



# Gigaclear Response to Ofcom's Further Consultation on Leased Lines Access (LLA) Market Analysis and Pricing Issues

Date: 17<sup>th</sup> December 2025

Submitted to: Ofcom – Telecoms Access Review 2026–31

## Executive Summary

Gigaclear welcomes Ofcom's continued engagement on the Telecoms Access Review and supports the overarching objectives of promoting competition, encouraging investment and ensuring fair access to high-capacity networks. Whilst broadly supportive of Ofcom's direction we do believe certain proposals require refinement to ensure proportionality and to avoid unintended consequences for alternative network providers (altnets) and rural residential and business customers. We will set these out in our response to the questions raised and trust this is constructive.

## Question 3.1: Impact of Consolidation

*Question 3.1: Do you agree with our reasoning on the impact of consolidation? Please set out your reasons and supporting evidence for your response.*

Gigaclear agree that consolidation among altnets is likely over the review period and acknowledge Ofcom's general approach in distinguishing between transactions that materially affect competitive conditions and those that do not.



We would also add that Ofcom's recognition that only mergers involving current or potential material competitors should influence geographic market definitions is appropriate.

We would raise however that the consultation underestimates the potential for smaller altnets and the incumbent to work together efficiently, through coordinated investment collaboration, to provide a credible solution in the leased line access (LLA) market. We believe that there should be demands made to the incumbent providers to explore coordination opportunities to further accelerate FTTP network deployment, drive capability development and improve resiliency for customers in rural communities.

Ofcom suggests that only consolidation involving current or potential material competitors would significantly impact BT's dominance. We agree with the principle but emphasise that rural ISPs operate in low-density, high-cost areas where consolidation will not create viable competition. Gigaclear, as an ultra-rural player, is unlikely to become a UK-wide consolidator and our focus will remain on the areas we have described. Outcomes will of course be influenced by investor intentions and timing of exits.

We would recommend maintaining SMP remedies for rural areas to ensure continued protection and to protect investment incentives. Ofcom should adopt a more dynamic framework that monitors consolidation trends and allows mid-period adjustments if significant mergers occur.

By doing this the Regulator will be setting conditions that encourage investment and ultimately help drive connectivity into rural communities, in line with the Government's targets, and therefore reducing the digital divide.



## Question 3.2: Buffer Distance

*Question 3.2: Do you agree with our revised proposals relating to the buffer distance? Do you have a view on the most appropriate value of the buffer distance? Please set out your reasons and supporting evidence for your response.*

While PIA can make longer builds viable, applying a larger buffer distance significantly risks misclassifying rural areas as competitive and reducing protections. As an example, typical rural dig distances often exceed 300m and this brings with it high associated costs which make some builds commercially unviable for more than one operator. This results in rural communities being left behind and not getting the connectivity they require.

As a rural altnet our experience suggests PIA can make extensions of 100m or more economically viable in certain scenarios both for residents and businesses. Supporting rural businesses is particularly important and will help bridge the significant digital divide between urban and rural areas.

We would support retaining 50m for rural areas or adopt a differentiated approach to avoid weakening SMP remedies in ultra-rural regions. PIA viability varies by geography and duct condition; therefore, Ofcom should maintain flexibility and review this assumption periodically. We are happy to provide further support to Ofcom and the Government on this point.

## Question 4.1: Discount Rate for Simplified Lead-In Duct

Question 4.1: Do you agree with our revised approach to the application of discount rate when calculating the charge control for simplified lead-in duct?

We agree in principle with Ofcom's revised approach to apply the updated discount rate only to the lead-in duct component, not to link duct or joint boxes.



This change avoids double-counting and reflects the shared nature of link duct infrastructure.

We would note that higher lead-in costs can disproportionately impact rural builds where distances and complexity are greater and this is particularly relevant as we look to extend our network to the remaining hard-to-reach areas.

We would also ask the Regulator to be aware that the proposed glide from 10% to 54% discount rate seems steep and may disproportionately impact smaller providers in the altnet community in particular.

We would therefore suggest a phased approach or additional support for rural operators to mitigate cost burdens. Any such plan needs to be clearly set out and we do welcome clarity because it enables a better ability to forward plan and forecast costs.

## Closing Remarks

Gigaclear is the UK's leading rural altnet with over 600,000 homes and businesses now on our network. We are proud that we are continuing to work with the Government to deliver BDUK contracts to communities that otherwise would be left without the connectivity they need.

We are supportive of the work that Ofcom are doing through the Telecoms Access Review and remain ready to work with the Regulator and the Government as we look to reduce the digital divide between rural and urban areas of the country.

In closing we would encourage focus on:

- Whilst altnets can make use of existing infrastructure through Openreach's PIA products, evidence suggests that PIA users make a disproportionately large contribution towards covering the cost of Openreach's passive infrastructure. This scenario makes infrastructure sharing harder and can damage the case for further investment. We support a fairer environment where collaboration is encouraged – this will lead to a more



sustainable relationship between the incumbent and altnet providers and will ultimately benefit rural communities.

- We would like the Regulator to work with providers like Gigaclear to create a more fair and accurately sized Area 3. They should also explore co-investment and collaboration models that would in turn support the copper switch off programme and provide the certainty to investors regarding FTTP (or alternative technologies) that is required.
- One mechanism to achieving the above would be the ability the Regulator has under the Communications Act 2003 to require direct collaboration on infrastructure sharing in areas where competition alone simply won't deliver coverage for communities. Previously this was enshrined in the European Electronic Communications Code Framework and included provisions around the need to balance competition with incentives for investment. Ofcom should consider this as it included principles that encourage co-investment/collaboration, especially for very high-capacity networks like fibre network deployments, by potentially exempting co-investing operators with significant market power from certain regulations. We would welcome greater collaboration and a more sustainable environment for Area 3 specifically.

We look forward to working collaboratively with Ofcom to deliver a Regulatory framework that fosters sustainable competition and accelerates gigabit connectivity across the UK reducing the digital divide between rural and urban areas.