



24 December 2025



Ofcom
Riverside House
2a Southwark Bridge Road
London

Dear

Sky TAR response: Frontier Economics report on Openreach Charges for Hard Ceases and VLAN moves

We asked Frontier Economics to report on the regulatory approach to two important TAR ancillary charges: Hard Ceases and VLAN moves. Both these Openreach services are subject to SMP regulation, including regulated price caps. However, the price caps are too high, not cost reflective and act as a significant barrier to Sky modernising its network, including transitioning from copper to fibre based broadband and exiting exchanges.

- In relation to **Hard Ceases**, while falling copper demand means it is no longer necessary for Openreach to recover 'left-in jumpers' in bulk on the main distribution frame in BT's local exchanges, it says it will still charge Sky for this work when we decommission our active copper equipment. This could cost Sky \pounds . Despite our requests, Openreach has provided no evidence that bulk jumper recovery is necessary to meet ongoing demand for copper services.

Under its exchange exit contract, Openreach would defer and ultimately waive these charges if Sky exits on time all 108 closing BT exchanges. However, failure to do so would result in Sky being required to pay all the deferred charges plus interest. Given this liability for unnecessary jumper recovery work, \pounds .

- Openreach's **VLAN moves** charges, which are merely fully automated software changes, are so high in aggregate that they disincentivise Sky from retiring legacy ethernet aggregation equipment.

\pounds . This would be beneficial for consumers and competition. \pounds . Ofcom can address this issue at the TAR by adopting the recommendations in the Frontier Economics report to (i) ensure that Hard Ceases charges are cost reflective and levied only where bulk jumper removal is necessary and (ii) set the VLAN moves price cap at near-zero to reflect the efficient forward looking incremental costs of providing that service.



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If you have any questions or require any further clarification in relation to this TAR submission, please don't hesitate to contact me.

Yours faithfully,

