

Formal Response to Ofcom Consultation dated 17th November 2025

Consultation: Further consultation on leased lines market analysis and various pricing issues

Respondent: GoFibre Holdings Limited (GoFibre)

Date: 17/12/25

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Confidentiality: None

GoFibre Response

Introduction

GoFibre is a Scottish independent broadband builder and provider, headquartered in Edinburgh, with a network that covers over 126,000 premises across the East of Scotland and North East of England. Alongside our commercial build, GoFibre is delivering four government contracts for Project Gigabit (PGIS), in Durham-Teesdale, Northumberland, The Borders/East Lothian, and North East Scotland, with the latest two Scottish contracts awarded in 2025. GoFibre has invested more than £250m in support of the Government's policy to bring full fibre to rural communities. These latest contracts are backed by funding from Gresham House, The Scottish National Investment Bank (SNIB) and The Hamburg Commercial Bank (HCOB), and will extend GoFibre's network to over 200,000 premises by 2031.

GoFibre is also the most recent Connected Nations report, which highlights that while Scotland has made strong progress in fibre connectivity, it still lags behind other UK nations. We have engaged with the DSIT (BDUK) and Scottish Government regarding the serious impact that the proposed TAR changes could have on efforts to support key government initiatives—such as PGIS and the SBVS/GBVS schemes—in closing the rural connectivity gap. We have shared our concerns with both BDUK/DSIT and the Scottish Government about the recent TAR proposals. Our understanding is the Scottish Government have communicated their position to Ofcom as part of the initial TAR response.

GoFibre welcomes the opportunity to respond to Ofcom's consultation on leased lines market analysis and pricing issues. We strongly support Ofcom's objectives to ensure cost-reflective pricing and promote sustainable competition. However, we have serious concerns about the proposed pricing uplift on DFX pricing which could have a significant negative impact to GoFibre. The proposals could have unexpected and serious negative consequences for the national objective of achieving rural fibre roll-out.

Internal cost modelling shows that the proposed increase in Main Link charges could raise GoFibre's annual backhaul OPEX costs by up to 107% higher than current forecasts by 2031 and 214% higher by 2036. For a growing and maturing business like

GoFibre, this level of regulatory uncertainty—introduced without any meaningful industry consultation—poses a serious risk to investor confidence.

We modelled and signed the PGIS contracts to include a reasonable increase in cost aligned with CPI and civil indices. We are now contracted and committed to deliver these contracts. These price rises are being considered after many network operators have signed other PGIS contracts and therefore could be committed to unmanageable future OPEX costs.

GoFibre is also collaborating with INCA and other alternative network (Altnets) operators to ensure that Ofcom's proposals are assessed against the shared objective of promoting fair competition and sustainable investment in full-fibre networks. This joint engagement reflects a common concern that the proposed cost allocation changes [REDACTED] pricing risk undermining the economics of rural FTTP deployment. GoFibre reinforces the industry-wide position that any [REDACTED] should be fully scrutinised, evidence-based, and implemented in a way that avoids market shocks and safeguards the viability of independent fibre builders.

GoFibre has previously responded to Ofcom consultations through its involvement in INCA. Our submission of a standalone submission to this consultation, alongside our INCA contribution, reflects both our dependence on good regulatory outcomes for the successful delivery of our critical PGIS contracts, and the particularly high level of concern that we have about the proposed changes to leased line prices.

Key Concerns for GoFibre

Timing and Transparency

Ofcom proposes to implement changes based on BT's accounting methodology that is not fully published or audited. Stakeholders, including GoFibre, lack visibility into the detailed impact and rationale.

Introducing these changes late in the TAR review period denies industry participants sufficient time for analysis and engagement.

Impact on GoFibre's Business Model

IEC dark fibre (DFX) is a critical input for GoFibre's FTTP rollout, particularly in rural and semi-rural areas where competitive backhaul is limited.

Ofcom's proposed changes could increase DFX costs significantly, destabilising GoFibre's business case for network expansion and reducing competitive tension in retail FTTP markets.

This will have a significant impact to the success of the government's subsidy schemes and the sustainability of its suppliers. The PGIS contracts, and their predecessors, have always had a sharp focus on re-using as much existing infrastructure as possible, in doing so stretching taxpayer investment and allowing network operators alongside the environmental benefits and reduced disruption. We bid for our contracts on these principles and created investment to deliver them. In doing so, we are highly dependent on regulated pricing and the certainty that a regulated framework should provide. Given the investment and duration of the PGIS contracts (phase 1-3 are 12-year plus) we are committed long-term to these contracts. To reiterate, we included in our operating cost reasonable assumptions for inflation, but the current consultation is proposing price increases excessively higher than market norms or price indices. We have real concerns these price rises are being considered after many network operators (backed by their supportive investors) have signed PGIS contracts and therefore could be committed to unmanageable OPEX costs.

Instability in the Investment Market

GoFibre has successfully attracted significant investment into the UK to accelerate growth, and we aim to continue doing so in the years ahead. However, this requires a stable regulatory environment—one where price increases are reasonable and aligned with market expectations—because investors will not take unnecessary risks. We view the proposed price rises as unreasonable and wholly unnecessary, given that Openreach has multiple ways to achieve its regulated returns without imposing such a direct and detrimental impact on rural areas. We believe these products have been targeted to protect Openreach’s rural network, but this approach will not generate incremental returns to fund further investment. [REDACTED], it will deter new investment, ultimately harming rural coverage across the UK.

Methodology Issues

Using actual fibre utilisation as a cost driver unfairly shifts costs from WLA FTTP (where BT faces competition) to LLA and IEC services (where Altnets like GoFibre rely on regulated products).

This approach embeds temporary utilisation patterns during FTTP rollout, creating distortions that harm competition and investment.

Implementation Approach

Ofcom’s proposal for a step-change in starting charges is disproportionate and inconsistent with its historic preference for glidepaths.

A sudden increase would invalidate GoFibre’s investment assumptions, disrupt ongoing build programmes, and delay FTTP deployment.

Responses to Consultation Questions

Question 3.1: Impact of consolidation

We agree that consolidation could influence competitive dynamics. However, Ofcom should monitor market developments closely and ensure that any future adjustments to geographic market definitions reflect actual competitive conditions rather than speculative scenarios.

Reasoning:

- Consolidation [REDACTED] but does not automatically guarantee material competitive constraint.
- Regulatory assumptions should avoid overstating competition in rural areas where barriers remain high. However, Ofcom should ensure that its actions support those providers who are delivering competitively in these difficult areas and not disproportionately assist the incumbent, which already has significant market power.

Question 3.2: Buffer distance proposals

GoFibre does not provide Lease Line products so we have no data on which to base a response. We request details of the impact assessment undertaken by Ofcom to understand why these changes are necessary and to reassure ourselves that there are no unintended consequences of this change.

Question 4.1: Discount rate for simplified lead-in duct

We agree with Ofcom's revised approach to apply the discount rate only to the lead-in duct component. This avoids double-counting and ensures fair allocation.

Question 5.1: Charge controls for LLA Area 3 and dark fibre services

We have serious concerns around the proposed price increases to DFX services and object in the strongest possible terms. It is clear from the evidence detailed above that this could have a significant impact on our business. It is our view that to introduce this price change at such a late stage of the TAR process, without providing a fair and balanced opportunity to undertake a detailed impact assessment, is wholly unacceptable.

Higher DFX prices will:

- Increase GoFibre's marginal build costs in rural areas. Given our reliance on DFX backhaul for rural FTTP, layering CPI-X onto a methodology that already shifts cost ██████████ to competition.
- Delay FTTP deployment, reducing consumer choice and slowing progress to ██████████
- Give BT an artificial competitive advantage in retail fibre markets, contrary to Ofcom's strategic objectives.
- Have a major impact on investor confidence, both now and in the future.

We call on Ofcom to take the following action:

- Do not implement BT's proposed methodology changes within the TAR charge controls. The changes are rushed, lack transparency, and risk embedding a flawed allocation approach. GoFibre will be significantly affected by the proposed DFX price rises, so this process should not be rushed and needs to undergo a full consultation and impact assessment, with a particular focus on the impact on rural deployment and connecting the final 10-20% of properties to fibre. The proposed reallocations could potentially significantly increase IEC/DFX costs. This asymmetry—internal backhaul for BT and regulated DFX for Altnets—amplifies competitive imbalance and needs careful correction in the charge controls.
- Ensure transparency and fairness in cost allocation and charge setting. Any change that re-weights costs onto IEC/LLA during transient FTTP utilisation

must be demonstrably transparent, audited, and fair—or deferred—so as not to distort competition or investment incentives. Material methodology changes that reallocate fibre costs should follow a transparent, industry wide process to avoid unintended competitive distortions. In the most rural areas, the economics of fibre deployment are especially sensitive to regulated access prices. The impact of regulatory decisions in these areas need careful and dedicated consideration, to avoid unintended negative consequences.

Conclusion

- Ofcom's s [REDACTED] competition, protect consumers and promote investment, however we fear the proposed changes will in fact do the o [REDACTED]
- Ofcom should maintain predictable pricing frameworks to support investment confidence.
- Consideration for rural-focused Altnets is essential to meet UK gigabit targets.
- The proposals negatively impact investor confidence in an already fragile market.
- The proposals could have a potentially devastating impact to existing business cases and the success of the Project Gigabit scheme.
- We are contractually committed to deliver PGIS on behalf of the Government. Changes should not undercut what has been committed and put unmanageable OPEX costs on to small network operators who have secured and committed significant funding for rural network build.
- We believe Ofcom should support boosting coverage and competition in rural areas, no more so in rural Scotland which has been left behind by the incumbent as highlighted through the Connected Nations report. Northern Ireland is a great example of where an alternative network can be transformational in terms of coverage and choice, delivered under the current regulated framework. We ask that you do not make this harder to achieve for the other nations moving forward.