



Further consultation Further consultation
on leased lines market analysis and
various pricing issues - Telecoms Access
Review 2026-31
on WLA pricing remedies

Response

December 2025



1. Summary

Hyperoptic welcome the opportunity to respond to the Ofcom Further consultation on leased lines market analysis and various pricing issues - Telecoms Access Review 2026-31 (TAR). As both a wholesale customer of Openreach (OR) and a competing vertically integrated fibre network operator, Hyperoptic is directly and materially affected by Ofcom's proposals on PIA pricing and Ethernet/dark fibre charges.

We are committed to delivering ultra-fast, reliable, and quality full fibre broadband to UK homes and businesses - including proactively supporting the integration of robust telecoms infrastructure in new housing developments, thereby supporting the government's targets for growth and promoting sustainable network competition.

As we set out in our response to the main TAR consultation, the 2021 Wholesale Fixed Telecoms Market Review (WFTMR) established a robust ten-year telecoms strategy that has successfully fostered competitive network build and enabled significant investment in the sector. The TAR consultation serves as a crucial mid-point review, allowing for recalibration and fine-tuning of the regulatory framework to build upon the successes of the past five years. We strongly support Ofcom's strategic goals and its focus on sustainable network competition, which ultimately benefits consumers. Our targeted response to that consultation focused on key areas where adjustments to the current regulatory regime would further strengthen the delivery of Ofcom's objectives.

However, the current proposals when taken together, risk weakening, rather than strengthening, the investment case for independent networks and sending a concerning signal to current and prospective investors about regulatory certainty and commitment to promoting sustainable network competition. This is magnified when taken together with the proposals from Ofcom's recently closed Further consultation on WLA pricing remedies - Telecoms Access Review 2026-31.

The Government's draft Statement of Strategic Priorities (SSP) makes clear that driving economic growth is the primary objective for economic regulators, and that "a pro-growth policy and regulatory environment that supports innovation and investment in infrastructure" is essential. In fixed telecoms, the draft SSP explicitly asks Ofcom, over this Parliament, to ensure that "the encouragement of investment and economic growth are key factors taken into account" in its regulatory decisions. Against that benchmark, a package that raises key OR inputs, relaxes constraints in areas where BT retains SMP, and increases uncertainty around future price paths risks weakening, rather than strengthening, the investment case for alternative fibre networks. This risks undermining the successes achieved thus far under the WFTMR framework, deterring further investment in competing infrastructure, and negatively impacting consumers through reduced choice, higher prices, reduced service quality, and less innovation.

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3. Introduction

Hyperoptic is a fully integrated infrastructure provider of full fibre services, delivering ultra-fast, reliable, and quality broadband to consumers and businesses, contributing to excellent consumer outcomes, including day one connectivity in new housing developments, and supporting UK economic growth. Hyperoptic prides itself on a standout passion for its customers, with a commercial model that allows it to reach properties that other Alternative Networks (Altnets) are less likely to serve, thus extending reach and diminishing the need for public subsidies.

Our footprint is extensive. We are present in 64 towns, and our network now passes more than 1.9 million homes and businesses, providing over 400,000 customers with award-winning broadband. By consumer revenues and number of customers, this positions Hyperoptic as the UK's largest retail Altnet.

As well as being the largest retail full fibre alternative broadband provider, we have also built a leading and unique position in connecting new housing developments - bringing high-quality, infrastructure-based competition to an area often overlooked by other Altnets. We have entered into partnerships with over 250 property developers. Our success is driven by our consumer-centric approach, and we would note our continued determination to offer a service which enables customers to switch on their broadband service instantly, with just a simple online activation or a phone call, on the day they move into their new newbuild property. As was announced in June of this year, Hyperoptic will extend our customer offering using OR's FTTP products, with a full launch expected in Q1 of 2026. Through our innovation in supporting customers with easily accessed, high quality and well-priced full fibre services, we place ourselves at the heart of realising Ofcom's vision of delivering consumer benefits through sustainable network competition.

4. LLA Geographic markets and buffer distance

Hyperoptic recognises Ofcom's logic in revisiting the buffer distance to reflect the role of PIA in enabling longer customer-specific extensions. A moderate increase in the buffer can be a reasonable way of distinguishing areas with *potential* for competition (Area 2) from those with little such potential (Area 3).

Therefore, whilst we support Ofcom's proposed change, we note that physical proximity does not equate to presence, a buffer captures engineering feasibility, not commercial reality, it may overstate competitive pressure where rival networks are technically nearby but not connected to sites, lack wayleaves, or would face build costs to connect that would not meet an investment case for all but a few anchor tenants. Sustainable competition depends on an operators' scale, financing, product set and go-to-market focus.

Therefore, in terms of pro-competitive messaging, Ofcom should make it clear that other compelling factors must also be assessed to determine whether genuine, material, and sustainable competition exists. The proposed change treats buffer distance as a screening tool used only for modelling the boundaries between geographic markets and that it will not be interpreted as evidence of material or sustainable competition. This is fully in-line with the SSP which recognises that 'having several networks building in the same area is only the first step towards having established competition'.

5. Simplified lead-in PIA charges

Hyperoptic support Ofcom's decision to limit the updated discount rate to the lead-in duct component and not to apply it to lead-in link duct and joint boxes, where fair-share assumptions already apply.

With respect to the lead-in duct component, we note that the combined effect of the revised discount application and Openreach's updated assumptions is a material upward shift in the simplified lead-in price path: the 2026/27 indicative cap increases from £10.69 to £11.44 and the 2030/31 level from £6.79 to £9.59, with a much flatter CPI-X.

The proposed reduction in lead-in prices arises from Ofcom's revised cost attribution methodology, developed following further analysis. This change corrects a structural misallocation identified under the WFTMR approach, which risked over-recovery by OR where communications providers left fibre in place after customer churn. It is therefore a necessary adjustment to the cost model rather than a reflection of efficiency gains or an attempt to influence OR's future incentives.

In this case, Ofcom's usual preference for glidepaths should not apply. Introducing a glidepath would simply delay the correction of a known distortion, keep prices above cost for longer, and weaken both economic efficiency and competition. Ofcom's Charge Control design principles support the use of Starting Charge Adjustments (SCAs) where prices are materially misaligned with costs for reasons unrelated to efficiency, and that condition is clearly met here.

Maintaining artificially elevated lead-in prices at the start of the control period could also slow PIA-based CP volume growth, contrary to Ofcom's objective of encouraging competitive fibre rollout and ensuring a level playing field. It would also be out of step with the SSP objective of encouraging investment. By contrast, an SCA would align prices with the long-run efficient level already reflected in Ofcom's intended glidepath trajectory, providing greater predictability and clarity from the outset.

Finally, an SCA would not undermine OR's incentives or behaviour in relation to PIA. The adjustment does not penalise efficiency; instead, it ensures fair cost recovery and reinforces the right pricing signals during a critical period for demand growth and network expansion.

Taken together, Ofcom's own framework and the specific circumstances surrounding the lead-in price change make an SCA the proportionate and justified approach under the TAR.

6. Fibre cost reallocations

In principle, proposed attribution changes within the SMP Regulatory Financial Reporting framework to correct misallocations of Core Junction Fibre and Access Spine Fibre costs to better reflect actual cable length and fibre utilisation is reasonable. However, in light of the material implications of the proposed changes, we have serious concerns about the circumstances surrounding the proposed changes and the wider impact on investor perception of the UK as a market for continued investment.

From the detail published, these changes have direct implications for the integrity of Ofcom's analysis and conclusions based on them in this consultation. The timing, rationale, and underlying process give rise to questions about the robustness of Ofcom's oversight and probing of the changes being proposed by OR and the transparency of the decisions being taken. This is particularly troubling in light of the Government's draft SSP, which expects Ofcom to make "predictable and evidence based regulatory decisions, focused on its core objectives of promoting competition and protecting consumers".

Ofcom appears willing to accept the [REDACTED]. It also sits uneasily with the draft SSP's requirement that Ofcom should "support operators' investment in the continued roll-out of fibre networks over the next 5 years and beyond" "...and should monitor the impact of regulation on investment."

The degree of asymmetry in information and transparency between Industry and OR (or BT in this particular instance) remains a persistent problem. [REDACTED]. It does however, clearly set out that the trigger for the change is "BTs judgement," This is wholly inadequate for a change of this scale and consequence.

[REDACTED].

Faced with this pattern, Ofcom acted decisively in 2014, disregarding the 2013 attribution changes in their entirety and recognising them as a clear attempt to game the regulatory system. Now, a decade later, the same pattern appears to be reemerging. [REDACTED].



From our initial TAR response and ongoing engagement, will be familiar with the fact that Hyperoptic use OR EADs as inputs to serve new housing developments and will therefore be impacted by the proposals. However, beyond a specific use case that may be limited, leased Lines form the communication backbone for UK enterprises and the public sector. They also support mobile site backhaul and their importance cannot be overstated. In order to meet Ofcom's strategic goals and the government's targets for growth and promoting sustainable network competition, OR's dominance in both the WLA and business connectivity market continues to require regulatory oversight.

Reallocating circa £78 million of costs from broadband to leased lines, in a way that is opaque to industry should not be accepted without robust justification and transparent verification. It fundamentally alters competitive dynamics, potentially clearing the way for discounting in the WLA market, whilst disproportionately penalising business consumers. This undermines the principle of fair cost attribution, it can also only serve to damage investor confidence in alternative networks, which [REDACTED].

Changes of this magnitude, [REDACTED]. We urge Ofcom to demonstrate the same resolve it showed in 2014 by rejecting BT's October 2025 attribution changes. Ignoring precedent from 2014 and allowing such a revision to stand would send entirely the wrong message to investors and risk deterring further investment in competing infrastructure with the resultant negative impact on consumers and business customers as well as undermining the industry's ability to advance the government's growth ambitions.

7. Critical Timing – Upholding Regulatory Stability

The mid-point of a 10-year review cycle is a crucial juncture where regulatory predictability and stability are paramount to safeguarding long-term market confidence. [REDACTED]. As set out above, Ofcom's approach under WFTMR has been to provide clarity and stability of regulation and Ofcom set the expectation that they would maintain a consistent approach in the period 2021 to 2031 to avoid destructive regulatory uncertainty. Introducing the changes that Ofcom has proposed, both in this consultation and the previous further TAR consultation, mid-cycle, could undermine this commitment. Unintentionally they reinforce incumbent market power by introducing ambiguity and permitting opportunistic behaviour. This is particularly the case given the changing macro-economic conditions when compared to the period when Ofcom were consulting on WFTMR.

Retaining the same cost allocation attribution would maintain continuity and is aligned with broader government and Ofcom goals to foster sustainable competition and infrastructure investment and avoids the above risks.

8. Conclusion

Hyperoptic strongly urges Ofcom to uphold the principles of regulatory stability, predictability, and transparency that have underpinned the success of the WFTMR framework. The proposals set out in this consultation, when combined with those in the earlier further TAR consultation, risk introducing unnecessary uncertainty at a critical mid-point in the review cycle. Such uncertainty undermines investor confidence, weakens the investment case for alternative networks, and ultimately jeopardises the government's strategic objectives for growth and innovation.

We believe Ofcom should take decisive steps to ensure that cost attribution changes and pricing remedies are implemented in a manner that is proportionate, evidence-based, and consistent with its stated objectives of promoting sustainable competition and protecting consumers. [REDACTED].

The UK fibre market has made significant progress under a stable regulatory regime. Preserving that stability is essential to maintain momentum, encourage continued investment, and deliver the market and economic growth benefits envisaged by Ofcom and the government. Ofcom has the opportunity to ensure that the Telecoms Access Review strengthens, rather than erodes, the foundations of a competitive and thriving digital economy.