Introduction

Fibrus is pleased to provide its response to Ofcom's Call for Inputs regarding Openreach's proposed commercial offers notified on the 1st June 2026, namely:

- Incremental New to Openreach Customer Offer
- Incremental New Openreach Customer Offer in VMO2 areas
- Incremental Ethernet Net Demand Offer
- Six-month extension to Equinox 550Mb incentive
- FTTP Frontbook ARPU Share Offer

For the avoidance of doubt, the Fibrus response considers that these offers strengthen Openreach's SMP and will further influence their wholesale CP's to aggressively target their competition. These offers clearly meet or exceed Ofcom's criteria of being conditional; geographic; effecting a price squeeze; and raising substantial competition concerns, therefore requiring ex ante intervention.

Additionally, Fibrus has included the FTTP Frontbook ARPU Share Offer also launched at the same time as we consider this also a conditional offer as it caps and rebates the Openreach FTTP line rental charges conditional on the CP pushing the higher speed packages.

The competition concerns raised in this submission are not dependent on Ofcom treating the FTTP Frontbook ARPU Share Offer as conditional, should this offer be excluded, the remaining offers still materially impact the ability of other networks to operate sustainably.

Executive Summary

It is clear from the range and timing of these offers that BT is using its SMP to significantly undermine the longer-term development of competition, contrary to government and Ofcom policy objectives to promote growth, investment and competition.

These offers are clearly conditional and must raise significant competition concerns that require ex ante intervention. The offers generate significant Openreach discounts or rebates based on the volume of new FTTP orders that Openreach CP's are incentivised to aggressively win, primarily from existing FTTP customers of non-Openreach fibre networks.

These offers constitute predatory pricing with deliberately uncertain timescales, aggressively discounting the specific targeting of non-Openreach customers, consequently impacting altnet take-up and removing any incentive for a CP to sell non-Openreach based FTTP services.

These offers clearly fall into the exploitative and exclusionary behaviour characteristics defined by Ofcom, offering a below average price over an extended period that a reasonably efficient operator could not possibly sustain.

To make matters worse for the altnet industry, it was only in March this year that in the TAR, Ofcom stated that “competition to Openreach is still not sufficiently well established, there being no material or sustainable competitors” and “BT retains substantially greater coverage and competitive advantages, including its large installed base and its ability to influence ISP behaviour”.

Additionally, the ‘Incremental New to Openreach Customer Offer in VMO2 areas’ being postcode based clearly is a geographically targeted discount and should be rejected subject to Ofcom’s SMP condition 4, undue discrimination, also falling under the geographic discrimination prohibition in Area 2. This offer, valid in VMO2 postcodes, therefore, will include all altnet customers where they also have their fibre network in those postcodes, thereby undermining altnet builds and substantially harming long term competition.

This constitutes undue discrimination through differential wholesale pricing targeted at economically equivalent networks based purely on the location of the customer. This does not reflect any underlying cost difference across networks; it is deliberate targeting and therefore cannot be objectively justified.

On calculating the financial benefits that these offers provide Openreach CP’s when customers are taken from a non-Openreach network, these discounts are substantial and material, offering up to a 70% equivalent reduction on the connection fee and monthly charges for an extended period. Additionally, there is also the cumulative effect of these offers, on top of existing Equinox 1 and 2 and Openreach’s previous offers. These offers will financially incentivise Openreach CPs to prioritise the targeting of non-Openreach customers on other networks, with reduced focus on winning existing Openreach customers from another Openreach CP using Copper or Fibre. This impacts further the ability of competing networks to become sustainable competitors to Openreach. Openreach CPs are now used to the constant ‘drip drip’ of offers and incentives and therefore these must be reviewed as they are – cumulative discounting and incentivising.

Further, Openreach states that some of these offers are available for 6 months, but could be extended to 12 months, some will run for up to 30 months, as with previous offers from Openreach the timescales appear to be not well defined.

As Ofcom will typically assess Openreach offers using its reasonably efficient operator (REO) comparison model, because these offers are targeted at existing non-Openreach customers already on FTTP, we don't believe the REO based analysis is going to deliver an accurate comparison, therefore a modified approach based on these offer specifics may better serve.

In conclusion, we believe Ofcom must reject these offers after close analysis of the impact a price squeezing (60-70%) discount over a potentially variable offer period from the only UK operator with SMP would have on the entire UK broadband market. These offers, being cumulative, will severely impact competition, and future investment, damaging any hope of developing material and sustainable competition to Openreach at retail and wholesale levels.

Openreach Offer Analysis

The offers announced by Openreach on 1 June 2026, including the 'FTTP Frontbook ARPU Share' are conditional, with the "Incremental New to Openreach" offers exerting the greatest material impact. As 'New to Network' offers, they primarily apply to existing non-Openreach FTTP customers that are not currently (or have not been for the past 90 days) connected to the Openreach network.

In fact, the Frontbook ARPU share offer also applies across New to Openreach Network, Acquisitions, CP to CP migrations, Subsequent Provides and same CP migrations and bandwidth modify orders (upgrades) completed during the offer period, so not just to New to Openreach customers.

These offers do not apply where a copper-based broadband customer switches to an Openreach FTTP connection demonstrating that the offers are specifically targeted at existing non-Openreach FTTP customers.

The table below shows the cumulative effect of the elements from Openreach's offers. The table shows the current Equinox2 prices where we have assumed the New to Openreach £35 rebate in Area 2 as well as the one off £50 VM02 connection rebate amortised over a 24-month contract together with the £9.50 monthly service rebate.

BANDWIDTH PROFILE	Connection NTN Area 2	Equinox 2 Annual rental	Equinox 2 Monthly rental	Area 2: 24 month cost [24 month all offers applied]	Area 2: All offers layered monthly cost [over 24 months]	Equinox 2 - 24 month cost	Discount %- All layered offers vs Equinox 2 [over 24 months]
Up to 115Mbit/s / 20Mbit/s	-52.93	209.97	17.50	139.01	5.79	452.01	69.2%
Up to 160Mbit/s / 30Mbit/s	-52.93	215.32	17.94	149.71	6.24	462.71	67.6%
Up to 220Mbit/s / 20Mbit/s	-52.93	229.99	19.17	174.30	7.26	492.05	64.6%
Up to 330Mbit/s / 20Mbit/s	-52.93	243.42	20.29	182.75	7.61	518.91	64.8%
Up to 550Mbit/s /75Mbit/s	-52.93	215.32	17.94	139.01	5.79	462.71	70.0%
Up to 1000Mbit/s /115Mbit/s	-52.93	273.15	22.76	182.75	7.61	578.37	68.4%
Up to 1200Mbit/s /120Mbit/s	-52.93	273.15	22.76	182.75	7.61	578.37	68.4%
Up to 1800Mbit/s /120Mbit/s	-52.93	285.92	23.83	182.75	7.61	603.91	69.7%

Figure: Connection and Monthly Rental offer Costs applied to Equinox2 CP's in a VM02 Area

As can be seen from the table above, these offers, with up to a 70% discount to Openreach CPs over 2 years effect a substantial price squeeze when acquiring a non-Openreach customer. The value of the discount/rebate is based upon the volume of FTTP customers that the CP can win from a non-Openreach network, with the payments lasting for 18 months for volume performance of 5% above the CPs baseline and rising to 30 months for performance greater than 10% above the CPs baseline.

It should also be noted that the Area 2 connection rebate of £35 is greater than the current Equinox 2 connection fee and so the CP will end up being paid by Openreach when connecting newly acquired non-Openreach customers.

This substantial cost reduction can be used by Openreach CP's (including BT's retail CP's) to implement more aggressive retail pricing or marketing of Openreach-based FTTP packages, disincentivising those that are not BT CP's from partnering with altnets.

Another concern relates to the eligibility of the offers to Openreach CPs, it is not clear that many CPs will exceed the 1000 qualifying lines threshold and therefore become subject to the baseline restriction. This, therefore, would make the discounts applicable to all qualifying connections and the total discounts achievable would be substantial. We request therefore that Ofcom examine whether the baseline is material in these offers and to ascertain BT's own CPs eligibility.

Altnets cannot compete with these unreasonably low prices proposed by Openreach which are substantially below Ofcom's own calculated prices as required by a reasonably efficient operator and effect a substantial price squeeze on the market.

The proposed timescales for the offers are below, however Openreach could request to extend them in the same way as it is currently proposing to do with the Equinox 550Mb incentive. The per circuit benefit period is longer than the 6–12 month offer period being a minimum of 24 months per eligible circuit for the FTTP Frontbook ARPU Share Offer, and 18-30 months for the New to Openreach Customer offer.

- FTTP Frontbook ARPU Share Offer – 1st July 2026 to 30th June 2027
- The Incremental New to Openreach Customer Offer (Rental Rebate and Connection Rebate) - 18-30 Months depending on volumes
- Incremental New to Openreach Offer for VM02 areas (£50) from 1st October 2026 (subject to approval)

- 6 Month extension to Equinox 550Mb incentive – 1st October 2026 to 31st March 2027.
- Incremental Ethernet Net Demand Offer - 1st October 2026 – 30th September 2027

This response mainly focuses on the issues arising from the conditional nature of the offers. However, the Incremental 'New Openreach Customer Offer in VMO2 Areas' is geographic, as well as conditional. Clearly, "VMO2 Area" is not a market area defined by Ofcom, our understanding being that Openreach has a specific list of postcodes that make up the 'VM02 area'. What is not clear to us is whether these postcodes will include the nexfibre network (and potentially also the Netomnia network). What is not justified in this offer supposedly targeting VM02 customers is that there are no differences between a VM02 connection or another non-Openreach connection within Area 2, therefore this offer fails Ofcom's own test of 'is there any objective justification for the differential pricing'. In any case, those postcodes will almost all have at least one other altnet FTTP network present thereby allowing the Openreach CP to target all FTTP altnets in those locations. This further cements Openreach's SMP status, removing the ability for altnets to generate any form of sustainable competition to Openreach.

The postcode list is not public and therefore Ofcom must review the list to assess the number of altnets targeted.

The Incremental Ethernet Net Demand Offer also directly targets non-Openreach business connections and creates a strong incentive to drive altnet-to-Openreach churn in the business connectivity market. This offer, we believe offering a full connection charge rebate, should be assessed together with the new 'Ethernet up to 1Gb resign offer' against the price squeeze prohibition, which applies in the leased line market just as it does in WLA.

Conclusion & Recommendation

In summary, these offers further cement BT's SMP status and are clearly a mix of conditional, geographic and price squeezing, raising material competition concerns that must be subject to ex ante intervention as they:

- Specifically, and geographically exert pressure on Openreach CPs to target existing non-Openreach FTTP customers, regardless of the market they are in
- Materially lower the cost to Openreach CPs of acquiring non-Openreach customers, financially deterring them from selling over altnet FTTP networks

- Engage in price squeezing, undermining the development of material and sustainable network competition, investment and growth

We recommend that Ofcom do not approve these offers and take steps to prevent the introduction of further offers of this nature where Ofcom's consent is (currently) not required.

Within this decision process we also recommend Ofcom reviews not just these offers but the cumulative effect of past and current offers as they are incremental and lead to a continuous drip feed of ongoing offers.

We request an urgent meeting with Ofcom to discuss the points raised in this response at your earliest convenience.