reflect the variation in FTTP rollout economics, particularly in rural areas. Gigaclear proposes that exchanges should be classified as 'urban' and 'rural' with the 90% threshold applying to urban exchanges. For 'rural' exchanges, the exclusion rate should reflect the widespread FTTP rollout of altnets in areas with challenging FTTP rollout economics. Gigaclear has proposed two options for Ofcom to consider. Gigaclear also suggests that Ofcom should consider a further consultation on the approach, to allow all stakeholders to express their views.

28 Third, Ofcom should allow qualifying altnet FTTP coverage to be recognised within the framework where it can be demonstrated that overbuild would not be commercially viable, and where appropriate wholesale access arrangements are in place. This would support Ofcom's stated aim of avoiding unnecessary overbuild.

29 Any such approach should be subject to appropriate conditions, including evidence that the altnet network is ready for service and capable of supporting effective wholesale access.

30 Gigaclear therefore urges Ofcom to revise its proposed approach to the second threshold. The framework should support efficient copper retirement, protect consumers, and promote further rural FTTP rollout. It should not lock in an outdated assumption that Openreach rollout is the only route to copper retirement, nor should it incentivise overbuild of altnet networks in areas where such duplication is unlikely to be economically sustainable. A more targeted and operator-neutral approach would better serve consumers, rural communities, investors and the long-term development of UK fibre infrastructure.

2 We support Ofcom's latest stated aims for the copper retirement framework

31 In the consultation document,[4] Ofcom states:

> ***"Our approach to defining exclusions to the second threshold is not aimed at incentivising Openreach to build more than it otherwise would**, in order to reach the second threshold. Openreach's build announcements suggest that it already plans to go to the vast majority of premises where build is commercially viable. **Requiring Openreach to go further than those wide-ranging plans to get support for copper retirement would amount to requiring additional overbuild of altnets than Openreach would otherwise do. This is something that neither altnets nor Openreach support."** [Emphasis added][5]

32 Gigaclear fully supports these aims. The copper retirement framework should:

(a) not incentivise Openreach to build more than it otherwise would; and

(b) not require Openreach to overbuild altnets when it otherwise would not.

33 As our TAR consultation response[6] sets out, Openreach may overbuild altnets in an inefficient manner if incentivised to do so by the copper retirement framework. Openreach overbuild would be inefficient if:

(a) an altnet has already rolled out FTTP to a location that cannot sustain multiple competing FTTP networks; and

(b) Openreach would not find it commercially rational to overbuild the altnet in that location absent a captive BT retail base and being incentivised to do so from the copper retirement framework.

34 This overbuild is inefficient because:

(a) two FTTP networks have rolled out in an area which can commercially sustain at most one FTTP network in the long term;

(b) competition in this location is therefore characterised by competition for the market as opposed to competition within the market;

(c) the altnet appears to have "won" the competition for the market; but

(d) the copper retirement framework provides an incentive for Openreach to nonetheless enter the area even when that is not commercially rational in and of itself.

35 However, as set out below, we are concerned that Ofcom's proposal to set a blanket 10% exclusion rate for the second threshold risks incentivising Openreach to *"build*

[4] Ofcom (March 2026) Second threshold consultation.

[5] Ofcom (March 2026) Second threshold consultation, para 3.107.

[6] Gigaclear (June 2025) TAR Consultation Response, paras 43 – 44.

more than it otherwise would" and requires more *"overbuild of altnets than Openreach would otherwise do."*

2.1 Structure of the remainder of this submission

36 The remainder of this submission explains that setting a blanket 10% exclusion rate:

(a) represents an evolution of a copper retirement framework largely designed in 2020 when FTTP rollout was nascent (Section 3);

(b) could lead to inefficient overbuild because rollout costs and altnet coverage vary between exchange areas (Section 4); and

(c) will require Openreach to overbuild a material portion of Gigaclear's footprint to achieve the second threshold irrespective of the commercial viability of such overbuild (Section 5).

37 Section 6 outlines our proposed alternative second threshold approaches.

3 The blanket 10% exclusion rate evolves a framework designed in 2020 when FTTP rollout was nascent

38 Ofcom proposed the copper retirement framework in 2020's WFTMR[7] consultation. It adopted the framework in the WFTMR statement, after two further consultations in 2020.[8]

39 The statement introduced a three-stage exchange-by-exchange framework:

(a) **First threshold**: Subject to a 12-month notice period, Openreach may stop selling new copper services to premises passed with FTTP in an exchange area once its own ultrafast services[9] are available to 75% of premises in the exchange area.

(b) **Second threshold:** Subject to another 12-month notice period and at least two years after the first threshold has been reached, Ofcom will withdraw copper charge controls in an exchange area once Openreach makes its own ultrafast services available at all premises in the exchange area other than excluded premises.

(c) **Third threshold:** A proposed, but undefined, threshold at which Ofcom will completely withdraw regulation of Openreach copper services.[10]

[7] Wholesale Fixed Telecoms Market Review.

[8] Ofcom (June 2020) Consultation: Copper retirement – process for determining when copper regulation can be removed and Ofcom (October 2020) Consultation: Copper retirement – conditions under which copper regulation could be completely withdrawn in ultrafast exchanges.

[9] By 'ultrafast' Ofcom means broadband services capable of delivering a minimum of 300Mbit/s services, be this by FTTP or G.fast.

[10] Ofcom (March 2021) WFTMR Statement. Volume 3, paras 2.153 – 2.158.

40 In the TAR[11] consultation, Ofcom proposed to maintain the three-stage exchange-by-exchange framework and the approach to the first and third thresholds. However, Ofcom assessed alternative approaches to the second threshold. This was necessary since Ofcom had yet to consult on its approach to defining "excluded premises" in the second threshold.[12]

41 Ofcom assessed whether to:

(a) maintain an exchange-based approach requiring Openreach to make ultrafast services available to all premises except where this is impossible *"due to exceptional circumstances beyond Openreach's control."*[13]

(i) In the WFTMR statement, Ofcom appeared to interpret "*exceptional circumstances beyond Openreach's control"* as meaning premises that would be *"too difficult"* for Openreach to reasonably cover.[14]

(ii) In the TAR consultation, Ofcom broadened this interpretation to cover premises that would be *"too difficult or costly"* to reasonably expect Openreach to cover.[15]

(b) adopt an exchange-based approach but with a *"broader approach to defining which premises should be excluded"*; [16] or

(c) adopt a premises-based approach where the second threshold is triggered automatically once Openreach FTTP is available.[17]

42 Ofcom provisionally concluded to maintain the WFTMR approach, but with the broader interpretation of *"circumstances beyond Openreach's control"* (i.e. *"too difficult or too costly"* as opposed to *"too difficult"* only).

43 Based on this provisional conclusion, the TAR consultation assessed two practical approaches to identifying excluded premises:

(a) a defined exclusions approach: defining the specific circumstances under which a specific premise would be excluded; and

(b) a fixed percentage approach: excluding a fixed percentage of premises.[18]

44 Ofcom considered a defined exclusion approach to be theoretically attractive but difficult to practically implement in a reasonably accurate manner. Ofcom said it would

[11] Telecoms Access Review.

[12] Ofcom (March 2025) TAR Consultation. Volume 3, para 2.20.

[13] Ofcom (March 2021) WFTMR Statement. Volume 3, para 2.153 and Ofcom (March 2025) TAR Consultation. Volume 3, para 2.45.

[14] Ofcom (March 2021) WFTMR Statement. Volume 3, paras 2.139 – 2.140.

[15] Ofcom (March 2025) TAR Consultation. Volume 3, paras 2.21, 2.38 (b) and 2.60.

[16] Ofcom (March 2025) TAR Consultation. Volume 3, paras 2.45 (b).

[17] Ofcom (March 2025) TAR Consultation. Volume 3, paras 2.45 (c).

[18] Ofcom (March 2025) TAR Consultation. Volume 3, para 2.64.

prefer alternative approaches (i.e., a fixed percentage approach) if a defined exclusion approach could not be proven to be workable.[19]

45 The TAR statement confirmed Ofcom's provisional conclusions from the TAR consultation but deferred the issue of the practical approach to identifying excluded premises to this consultation.

46 In this consultation, Ofcom proposes to follow a fixed percentage approach to the second threshold. Ofcom proposes a blanket 10% exclusion rate across all exchange areas.

47 This effectively means that Openreach must achieve 90% ultrafast coverage in an exchange area to meet the second threshold.

4 A blanket 10% exclusion rate does not reflect rural FTTP economics and could lead to inefficient overbuild

48 When introducing the prospective fixed percentage approach to defining excluded premises in the TAR consultation, Ofcom said that the exclusion rate should be a reasonable approximation for premises that are "too difficult" or "too costly" for Openreach to reasonably cover with ultrafast services.[20]

49 However, in the consultation, Ofcom's stated approach to setting the exclusion rate has changed in a subtle but important manner. Ofcom states that the exclusion rate *"does not need to be limited to reflect premises where there are exceptional circumstances beyond Openreach's control."*[21] Instead, Ofcom has sought to set an exclusion rate that implies *"realistic and achievable"* FTTP coverage targets for Openreach such that it has a reasonable likelihood of retiring copper-based services.[22] Ofcom notes that *"for copper-based services to be discontinued, we expect that Openreach will have reached a high level of FTTP coverage, so that it can provide suitable alternative services."*[23]

50 In summary, Ofcom's exclusion rate approach seems to reflect a mix of aims:

(a) not requiring Openreach to cover premises that are "too costly" or "too difficult" to pass with FTTP; and

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[19] Ofcom (March 2025) TAR Consultation. Volume 3, paras 2.95 – 2.96

[20] Ofcom (March 2025) TAR Consultation. Volume 3, para 2.89 and Ofcom (March 2026) Second threshold consultation, para 3.12. As set out above, these are also described as premises *"unable to receive ultrafast services due to exceptional circumstances beyond Openreach's control"*. In its assessment of the defined exclusion approach, Ofcom also breaks down this category of premises into three groups: i) Premises that Openreach is unable to access; ii) premises where the cost to Openreach of making ultrafast services available is high and that are served, or contracted to be served, with gigabit-capable broadband by non-Openreach providers using public funding, and iii) Other premises where the cost to Openreach of making ultrafast services available is very high and that are not expected to be supported by existing public funding.

[21] Ofcom (March 2026) Second threshold consultation, para 3.109.

[22] Ofcom (March 2026) Second threshold consultation, para 3.109.

[23] Ofcom (March 2026) Second threshold consultation, footnote 89.

(b) requiring Openreach to achieve a high level of FTTP coverage.

51 At the same time, Ofcom also aims not to incentivise Openreach to build more than it would or to require more overbuild than would be the case absent the framework.[24] Ofcom seems to reconcile these aims by taking Openreach's build announcements at face value, noting that Openreach plans to *"go to the vast majority of premises where build is commercially viable"*.[25]

52 However, BT Group has committed to roll out FTTP to 25m of the c. 32m premises in the UK. BT Group has not committed to rolling out FTTP to 30m premises as the TAR statement suggests. For instance, Ofcom says in the statement, *"BT Group recently announced plans to extend full fibre to 30 million premises, beyond the existing target."*[26] These "plans" are not an unconditional capex commitment. Instead, these "plans" are framed as being conditional on a supportive regulatory and investment environment, rather than as an unconditional binding commitment.

53 Furthermore, the sole reference to "plans" (as opposed to "ambitions") to roll out to 30m premises is a BT Group press release issued in connection with a visit by the Chancellor of the Exchequer to an Openreach training centre. That press release notes that *"BT Group's mid-term guidance is unchanged by today's announcement."*[27] In short, this press release cannot be credibly relied upon to justify the use of a common 90% threshold.

54 In addition to the Openreach announcement, Ofcom relies on regulatory judgement in proposing a 10% exclusion rate taking also into account:

(a) Openreach's progress in reaching the first threshold;

(b) Openreach's cost estimates for remaining premises; and

(c) approximations of the number of premises that it would be "too difficult" or "too costly" for Openreach to reasonably cover. [28]

55 We consider it is unlikely that a blanket 10% exclusion percentage achieves Ofcom's aims of not incentivising Openreach to build more than it otherwise would or to overbuild altnets more than it otherwise would. This is because:

(a) FTTP rollout costs vary significantly between exchanges; and

(b) the return to FTTP rollout (which is the ultimate driver of rollout decisions) depends on costs and the presence of rivals. The latter also varies between exchanges.

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[24] Ofcom (March 2026) Second threshold consultation, para 3.107.

[25] Ofcom (March 2026) Second threshold consultation, para 3.107.

[26] Ofcom (March 2026) TAR Statement. Volume 1, paras 2.25 and 2.28; Volume 2, paras 2.15 and 4.20.

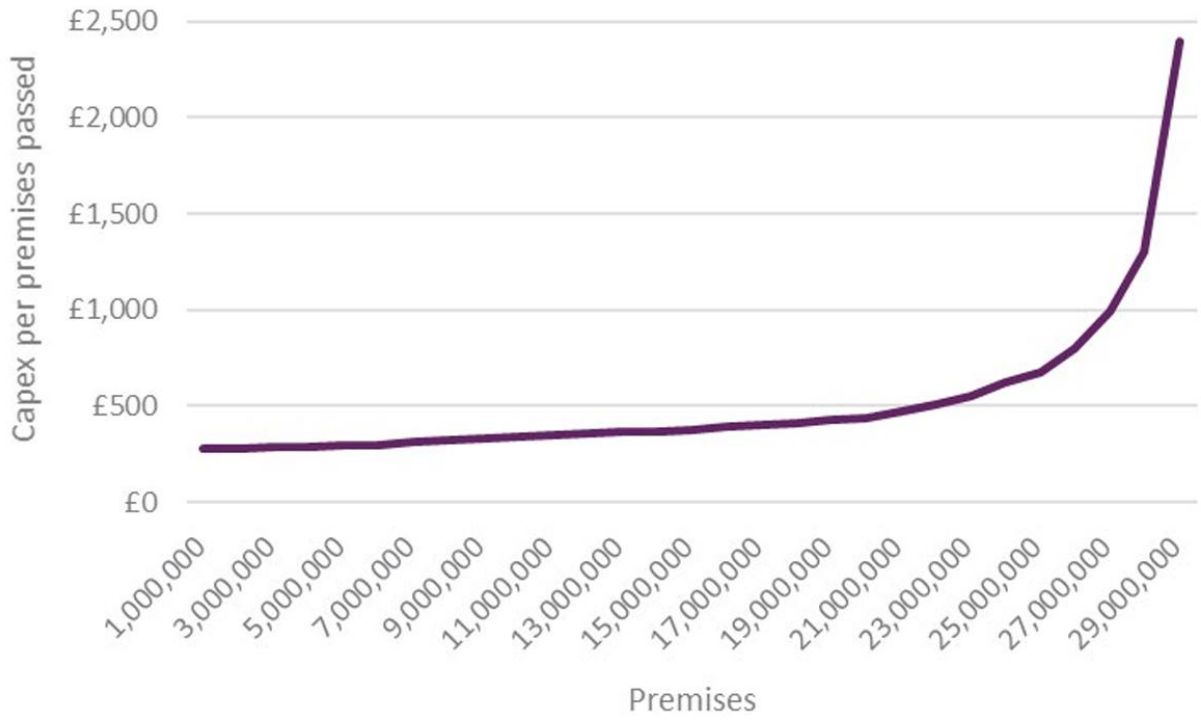
1 [27] BT Group (12 February 2026) *Chancellor welcomes BT's investment into the UK's best networks*. Accessed 5 May 2026.

[28] Ofcom (March 2026) Second threshold consultation, paras 3.12.

4.1 Rollout costs vary significantly across the country

56 As Ofcom's own analysis indicates, FTTP rollout costs vary significantly across the country. Figure 1 below reproduces Ofcom's 2019 bottom-up estimates of capex per premises passed. This curve shows that for approximately 22m premises, the cost per premises ranges between c. £300 and c. £500. For the final 7m premises, the cost per premises spans a much larger range of between c. £500 and approaching £2,500.

Figure 1 Ofcom 2019 estimate of FTTP cost per premises passed



Source: *Ofcom (2019) Initial consultation on the approach to modelling the costs of a fibre network, Figure 2, p. 12.*

57 This cost curve clearly demonstrates that FTTP rollout costs vary significantly across the country.

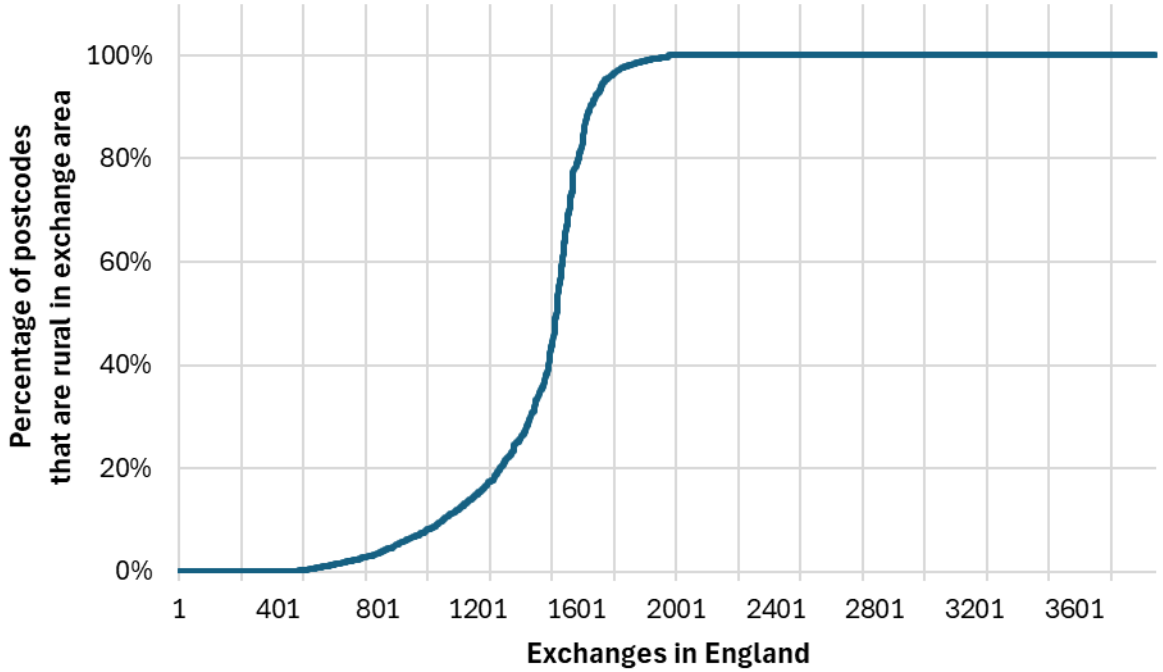
58 This is not a case of a small number of difficult-to-serve premises being mixed into otherwise lower-cost exchange areas. Analysis of English exchanges using -Output Area level ONS data on rural/urban classifications shows that many exchange areas are predominantly, or entirely, rural (as shown in Figure 2 below).[29]

59 When exchanges are ranked by the share of postcodes in the exchange area that are rural, around 1,900 exchanges solely comprise rural postcodes, and over 2,300 exchanges have at least 75% of postcodes classified as rural. Conversely around 1,000 exchange areas contain 90% urban postcodes.

[29] Output Areas (OAs) are the lowest level of geographical area for census statistics and were first created following the 2001 Census. We use the ONS's 2021 Rural Urban Classification data at the Output Area (OA) level. We then map OAs to postcodes to obtain a rural/urban classification for postcodes.

60 This indicates that rurality is concentrated at the exchange level for a substantial number of exchanges, rather than being confined to isolated pockets within otherwise urban exchanges. It is therefore unlikely that the higher costs of serving rural premises would generally be averaged away within mixed exchange areas.

Figure 2 Share of postcodes that are rural by English exchange areas



Source: Gigaclear analysis.

61 FTTP rollout costs heavily influence the commercial incentive to roll out FTTP. As a result, a fixed exclusion rate applied uniformly across the UK will not map well onto the underlying economics of local FTTP rollout. In lower-cost exchange areas, Openreach may be able to reach materially more than 90% of premises on a commercial basis. But, in higher-cost exchanges, requiring Openreach to reach 90% of premises may require it to roll out to premises that sit well beyond the commercially viable footprint.

62 The fact that costs vary significantly across the country, between exchange areas, therefore undermines the rationale for a blanket exclusion rate. A single UK-wide exclusion rate cannot simultaneously be a reasonable proxy for premises that are too costly to serve in rural areas and avoid being overly generous in urban areas. The same 10% threshold will have very different economic implications across different exchange areas.

4.2 Altnets' presence will also impact Openreach's take-up expectations and thus commercial rollout incentives

63 Aside from premises that Openreach is unable to access ("too difficult"), Ofcom also seeks to exclude premises that are "too costly" for Openreach to reasonably pass.

64 But the economic viability of FTTP rollout does not solely depend on rollout costs. It depends on achievable take-up, and thus achievable revenues too. Expected take-up is directly affected by the presence of competing networks. To ensure that the copper retirement framework does not incentivise Openreach to overbuild (where it would not do so absent the framework), it is critical to consider expected returns from further Openreach FTTP rollout considering the footprint of altnets. Any assessment of commercial incentives that narrowly focuses on costs, rather than returns, will fundamentally fail to reflect how Openreach (or any well-run private business) appraises investment opportunities.

65 In rural exchanges, where an altnet is already present with a retail offer or an actual or potential competitive wholesale FTTP offer, Openreach's expected take-up is likely to be lower. This reduces the commercial attractiveness to Openreach of rolling out in that area. Ignoring this interaction risks overstating the extent of commercially viable rollout by Openreach.

66 Ofcom recognised this in the TAR consultation:

> *"The point at which Openreach's costs of deploying ultrafast broadband become sufficiently high to exclude a group of premises is likely to be lower when another network is present at those premises. This is because* ***the presence of that other network will reduce the take-up that Openreach is likely to achieve, making it harder for Openreach to recoup its costs****." [Emphasis added]*[30]

67 Openreach also confirmed this in its TAR consultation response:

> *"To quantify the costs of deploying the network, Openreach uses a sophisticated model that provides a robust estimate of the costs of build in each area. [...] Openreach uses internal benchmarks to determine whether those costs are likely to be recovered from the revenues that might be earned.* ***These benchmarks vary depending on whether there is competition in the area; the benchmark is lower in areas where there is competition as it is likely that take up is expected to be lower than in areas where there is no competition****." [Emphasis added]*[31]

68 Ofcom's own modelling shows that the commercial case for investment in rural areas is highly sensitive to the presence of altnets. Table 1 below shows Openreach's IRR at different levels of cost per premises passed (CPPP) and penetration rates.

(a) BT Group claims that Openreach's CPPP varies between £250 and £350. At these CPPPs, Openreach can achieve an IRR exceeding Ofcom's recent estimate of BT Group's WACC of 7.9% with less than 50% penetration.[32] This assumes ARPUs equal to Openreach's post-revenue share equivalent Equinox 550 Mbps rental

[30] Ofcom (March 2025) TAR Consultation. Volume 3, para 2.77.

[31] Openreach (June 2025) TAR Consultation Response. Document 3, paras 159 – 160.

[32] Ofcom (March 2025) TAR Consultation. Annex 15, para 15.12.

price (£19.69) and an initial EBITDA margin of 64.9% (consistent with the opex assumptions in Ofcom's Area 3 RAB modelling).

(b) However, at higher levels of CPPP, Openreach is unable to achieve an IRR of 7.9% without a penetration rate of more than 50%. Specifically, Ofcom estimates that Openreach's CPPP of rolling out to commercially viable Area 3 premises (3.6m premises) ranges from £571 (a low-cost scenario) to £904 (a high-cost scenario) with £734 as a central scenario. Openreach would not recover Ofcom's estimate of BT Group's WACC under any of these three CPPP assumptions at a 50% penetration rate.

Table 1 Openreach nominal pre-tax IRR matrix

Penetration rate	Cost per premises passed: Openreach claimed FTTP unit cost (lower end) £250	Openreach claimed FTTP unit cost (upper end) £350	Ofcom low-cost scenario for 3.6m Area 3 premises £571	Ofcom central-cost scenario for 3.6m Area 3 premises £734	Ofcom high-cost scenario for 3.6m Area 3 premises £904
40%	10.60%	8.94%	6.34%	4.95%	3.78%
45%	11.15%	9.54%	6.98%	5.60%	4.44%
50%	11.61%	10.06%	7.55%	6.19%	5.03%
55%	12.03%	10.52%	8.06%	6.71%	5.56%
60%	12.39%	10.92%	8.51%	7.18%	6.04%
65%	12.71%	11.29%	8.92%	7.61%	6.48%

Source: *Gigaclear analysis based on Ofcom (2026) TAR Statement. Annex 12; Ofcom (March 2025) TAR Consultation. Annex 15; BT Group (2025) BT Group plc FY25 results, p. 5 and Openreach (2026) FTTP Pricing for Service Providers.*

Assumptions: *Initial monthly ARPU assumed to be £19.69 per customer. Initial monthly opex assumed to be £6.92 per customer (£25 lead to cash opex per customer per annum plus £58 of other opex per customer per annum), which implies an EBITDA margin of 64.9%. £19.69 is the current post-revenue share equivalent Equinox line rental price for 550 Mbps. We assume ARPU increases at CPI minus 1.25% per current Equinox terms. Penetration rate is achieved linearly by eighth year of operation. Build is assumed to take place in year prior to commencement of operations. CPI assumption of 2%. Terminal value at terminal growth rate of 2% assumed after 20 years, we use Ofcom's estimate of BT Group's WACC (7.9%) to calculate terminal value.*

69 It is also reasonable to expect that there will be a significant number of exchanges within Area 3, where the average CPPP will be significantly higher than £734. Furthermore, in view of Ofcom's approach in the TAR to the definition of Areas 2 and 3, it is also reasonable to expect that there will be many exchanges in Area 2 with relatively high CPPP. A significant proportion of premises passed by Gigaclear have 'switched' from Area 3 under the WFTMR to Area 2 under the TAR (merely by virtue of Gigaclear having rolled out to these areas).

70 Thus, it is likely that a 10% blanket exclusion rate will cause Openreach to build more than it otherwise would in a significant number of rural exchanges.

5 The potential extent of inefficient overbuild linked to the copper retirement framework is significant

5.1 Gigaclear's footprint exceeds Openreach's FTTP footprint in more than 50% of the exchange areas where Gigaclear is present

71 Gigaclear is present in [XX] exchange areas. Based on our data, the average Gigaclear-passed exchange area contains [XX] premises, but this masks variation in the size of the exchange area. The largest Gigaclear-passed exchange area contains [XX] premises, whereas the smallest contains [XX].

72 Gigaclear's FTTP rollout is focused on rural areas.[33] While these exchange areas do not solely cover rural locations, they are predominantly rural. We believe that the analysis of these exchange areas provides a reasonable estimate of the scale of the potential inefficient overbuild that arises under Ofcom's proposed blanket 90% threshold.

73 We estimate that Gigaclear's FTTP footprint surpasses that of Openreach in 59% [XX] of Gigaclear-passed exchange areas. These exchange areas contain [XX] premises, of which:

(a) [XX] (56%) are passed by Gigaclear;

(b) [XX] (38%) are estimated to be uniquely passed by Gigaclear;

(c) [XX] (22%) are estimated to be passed by Openreach;

(d) [XX] (7%) are estimated to be uniquely passed by Openreach; and

(e) collectively Gigaclear, other altnets and Openreach pass 80% of premises (more than [XX] premises) in these exchange areas.

74 The copper retirement framework does not incentivise rollout to the final 20% of premises (159,000 premises) that currently lack FTTP. Instead, the framework incentivises Openreach to cover another 68% of premises in these exchanges to trigger the removal of copper charge controls. Most of these premises (48% to 58% of premises in the exchange areas) already have access to FTTP.

75 Rolling out FTTP per the proposed second threshold requirement requires Openreach to further overbuild Gigaclear regardless of whether there is a commercial case for doing so. It is also likely to lead to significant delays in these exchange areas in the transition of consumers from copper to FTTP, with a commensurate delay in the achievement of the related benefits for consumers. It will also delay Openreach in achieving the efficiency benefits from copper-switch off.

76 Across the full [XX] exchange areas passed by Gigaclear:

[33] The mean percentage of postcodes that are classified as rural in exchange areas passed by Gigaclear is 79%. The median is 100%.

(a) [XX] (19%) premises are passed by Gigaclear;

(b) [XX] (42%) premises are passed by Openreach; and

(c) [XX] (13%) premises remain unpassed by any FTTP provider.

77 [XX], or around half, of the premises passed by Gigaclear are not passed by another provider. This roughly corresponds to the number of premises that are not yet passed by any FTTP provider. Industry should be encouraged to pass these outstanding [XX] unpassed premises.

5.2 At a national level, altnets have established a material rollout lead over Openreach is 1 in 3 predominantly rural exchange areas

78 Openreach does not have the most expansive FTTP network in many "rural" exchange areas. According to our analysis, there are c. 2,300 English exchange areas within which 75% or more of postcodes are classified as rural.[34] Figure 3 below shows that in more than one in three of these exchange areas, altnets' FTTP coverage surpasses that of Openreach. This means that altnets, not Openreach, are driving FTTP coverage forward in these exchange areas. In terms of estimated FTTP coverage, altnets have:

(a) at least a 10-percentage-point lead over Openreach in 31% of rural English exchanges; and

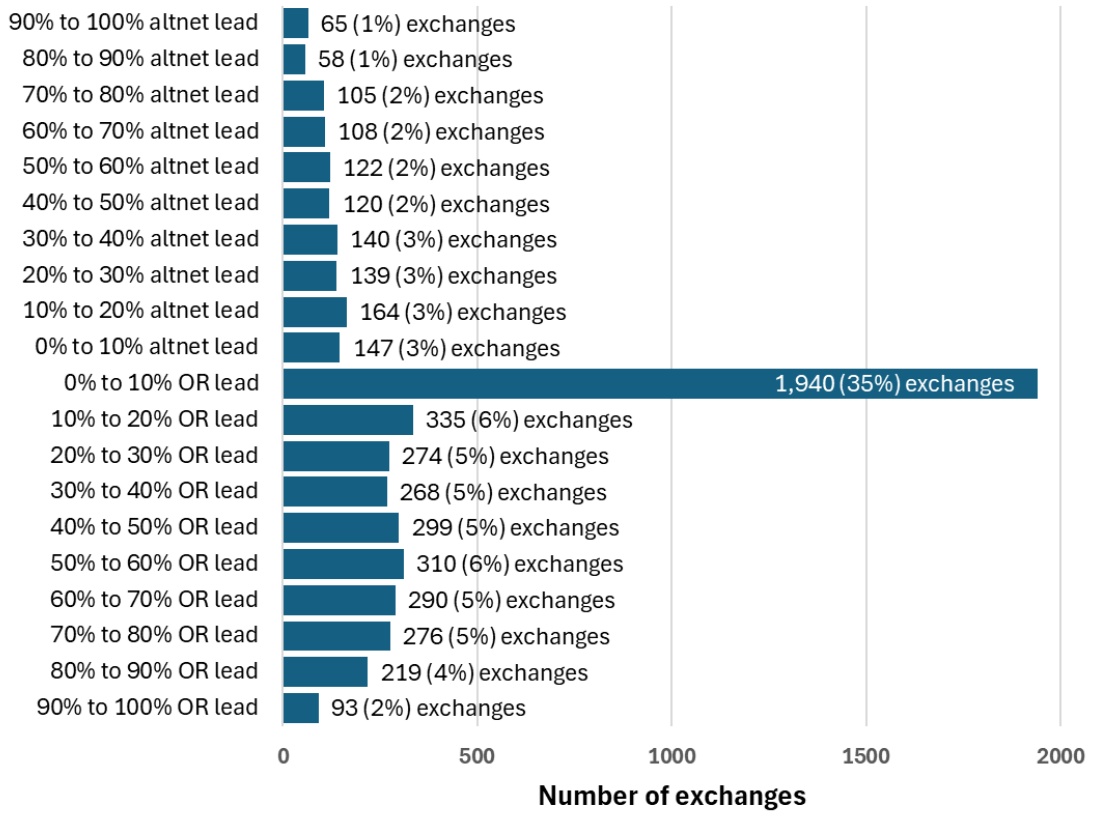
(b) at least a 40-percentage-point lead over Openreach in 18% of rural English exchanges.

79 Openreach's estimated rollout lead over altnets is marginal, i.e. less than 10 percentage points, in a further third of exchange areas. This implies that, even where Openreach has higher estimated FTTP coverage in rural areas, altnets often remain close in coverage terms and may be well placed to extend coverage further, particularly where they already have nearby network infrastructure.

80 Taken together, altnets either lead Openreach or are within 10 percentage points of Openreach in a majority of rural exchange areas. This suggests that, in assessing the copper retirement framework, it is important to recognise the material role that altnets already play in rural FTTP rollout. A framework that measures progress solely by reference to Openreach's footprint could risk overlooking existing altnet coverage and may create incentives for duplicative rollout in areas where an FTTP network is already present.

[34] We use the ONS's 2021 Rural Urban Classification data at the Output Area (OA) level. We then map OAs to postcodes to obtain a rural/urban classification for postcodes.

Figure 3 Altnet (or Openreach) lead in FTTP rollout by exchange area



Source: Gigaclear analysis.

6 Our proposed alternative approach

6.1 We agree that an alternative approach must be practical, but practicality cannot trump all other considerations.

81 We recognise that Ofcom's approach to the second threshold (and the wider copper retirement framework) must be legally durable, practically implementable and must not be a source of regulatory uncertainty. We also recognise that issues of practicability and proportionality should be considered on par with consumer protection, network competition and investment incentive considerations.[35]

82 We also consider that the appropriate objective with the second threshold is not to identify with complete certainty those premises that are either "too difficult" or have "too weak a commercial investment case" for Openreach to cover with ultrafast services. Rather, in our view, the goal should be to reasonably approximate those premises that Openreach would not commercially pass absent the framework.

[35] Ofcom (March 2026) TAR Statement. Volume 3, para 2.64.

83 We understand that Ofcom:

(a) has adopted a blanket approach to the exclusion rate to limit *"further complexity"* that would arise with a more granular approach;[36]

(b) recognises that the blanket approach means *"there will be exchange areas in which Openreach's planned commercial rollout is either below or above"* 90% of premises in the exchange area;[37] and

(c) *"believe[s] that there are limited downsides to a national approach"*.[38]

84 As set out above, the available evidence indicates that there is a material risk that a national approach will effectively incentivise Openreach to overbuild altnets to reach the second threshold where it would not do so absent the copper retirement framework.

85 Therefore, while we recognise the trade-off between simplicity and practicality on the one hand and precision and accuracy on the other, we do not consider that a national approach strikes the right balance given that it will likely lead to Openreach unnecessarily overbuilding altnets, which is contrary to Ofcom's stated objective.

6.2 Ofcom does not appear to have rigorously assessed alternatives to a blanket exclusion rate approach

86 Ofcom discusses two alternatives to the blanket approach to the exclusion rate at a very high level only in the consultation document. We believe it is important to address Ofcom's analysis of these alternatives as it may be helpful in reappraising the simplicity - accuracy trade-off considering the Openreach inefficient overbuild risk.

87 Ofcom rules out varying the exclusion rate based on exchange characteristics, such as the percentage of premises that are classified as rural and urban.[39] Ofcom argues that such an approach:

(a) would still result in misalignment between the true number of excludable premises in each exchange area and the number of excluded premises based on the exchange area's exclusion rate given its characteristics; and

(b) *"is not straightforward,"* given, for example, *"a significant portion of premises in the UK exist within exchanges that have mixed urban and rural profile"*.[40]

88 Suppose Ofcom does set two exclusion rates (urban and rural). Ofcom is correct that this would still mean that there will be exchange areas where the exclusion rate is too high or too low. However, this misses the advantage of a differentiated set of exclusion

[36] Ofcom (March 2026) Second threshold consultation, para 3.110.

[37] Ofcom (March 2026) Second threshold consultation, para 3.111.

[38] Ofcom (March 2026) Second threshold consultation, para 3.112.

[39] Ofcom (March 2026) Second threshold consultation, para 3.116.

[40] Ofcom (March 2026) Second threshold consultation, para 3.116.

rates. While there will still be misalignment between the true and exclusion-rate-implied number of excludable premises, the differences between these should be smaller than under a blanket approach. This means that the extent to which Openreach is incentivised to engage in inefficient overbuild is reduced.

89 It is not clear that it would be too difficult to classify exchange areas, for example, as urban or rural. We recognise that any approach based on geographic segmentation will require a degree of judgement. This is because geographic units such as exchange areas (or postcode sectors) may not be completely homogeneous. However, this does not mean that a geographically differentiated approach is impractical.

90 Ofcom has already shown, for instance, in the context of the WLA Area 2 and Area 3 boundary, that it is possible to apply clear and workable rules to classify mixed geographic areas. For example, Ofcom treats an altnet as "present" in a postcode sector where it covers, or plans to cover, at least 50% of premises in that sector. This provides a practical precedent for using a clear threshold to classify a geographic area, even where there is some variation within that area. A similar approach could be used to classify exchange areas for the purpose of applying differentiated exclusion rates.[41]

91 Ofcom also rules out setting exchange-area-specific exclusion rates based on Openreach's planned commercial coverage in that exchange area.[42] Our view is that there may be theoretically appealing approaches involving setting exchange-specific exclusion rates for every exchange area that prove to be unworkable. However, we also consider there are intermediate options available that could strike a better balance between practicality and Ofcom's objective of avoiding an approach that incentivises Openreach to overbuild altnets where this is not otherwise commercially attractive.

6.3 The TAR has not completely ruled out taking altnet rollout into account in the second threshold

92 Ofcom assessed the role of altnet coverage in the copper retirement framework more broadly in the TAR.[43] It is therefore important to clarify the precise position established in the TAR, and what this means for reapproaching the exclusion rate.

93 In our TAR consultation response, we proposed that both Openreach and altnets' rollout should count towards the copper retirement framework's thresholds.[44] While Ofcom did not recognise that the framework *"generally incentivises overbuild by Openreach"*, the TAR statement considers *"whether the alternative approach of including altnet coverage in the calculation of the thresholds would better meet our*

[41] Ofcom has also segmented the country into different defined geotypes for the purposes of the cost modelling used to regulate mobile call termination rates. *See* Ofcom (August 2020) Wholesale Voice Markets Review 2021–26. Annex 6, paras A6.12 – A6.16.

[42] Ofcom (March 2026) Second threshold consultation, para 3.117.

[43] Ofcom (March 2026) TAR Statement. Volume 3, paras 2.115 – 2.135.

[44] Gigaclear (June 2025) TAR Consultation Response, paras 26(c), 113 and 130 – 131.

objectives than the current approach, under which only Openreach ultrafast coverage can be taken into account in threshold calculations."[45]

94 In other words, Ofcom assessed whether, for example:

(a) the first threshold of 75% could be met through a mix of Openreach and altnet FTTP build; and

(b) the second threshold of complete exchange coverage (except for excluded premises) could be met through a mix of Openreach and altnet FTTP build.

95 Ofcom ultimately opted to maintain the approach of *"counting only Openreach build towards the calculation of thresholds"*.[46] Gigaclear considers that it may be possible to reassess the approach to the second threshold without retreading ground covered in the TAR.

6.3.1 Altnet – BT Group agreements could enable the inclusion of altnet rollout in the second threshold

96 Ofcom's discussion of the copper retirement framework, during the WFTMR and TAR processes, has focused on Openreach. However:

(a) Ofcom has determined that BT Group (not Openreach) has significant market power and is the "Dominant Provider"; and

(b) the copper retirement framework is legally part of the SMP Conditions that apply to BT Group as the Dominant Provider.

97 The implication is that copper retirement thresholds apply to BT Group, not Openreach.

98 In practice, the thresholds require BT Group to provide a certain coverage level of wholesale network access (that can be used to provide Ultrafast Broadband Services) over the *"Dominant Provider's electronic communications network"*.[47] It does not necessarily follow that the *"Dominant Provider's electronic communications network"* means the FTTP network owned and operated by Openreach.

99 One option would be for BT Group to offer wholesale access to communication providers based on altnet FTTP networks in areas that cannot support multiple competing FTTP networks. This would allow BT Group to provide wholesale network access without requiring Openreach to duplicate existing altnet FTTP networks in such areas. This would preserve the customer migration benefits of copper retirement while avoiding unnecessary duplication of fibre infrastructure in areas where the economics only support one network.

[45] Ofcom (March 2026) TAR Statement. Volume 3, para 2.121.

[46] Ofcom (March 2026) TAR Statement. Volume 3, para 2.131.

[47] Ofcom (March 2026) TAR Statement. Volume 7, SMP Condition 1.12, p. 21.

100 In those circumstances, the relevant question would be whether BT Group is able to provide wholesale network access capable of supporting Ultrafast Broadband Services at the premises in question, including where that access is provided by, for example, reselling wholesale access over an altnet FTTP network.

101 Framed in this way, the approach would not require Ofcom to reopen the broader TAR question of whether standalone altnet coverage should count towards the copper retirement thresholds. It would instead clarify how the existing SMP Conditions should apply where BT Group chooses to rely on an altnet FTTP network as part of the wholesale access it provides. This would be consistent with Ofcom's recognition that there is nothing in its regulation that prevents BT Group from choosing to rely on an altnet FTTP network.[48]

102 We encourage Ofcom to clarify our understanding that it is possible for:

(a) BT Group to provide wholesale network access (capable of supporting Ultrafast Broadband Services) using commercially negotiated rights of use of altnets' access networks; and

(b) premises covered by such commercially negotiated rights of use to be included in BT Group's progress towards the copper retirement framework's thresholds.

6.3.2 European precedent shows that altnet coverage can be recognised in copper retirement frameworks

103 European precedent demonstrates that copper retirement frameworks have been designed on an operator-neutral basis, recognising the availability of gigabit-capable networks irrespective of the identity of the provider. For example:

(a) In Ireland, the SMP operator may exclude from its FTTP rollout premises served by alternative FTTP networks that offer wholesale access. This enables copper switch off without requiring the duplication of existing fibre infrastructure.[49]

(b) In Italy, alternative operators' networks may also be considered where suitable wholesale access arrangements between the alternative operator and the SMP operator are in place.

(c) More broadly, several European jurisdictions (including Belgium, Denmark, Finland, France, Greece, Poland, Slovenia, Spain and Sweden) allow, under varying conditions, for copper switch-off where next-generation access networks provided by other operators are available.[50]

104 These approaches reflect a common principle: that copper retirement thresholds can be based on the availability of viable alternative (modern) connectivity for consumers,

[48] Ofcom (March 2026) TAR Statement. Volume 3, footnote 49, p. 16*: "there is nothing in our regulation that prevents BT Group from choosing to rely on an altnet FTTP network."*

[49] ComReg (November 2023) Framework for the Migration from Legacy Infrastructure to Modern Infrastructure, p. 56.

[50] BEREC (June 2025) BEREC Progress Report on managing copper network switch-off, p. 18.

rather than being limited to the rollout of the copper incumbent. Adopting a similar operator-neutral approach in the UK would better align the copper retirement framework with its underlying objective of enabling efficient migration to gigabit-capable networks, while avoiding unnecessary duplication of infrastructure.

6.4 If there is no route to counting altnet coverage towards the second threshold, we propose two alternative solutions

105 If Ofcom is unable to find a path that permits altnet coverage to be included in the thresholds then our recommendation is to consider two alternative solutions that are specific to the second threshold.

6.4.1 Altnet coverage should be included within the "excluded" areas provided this can be leveraged by Openreach or BT Group through a wholesale agreement with altnets

106 Ofcom should allow the inclusion of altnet lines in "excluded" premises where it can be demonstrated that rollout by two FTTP networks would not be economically viable. In such circumstances, overbuild by Openreach would be unlikely to be economically efficient and would therefore be inconsistent with Ofcom's objective that its proposals not to incentivise overbuild that would not arise absent the copper retirement framework.

107 To identify such areas, Openreach (or BT Group) would need to demonstrate that it would not be profitable for it to roll out FTTP in these areas given the costs and expected take-up. We note that Ofcom already recognises that it may be "economically unviable" or "geographically challenging" for BT Group to build new fixed infrastructure in rural areas, meaning that BT Group may rely on an altnet FTTP network.[51]

108 If such areas were to be carved out from the copper retirement thresholds, it would be important to ensure that appropriate safeguards are in place. This may require a wholesale access obligation or commitment on the part of altnets, to mitigate the risk of excessive pricing and to protect end-users.

109 For its part, Gigaclear already has a wholesale offer. Communication providers can offer retail broadband services to consumers and businesses over Gigaclear's network.

110 Alternatively, an effective altnet-based wholesale access product could be made available if Openreach is prepared to "resell" wholesale access to the altnet network which has similar features as the wholesale offer over Openreach's network.

111 BT Group could make such an offer equivalent in substance to an Openreach wholesale offer by contracting for legally enforceable rights to use the relevant altnet access network and then making the resulting wholesale access available to communications providers on transparent, non-discriminatory terms. The contractual arrangements

[51] Ofcom (March 2026) TAR Statement. Volume 3, footnote 49, p. 16.

between BT Group and the altnet would need to give BT Group sufficient control over important service characteristics, including coverage, service availability, ordering and provisioning processes, service levels, repair obligations, migration arrangements and wholesale pricing.

112 This would preserve the legal and operational accountability that underpins the copper retirement framework. BT Group would remain responsible for ensuring that the wholesale access it provides can support Ultrafast Broadband Services and that it is available on terms that allow retail providers to migrate customers from copper to fibre without unreasonable barriers. The altnet would not need to be treated as if it were itself subject to Openreach's SMP obligations. Instead, the necessary protections could be secured through the BT Group-altnet wholesale agreement, supported where appropriate by published reference terms, minimum service standards, equivalence of ordering and migration processes, and commitments to provide access on fair and reasonable terms.

113 This approach would therefore differ from simply counting standalone altnet coverage towards the second threshold. The relevant premises would count only where BT Group has secured wholesale access over the altnet network that allows it to provide a functionally equivalent wholesale access service to communications providers. That would align with the position set out above: the thresholds apply to BT Group as the Dominant Provider, and Ofcom has recognised that nothing in its regulation prevents BT Group from choosing to rely on an altnet FTTP network.[52]

Allowing the exclusion rate to vary within rural exchanges

114 Our proposal is to:

(a) Allow the exclusion rate to vary within a subset of exchanges. Exclusion rate variation should be permitted in exchange areas that are "mostly rural."[53] This is because this is where the inefficient overbuild risk is greatest.

(b) Maintain a blanket exclusion rate across exchange areas that are "mostly urban." Mostly urban exchange areas should be capable of sustaining multiple competing networks and Openreach is likely to build, or already has built, extensively in these areas. The purpose of the exclusion rate in mostly urban exchange areas is to provide Openreach with relief from premises that are:

(i) "too difficult" to pass; or

(ii) "too costly" or not commercially rational to pass (i.e., those premises on the fringe of a mostly urban exchange area which are rural).

[52] Ofcom (March 2026) TAR Statement. Volume 3, footnote 49, p. 16*: "there is nothing in our regulation that prevents BT Group from choosing to rely on an altnet FTTP network."*

[53] We use the ONS's 2021 Rural Urban Classification data at the Output Area (OA) level. We then map OAs to postcodes to obtain a rural/urban classification for postcodes. Exchanges could be classified as rural where where the percentage of rural postcodes in an exchange is greater than 75%.

(c) Within the mostly rural exchange areas set the exclusion rate as the greater of 10% (the currently proposed exclusion rate) or a variable rate to reflect the share of premises that it would not be profitable for Openreach to cover.

(d) Gigaclear estimates that this would require an assessment for c. 2,300 rural exchanges in England. The 10% exclusion rate would continue to apply to around 1,600 "mostly urban" exchanges in England. While this constitutes the minority of exchange areas, these areas contain the majority of domestic and business premises in England.

6.4.2 Application of the 90% threshold at a grouping of 'parent-child' exchanges

115 Openreach has around 5,600 exchanges, of which 4,600 are legacy exchanges that Openreach will exit. The remaining 1,000 exchanges (Openreach Handover Points, OHPs) will be retained by Openreach to provide fibre services.

116 Where a location is currently served by an Openreach legacy exchange (for non-fibre services), then Openreach fibre-based services are provided by an adjacent OHP. In other words, there is a "parent – child" relationship between OHPs and legacy exchanges: an OHP provides Openreach-based fibre services within the OHP's footprint and that of adjacent legacy exchanges.

117 We understand that Openreach's legacy exchanges are likely to be overwhelmingly located in rural areas, whereas the OHPs are likely to be in urban areas. Therefore, our second alternative proposal is to apply the 90% threshold at the "parent – child" level.

118 We illustrate how this approach may work in practice below. However, Openreach has not publicly disclosed the mapping between OHPs and legacy exchanges. This means we cannot presently illustrate how this method could work across the country. For this response, we focus on case studies within the Gigaclear footprint, based on assumed OHP – legacy exchange linkages.[54] We note that, even beyond the context of the copper retirement framework, altnet investor confidence and altnets' ability to plan future rollout would be improved if Openreach confirmed the mapping between OHPs and legacy exchanges.

Cheltenham case study

119 Figure 4 below shows exchanges in the Cheltenham area. The Cheltenham exchange is likely to be an OHP. The Cheltenham exchange serves 62,000 premises and is 99% urban (by postcode). We assume that the surrounding exchanges of Andoversford, Bishops Cleeve, Coberley, Winchcombe and Withington will be legacy exchanges. They are rural: on average, 82% of postcodes in these surrounding exchanges are rural.

[54] We use the ONS's 2021 Rural Urban Classification data at the Output Area (OA) level. We then map OAs to postcodes to obtain a rural/urban classification for postcodes, before calculating the share of postcodes within exchanges that are rural. We use this to infer which exchanges are likely to be Openreach OHPs and which are likely to be legacy exchanges.

Figure 4 Exchanges in the Cheltenham area

120 The current FTTP rollout for the "parent" exchange (i.e., Cheltenham) is shown in Table 2.

Table 2 FTTP rollout in Cheltenham exchange

	Cheltenham
Premises	62,721
Rural postcodes	1%
Openreach coverage	[XX]
Gigaclear coverage	[XX]
Others coverage	[XX]
Combined coverage	[XX]

Source: *Gigaclear analysis.*

Notes: *"coverage" refers to FTTP coverage. Openreach, Others and Combined coverage is estimated.*

121 The current FTTP rollout for the 'child' exchanges (Andoversford, Bishops Cleeve, Coberley, Winchcombe and Withington) is shown in Table 3.

Table 3 FTTP rollout in the "child" exchanges

	Andoversford	Bishops Cleeve	Coberley	Winchcombe	Withington
Premises	1,068	9,215	404	3,333	310
Rural postcodes	100%	11%	100%	99%	100%
Openreach coverage	[XX]	[XX]	[XX]	[XX]	[XX]
Gigaclear coverage	[XX]	[XX]	[XX]	[XX]	[XX]
Others coverage	[XX]	[XX]	[XX]	[XX]	[XX]
Combined coverage	76%	78%	88%	74%	95%

Source: *Gigaclear analysis.*

Notes: *"coverage" refers to FTTP coverage. Openreach, Others and Combined coverage is estimated.*

122 When assessed at an exchange area level, the blanket 10% exclusion rate requires Openreach to roll out FTTP more extensively than would be commercially viable to unlock copper retirement benefits. This is most clearly the case for the Withington exchange. Gigaclear has passed [XX] that make up the rural community of Withington, whereas Openreach's FTTP rollout in Withington is non-existent.

123 It is difficult to see how it might be commercially viable for Openreach to roll out FTTP further in Withington (and Coberley and Winchcombe). However, a blanket 10% exclusion rate requires Openreach to fully overbuild Gigaclear in these exchange areas. This does not seem to be compatible with Ofcom's objective of not requiring Openreach to overbuild altnets when it otherwise would not absent the copper retirement framework.

124 Our second alternative proposal is to therefore apply the second threshold at the parent-child exchange group level. That is the second threshold would require Openreach to achieve ultrafast coverage across 90% of premises in the parent-child exchange group. This would give Openreach relief from making inefficient overbuild decisions, focus FTTP rollout on homes not passed by FTTP by any provider and maximise the prospects for consumers to benefit from gigabit capable speeds faster than what would be the case if the 90% coverage requirement applies at the exchange level.

125 Table 4 below shows FTTP rollout across the parent exchange, child exchanges and the complete group. If the 90% second threshold is applied across the full parent-child group, Openreach needs to cover another [XX] of premises across the group [XX] premises) to achieve 90% rollout.

126 It would be possible for Openreach to largely achieve this by rolling out to the remaining 31,400 premises it has not passed in the Cheltenham exchange. Openreach could then

roll out to a further [XX] in Bishops Cleeve exchange where it already has an established presence. The Cheltenham and Bishops Cleeve exchanges are largely urban, and as such, further Openreach rollout may be commercially viable absent the copper retirement framework in large parts of these exchange areas.

127 Importantly, under the parent-child approach, Openreach would not be required to roll out further in exchange areas such as Andoversford, Withington, Coberley and Winchcombe. These are completely rural exchanges which have already been covered by extensive altnet build.

Table 4 FTTP rollout across the "parent and child" exchanges

	Parent: Cheltenham	**Child:** Andoversford	**Child:** Bishops Cleeve	**Child:** Coberley	**Child:** Winchcombe	**Child:** Withington	**Parent-Child group**
Premises	62,721	1,068	9,215	404	3,333	310	77,051
Rural postcodes	1%	100%	11%	100%	99%	100%	8%
Openreach coverage	[XX]	[XX]	[XX]	[XX]	[XX]	[XX]	[XX]
Gigaclear coverage	[XX]	[XX]	[XX]	[XX]	[XX]	[XX]	[XX]
Others coverage	[XX]	[XX]	[XX]	[XX]	[XX]	[XX]	[XX]
Combined coverage	75%	76%	78%	88%	74%	95%	75%

Source: *Gigaclear analysis.*

Notes: *"coverage" refers to FTTP coverage. Openreach, Others and Combined coverage is estimated.*

128 Annex A.1 contains further illustrative case studies of the parent-child approach based on Thame (Oxfordshire) and Buckingham (Buckinghamshire).

6.5 Copper charge controls cannot be lifted before April 2029, so the focus should be on design principles not detail

129 Ofcom proposes that 1 April 2029 should be the earliest date from which Openreach could begin to raise prices in exchange areas that have met the second threshold by reliance on the 10% exclusion rate. Openreach is also required to provide at least 12 months' advance notice of the date on which it expects to meet that threshold.[55]

130 As a result, Openreach would gain no practical benefit from issuing a second threshold notification before 1 April 2028.[56] This means that there is still almost two years

[55] Ofcom (March 2026) Second threshold consultation, para 3.127.

[56] Ofcom (March 2026) Second threshold consultation, para 3.129.

available before the approach to the second threshold would need to be finalised to avoid any delay to copper retirement relative to Ofcom's current proposals.

131 It is therefore not necessary, and unlikely to be desirable, for Ofcom to resolve all the practical implementation issues through the present consultation. The immediate priority should be to ensure that the design principles underpinning the second threshold are sound and capable of achieving Ofcom's stated objectives. In our view, the evidence shows that Ofcom's current proposals do not do so.

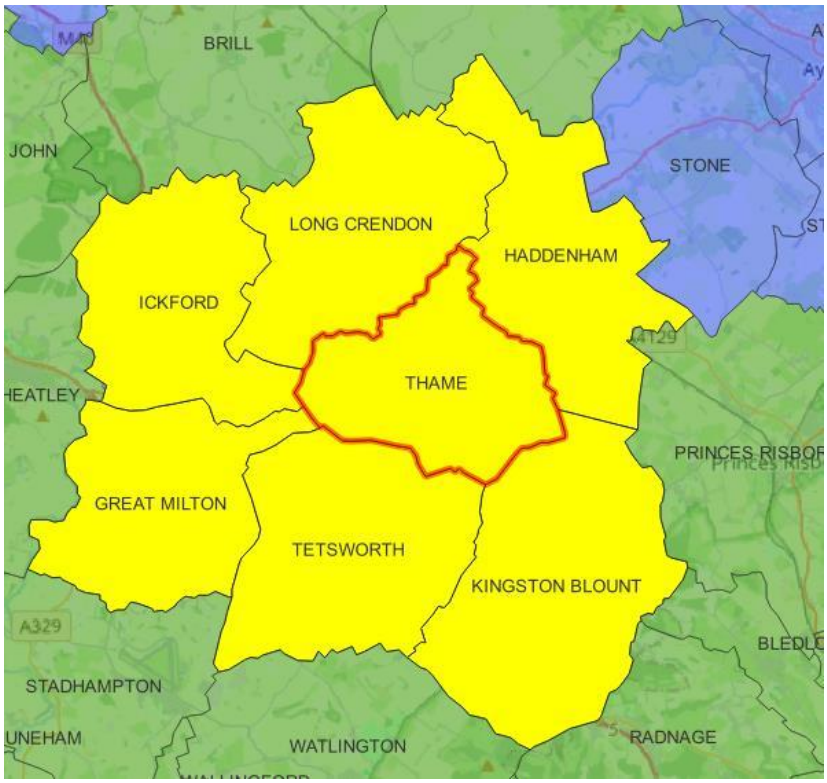
132 We therefore strongly encourage Ofcom to use the time available before April 2028 to continue engaging with industry on the design of the second threshold. This should include further consideration of options that build on Gigaclear's proposals, alongside structured engagement with Openreach, altnets, retail providers and other relevant stakeholders. A further consultation on the detailed implementation of any revised approach would be both proportionate and consistent with the importance of the issue for copper retirement, rural fibre investment and consumer outcomes.

A.1 “Parent child” case studies

Cheltenham

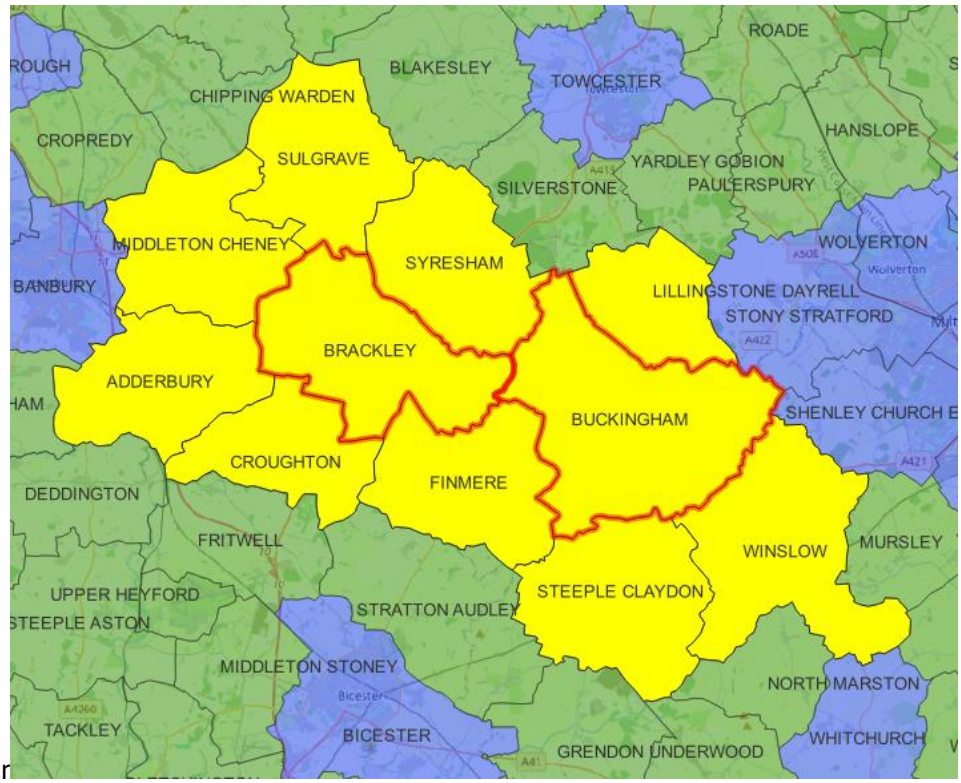
	Parent: Cheltenham	**Child:** Andoversford	**Child:** Bishops Cleeve	**Child:** Coberley	**Child:** Winchcombe	**Child:** Withington	**Parent-Child group**
Premises	62,721	1,068	9,215	404	3,333	310	77,051
Rural postcodes	1%	100%	11%	100%	99%	100%	8%
Openreach coverage	[XX]	[XX]	[XX]	[XX]	[XX]	[XX]	[XX]
Gigaclear coverage	[XX]	[XX]	[XX]	[XX]	[XX]	[XX]	[XX]
Others coverage	[XX]	[XX]	[XX]	[XX]	[XX]	[XX]	[XX]
Combined coverage	75%	76%	78%	88%	74%	95%	75%

Thame



	Parent: Thame	**Child:** Great Milton	**Child:** Haddenham	**Child:** Ickford	**Child:** Kingston Blount	**Child:** Long Crendon	**Child:** Tetsworth	**Parent-Child group**
Premises	6,791	987	5,767	1,115	4,080	1,986	628	21,354
Rural postcodes	6%	99%	99%	97%	99%	100%	100%	69%
Openreach coverage	[XX]	[XX]	[XX]	[XX]	[XX]	[XX]	[XX]	[XX]
Gigaclear coverage	[XX]	[XX]	[XX]	[XX]	[XX]	[XX]	[XX]	[XX]
Others coverage	[XX]	[XX]	[XX]	[XX]	[XX]	[XX]	[XX]	[XX]
Combined coverage	91%	69%	83%	87%	74%	88%	83%	84%

Buckingham



	Parent: Buckingham	**Child:** Adderbury	**Child:** Brackley	**Child:** Croughton	**Child:** Finmere	**Child:** Middleton Cheney	**Child:** Steeple Claydon	**Child:** Sulgrave	**Child:** Syresham	**Child:** Winslow	**Parent-Child group**
Premises	9,186	2,920	8,775	916	1,296	3,010	2,236	1,153	630	4,187	34,309
Rural postcodes	17%	98%	11%	100%	100%	100%	98%	100%	100%	98%	54%
Openreach coverage	[XX]	[XX]	[XX]	[XX]	[XX]	[XX]	[XX]	[XX]	[XX]	[XX]	[XX]
Gigaclear coverage	[XX]	[XX]	[XX]	[XX]	[XX]	[XX]	[XX]	[XX]	[XX]	[XX]	[XX]
Others coverage	[XX]	[XX]	[XX]	[XX]	[XX]	[XX]	[XX]	[XX]	[XX]	[XX]	[XX]
Combined coverage	84%	95%	81%	93%	81%	67%	84%	74%	64%	86%	82%