Openreach's proposed commercial offers

Response to the Ofcom's 'Call for Inputs'

19 June 2026

Summary

1. Sky is supportive in principle of Openreach offering deeper discounts to Equinox 2 prices where it faces competition so that its wholesale customers can compete more effectively and drive greater full fibre adoption.

2. [✂] Lower Openreach prices would support Sky in competing more effectively in competitive retail markets. [✂]

3. In relation to the two Openreach new-to-network (NTN) offers in question, these are unlikely to have a material impact on retail competition because the offer discounts are applied only to incremental NTN orders above a baseline volume threshold based on a CP's historic NTN run rate. In effect, this means that the blended price paid by CPs for NTN orders will be marginally lower than Equinox pricing at best and, therefore, retail pricing in areas where the offers are available would not reduce materially.

4. There are also significant challenges for retailers to target fully discounted retail prices (i.e., passing through the full discount) only at prospective customers who they can be certain would represent incremental NTN connections (above the baseline run rate) and therefore attract the wholesale discount. The scope for such targeted approaches to have a material impact on competition is quite limited.

5. [✂]

Sky supports Openreach offering deeper discounts where it faces competition

6. Sky considers that in principle Openreach should offer further discounts to Equinox 2 prices where it faces competition so that its wholesale customers can compete better and encourage FTTP take-up.

7. As the UK's largest independent broadband retailer, Sky plays an important role in driving FTTP take-up and supporting network investment for its wholesale suppliers, Openreach and CityFibre. Attractive wholesale rates are important for this, but Equinox 2 rates are far higher [✂] - making it more difficult for Sky to compete with altnets and VMO2 [✂] to drive take up.

8. It is important that Openreach can meet this competition through offers for its wholesale customers like Sky. [✂]

9. [✂]

The offers are unlikely to have a significant impact on competition

10. The offers themselves are unlikely to harm competition materially because the discounts are only applied to a CP's incremental NTN orders above a baseline run rate based on that CP's historic NTN volumes. As a result, the full discounts on offer (-£9 p/m for 18 – 30 months and reduced connection fees) will not be passed through fully to all acquisition pricing because:

- Openreach's customers will generally not know whether an acquired NTN customer is incremental to their baseline run rate and therefore they will not offer retail prices generally that fully reflect the potential discounts from the offers (otherwise they would make losses on the vast majority of NTN orders which would be part of the baseline volume that would not be discounted);
- at best, a retailer might estimate what proportion of all its NTN orders in a period would be above the baseline volume and therefore attract the offer discounts in order to offer a blended price in the market – e.g., if 10% of NTN orders were forecast to be incremental, the retailer's blended market pricing could be (90% x standard Equinox price) + (10% x discounted offer price) – clearly, the resulting blended price would not be materially lower than today;
- we estimate that, even if the CP achieves [✂] 12.5% more NTN orders than the baseline threshold thus qualifying for the deepest level of discounts, the overall blended monthly wholesale cost over a 5-year customer lifetime and factoring in the additional connection discounts would be ~3% lower than the Equinox 2 average cost (illustratively assumed to be ~£20);
- alternatively, a retailer may target (lower) prices reflecting the full extent of the offer discounts at prospective customers that it is confident would result in incremental NTN orders above the baseline volume threshold (for instance, through targeted marketing communications) – by definition, this would be narrow in scope with a limited competitive impact, while also being difficult to predict with certainty so that it risks financial losses for the retailer; and
- while it may be possible towards the tail end of any relevant quarter once / if the baseline volume has been passed (or is within reach) to be more certain that any NTN orders are incremental, even if the retailer was able to identify that it had passed the threshold and put into play immediately fully discounted prices, this would only be for a very limited period of the quarter and therefore unlikely to have a material impact on competition (we note this issue is compounded further as the offer terms require that any qualifying incremental NTN orders are installed before the end of the quarter).

11. [✂]

12. We estimate that the effective monthly discounted cost for an incremental NTN line over a 5-year customer lifetime would range from ~£17 (national offer, band 1: <+5% incremental NTN volume) to ~£14 (VMO2 area, band 3: >+10% incremental NTN volume). If a CP achieved +12.5% incremental NTN orders, the average discounted cost for these incremental lines would be ~£15 - £16 [✂].

13. [✂]

14. [✂]

15. In summary, Sky supports Openreach making offers where it faces competition so that its customers can compete more effectively with altnets and VMO2. In the case of Openreach's NTN offers, they are unlikely to have a material effect on competition because the offer discounts only apply to incremental NTN volume above a CP's typical run rate of NTN orders. [✂] For Sky, the offers may enable us to offer modest incremental discounts in competitive areas [✂].