



Ofcom Telecoms Access Review 2026: Further consultation on WLA pricing remedies

PXC Response

November 2025

NON-CONFIDENTIAL VERSION

1 Executive Summary

- 1.1 PXC welcomes the opportunity to comment on Ofcom's Further Consultation on WLA Pricing Remedies. We have reviewed Ofcom's revised proposals and consulted with our partners in formulating this response.
- 1.2 PXC agrees with Ofcom's assessment that BT has significant market power in the WLA market and that a remedy is required to constrain Openreach prices. Whilst Altnet competition is developing in some parts of the UK, it remains localised. Openreach is the dominant provider with significant market power, hence the requirement for continued regulation to stimulate competition and benefits for customers.
- 1.3 PXC supported Ofcom's original plan for that remedy to be based on revising the 'anchor product' Charge Control from 40/10 to 80/20 Mbps in the period 2026-31. We believe this remains the optimal regulatory response.
- 1.4 Regarding question 1, we note the offer from BT to rely instead on a contractual mechanism to implement a pricing restriction based on today's current discounted rates capped at CPI annually. However, such an approach comes with risks: losing regulatory consistency with the WFMTR, being less robust than a Charge Control and potentially distorting the market through the scheduling of payments to non-BT CPs. It is our opinion that three critical criteria need to be met before Ofcom could countenance this offer, those being:
 - **Resolving the deferred payment** of discounts so that the price paid by CPs was the effective capped price in real-time. This would be to ensure the same outcome as a Charge Control and address the current un-equivalent cashflow impact on non-BT CPs operating in the WLA market.
 - **Ofcom committing to intervene** in the event of any contractual dispute between a CP and Openreach or a fundamental market shift / Force Majeure event (as we experienced with Covid) to ensure the spirit of the capped anchor product pricing was maintained.
 - Openreach **providing pricing certainty** over whether it intends to implement the Equinox clause allowing for a £20 connection and £1pm rental re-basement of FTTP prices in September 2026, so that CPs can plan ahead.
- 1.5 PXC believes that Ofcom should not consider an alternative approach to the proposals it set out in the March consultation without addressing the issues described above.
- 1.6 Regarding questions 2 and 3, FTTP Connection Charges, PXC agrees with Ofcom that they should be included in a Charge Control if that is the regulatory remedy that it adopts. We do not however agree with the proposals for a regulatory carve out of geographic pricing regulations as a matter of principle. As we have stated to Ofcom previously, we believe it is in the interests of consumers and FTTP adoption across the whole of the UK for Connection Charges to align to (the lower) Area 2 prices for everyone. There was no differentiation on copper-based services avoiding discrimination of UK consumers according to their geography. Arguably the industry erred in allowing higher Area 3 Connection Charges in the Equinox contract. Ofcom's TAR26 is the opportunity to address this.
- 1.7 We provide detailed answers and references to each of Ofcom's three questions in the following sections of this response.

2 Responses to Ofcom's Questions:

2.1 **Question 1: Do you agree with our proposals relating to the Contract Focused Approach?**

PXC agrees with Ofcom's assessment that BT (via Openreach) has significant market power in the UK wholesale local access market which necessitates a mechanism to constrain Openreach pricing in order to stimulate competition and protect consumers.

2.2 Our preferred remedy is the Charge Control for an 'anchor product' as Ofcom set out in the March consultation. We have considered the alternative contractual proposal from Openreach and identify several significant risks and issues which we highlight in the following sections. Ofcom needs to address these concerns before considering varying from its Charge Control approach.

2.3 **Justification for Controls on Openreach Prices**

Ofcom identifies that BT is dominant in the WLA market justifying the requirement for a price control mechanism. We agree with this assessment of the market.

*"In March 2025, we consulted on proposals for our regulation of the fixed telecoms markets that underpin broadband, mobile and business connections, for the TAR26 period from April 2026 to March 2031. **This included proposed remedies in the markets for wholesale local access (WLA), ... in which we provisionally identified BT as having significant market power (SMP)**"¹*

2.4 Ofcom goes on to state:

*"We proposed to find that BT possesses significant market power ('SMP') in both of these [WLA Area 2 and WLA Area 3] markets and that **in both markets there is a risk that, absent regulation, BT would have the incentive and ability to fix and maintain wholesale prices at an excessively high level and/or impose a price squeeze so as to have adverse consequences for end-users, including through weaker retail competition.**"²*

2.5 PXC concurs with Ofcom's assumption that there is a requirement for regulatory remedies on Broadband (both copper and FTTP based) pricing in Areas 2 and 3 for the period 2026-2031. This finding is undisputed.

2.6 Furthermore, in the TAR26 Consultation published in March of this year, Ofcom set out its rationale for selecting the 80/20 Mbps speed tier as the relevant new 'anchor product' threshold for both copper (including SOGEA and FTTC with MPF) and FTTP. Additionally, Ofcom concluded that regulating the 80/20 price would act as a constraint on Openreach from increasing prices for higher bandwidths.

¹ Ofcom's TAR26 '**Further consultation on WLA pricing remedies**', published 17th October 2025, paragraph 1.1 [Consultation: Further consultation on WLA pricing remedies - Telecoms Access Review 2026 - 2031](#)

² *Ibid.* paragraph 2.3

“... we consider that over the next market review period, a charge control on 80/20 services will provide sufficient customer protection to higher bandwidth services.”³

2.7 PXC supports Ofcom’s analysis that 80/20 Mbps should be the minimum threshold for an anchor product (on both copper and FTTP) and that if the price is effectively capped it would have a constraining effect on prices for higher speed tiers.

2.8 Therefore, the question is essentially what form those remedies take: an Ofcom mandated Charge Control on the 80/20 Mbps speed tiers acting as an ‘anchor product’, or a contractual commitment made by Openreach in its Terms and Conditions with customers restricting its price increases on the 80/20 Mbps services to those proposed by Ofcom?

2.9 **Benefits of a Charge Control Remedy**

In our TAR26 consultation response, PXC supported Ofcom’s initial proposal for a Charge Control on the 80/20 Mbps anchor product (capped at CPI)⁴ for the following reasons:

- **Regulatory Consistency** – The proposal was to amend established regulation implemented in Ofcom’s Wholesale Fixed Telecommunications Market Review 2021 (WFMTR21) which had set 40/10 Mbps as the anchor product. It was essentially simply amending the speed threshold to reflect the increase in average Broadband speeds consumed in the UK
- **A Charge Control is more robust than a contractual commitment** as it obliges the regulator to monitor compliance and the regulator has powers to intervene in the event of a breach of SMP conditions. CPs both individually and collectively do not have those powers and would instead have to raise a dispute either to the regulator or via the courts. We know from experience this is costly, time-consuming and places the burden of proof on the CPs.
- **Charge Controlled Prices would be effective in real-time** and not be dependent on contractual mechanisms or requirements to receive the equivalent ‘discounted’ price as per the terms of Openreach’s contracts.

2.10 PXC continues to favour a Charge Control remedy by Ofcom on the basis of the reasoning set out above.

2.11 **Assessment of Alternative Contractual Approach**

We have objectively reviewed the proposal from Openreach for an alternative contractual based approach and make the following observations:

2.12 **Timing of Effective Prices vs Discounted Prices** - The Openreach proposal to contractually set discounted prices (capped at CPI) on 80/20 Mbps products for the duration of the TAR does not deliver the same outcome as a Charge Control would in terms payment timings. For example, as part of the FTTC / SOGEA Offer,⁵ PXC like other CPs, pays the higher Openreach List prices and later receives a backdated discount from Openreach. The Openreach offer

³ Ofcom’s *‘Promoting competition and investment in fibre networks: Telecoms Access Review 2026-31’* Volume 4: Pricing Remedies, see paragraphs 1.61 to 1.66 [Volume 4: Pricing Remedies](#)

⁴ See *TAR26: PXC Consultation Response*, June 2025, paragraphs 2.5 to 2.9; Link here: [PXC](#)

⁵ Refer to Openreach Letter 6th October 2025 [Openreach Letter to Ofcom on anchor proposals](#)

assumes continuing to pay discounts on FTTC and SOGEA in arrears every six months via a continuation of the FTTC/SOGEA Special Offer Terms. There is no legitimate justification for this. There are no longer any contractual targets for CPs to achieve or requirement for validation. Therefore, we argue the effective 80/20 prices should simply be the equivalent Openreach discounted prices and charged in real-time.

2.13 [REDACTED]

2.14 The following table shows:

- [REDACTED]

2.15 [REDACTED] Under Ofcom's initial proposal it was anticipated this problem would be resolved with CPs paying the Charge Controlled price in real-time.

2.16 The Equinox discount rebate value is rising as our FTTP base increases and is paid to us quarterly. [REDACTED] and will continue to rise in value throughout the TAR period as more customers switch to FTTP. Therefore, over time Equinox will essentially replicate the cashflow disadvantage we have faced with the 112 Deal.

2.17 The scale of these deferred discount payments across industry will clearly be material and effectively discriminate against non-BT CPs. By paying discounts in arrears BT Group gains a significant cashflow advantage over non-BT CPs. As Ofcom will be aware CPs do not contract with or pay our invoices to Openreach Ltd, but rather to BT Group Plc. Thus, the BT Lines of Business, which are part of the BT Group's banking arrangements, are unaffected by deferred discounts from a cash perspective. Non-BT CPs, however, have to absorb the cash shortfall before being made good by BT at a later date. This disadvantage for non-BT CPs reduces the scope for them to compete effectively with BT LoBs.

2.18 This is arguably an 'equivalence' issue which Ofcom should address. A Charge Control would have achieved this; entirely for FTTC and SOGEA, and potentially partially on speed tiers up to 80/20 for FTTP. The current Openreach alternative proposal does not resolve the issue.

2.19 **Risks of a Contractual Approach for FTTP** - Whilst PXC accepts that the intention of a contractual approach is to achieve the same outcome as a Charge Control remedy, there remain risks in solely relying on the Equinox terms. Currently it appears [REDACTED] CPs are achieving their Equinox targets [REDACTED]. However, market conditions could change or there could be unforeseen events as happened with Covid during 2020-2022. It is unclear what would happen if a CP failed to take-up targets or other obligations (such as forecasting accuracy which is suspended at present). In such scenarios if a CP missed qualifying for the discounted prices it could end up paying a higher rate for the 80/20 product than would have been guaranteed by a straightforward Charge Control. There are some limited provisions in the Openreach contracts for catching up or *Force Majeure* [REDACTED] this [REDACTED] [is] evidentially burdensome for CPs and [REDACTED] [there is] an imbalance in negotiating power favouring Openreach. To address these risks, we believe it is essential that Ofcom retains the power and is prepared to intervene throughout the TAR period as may be necessary to ensure the spirit of capped 80/20 Mbps prices is maintained.

- 2.20 **Providing Pricing Certainty** - PXC notes that the Openreach offer includes waiving the right to review Equinox prices in the event of a change in regulation and the anchor product. This is welcome and reflects the fact that as BT has publicly stated Openreach's FTTP roll-out is progressing according to plan (as highlighted in PXC's TAR26 Consultation Response⁶). Thus, increasing FTTP prices above CPI is unnecessary and could be counterproductive.
- 2.21 However, uncertainty remains about Openreach's intention regarding the potential mid-contract price review in September 2026 which would rebase all speed tiers monthly line rentals by £1 per month and connections by £20 (in addition to the CPI rises for that year). The Openreach offer does not remove this uncertainty.
- 2.22 In our TAR26 Consultation Response, PXC challenged the rationale for this potential mid-term price increase. We note that no additional evidence is provided by either Openreach or Ofcom in this Further Consultation to justify rebasing prices. The provision for the review was merely an option captured in contract in case circumstances changed from the original FTTP programme; which BT has publicly stated is on track and within expected cashflow guidance.⁷
- 2.23 Additionally, we highlighted to Ofcom both PXC's and our partners' concerns about the timing of such an increase which would be in addition to the annual CPI indexation. This is due to the requirement to give consumers advance warning of price increases in monetary terms at the start of their contract. PXC understands the importance of price transparency for customers, as reflected in Ofcom regulation, nevertheless, this second price increase in the same year presents a challenge for CPs who have to inform customers at the start of their contract of all price increases in monetary terms. Consequently, PXC recommended that Ofcom should set a longer notification period if these price rises, which it proposes to capture in the price cap methodology, are triggered.⁸ It strikes us that this Further Consultation offers Ofcom the opportunity to obtain clarity from Openreach and set a requirement for sufficient notification for CPs. This will give customers certainty and enable consumer contract changes as required.
- 2.24 **Therefore, in answer to question 1:** PXC agrees with Ofcom that BT through Openreach has significant market power in the WLA market. There is therefore requirement for a remedy to counter the risk of excessive charging and provide pricing certainty. In terms of whether that can be sufficiently achieved through Openreach's offer of a contractual approach, we believe that Ofcom would first need to resolve the following key issues:
- The **un-equivalent cashflow impact** on non-BT CPs of delayed discount payments on products that would alternatively have a Charge Controlled price cap.
 - Mitigating the risks of a contractual approach by giving CPs confidence that the **regulator reserves the right to intervene** and will do so if circumstances required in order to maintain the spirit of capped 80/20 Mbps pricing.
 - **Providing Price Certainty** and sufficient notification to customers on Openreach's intention regarding the Equinox mid-contract price review.

⁶ See **TAR26: PXC Consultation Response**, June 2025, paragraphs 2.12 to 2.14; Link here: [PxC](#)

⁷ *Ibid.* Paragraph 2.13

⁸ See **TAR26: PXC Consultation Response**, June 2025, paragraphs 2.10 to 2.18; Link here: [PxC](#)

2.25 **Question 2: Do you agree with our proposals relating to charge controlling FTTP connections (where copper-based services are not available)?**

If Ofcom adopts a Charge Control approach to the 80/20 anchor product it is critical that the cap would apply to both rental and connection prices.

2.26 Regarding the potential uplift of £20 on connection charges, PXC has previously provided evidence that the mid-term Equinox review price increases are unnecessary based on present progress with roll-out and take-up (refer to PXC's TAR26 Consultation Response⁹). Indeed, there is a risk that such an uplift in connection charges could set back the UK's progress towards FTTP adoption. Furthermore, as PXC explained in our TAR26 Consultation Response, our retail partners will require a longer notification period of any (above inflation) uplift in prices in order to reflect in consumer messaging and contracts. As stated in paragraph 2.23, we believe Ofcom should address this irrespective of whether pursuing a Charge Control or contractual approach based on Openreach's offer.

2.27 **Question 3: Do you agree with our proposal to amend the proposed geographic discrimination prohibition by introducing a carve-out that would permit geographic differences in connection charges, where such differences reflect the terms of the Equinox 1 or Equinox 2 contracts (as applicable) and also align with WFTMR21 geographic market boundaries?**

PXC does not agree with Ofcom's proposed treatment of differentiated geographic pricing for FTTP connections because as we stated in our TAR26 Consultation Response, we believe the connection prices should be aligned to the lower effective / discounted price for both Areas 2 and Areas 3. Fundamentally, we believe that higher connection charges for FTTP in Area 3 are counterproductive and can no longer be justified.

2.28 Ofcom defines the geographic Areas in the WLA market as follows:

"We propose that there are two geographic markets for the provision of WLA services:

a) WLA Area 2: postcode sectors in which there is, or there is likely to be potential for, material and sustainable competition to BT in the commercial deployment of competing networks; and

b) WLA Area 3: postcode sectors in which there is not, and there is unlikely to be potential for, material and sustainable competition to BT in the commercial deployment of competing networks."¹⁰

⁹ *Ibid.* Paragraphs 2.10 to 2.18

¹⁰ 'Promoting competition and investment in fibre networks: Telecoms Access Review 2026-31' Volume 2: Market definition and SMP assessment, paragraph 4.41 [volume-2-market-definition-and-smp-assessment.pdf](#)

- 2.29 Given Ofcom’s acceptance of the lack of competitive constraint in Area 3, it is counterintuitive that TAR26 proposes the continuation of higher connection prices in that geography. “*There is unlikely to be potential for ...*” an alternative option than customers having to pay the higher connection charge. This discriminates against consumers living in those postcodes and will act as a drag on FTTP adoption. In essence, permitting differential charging by geography in this way only serves to exacerbate the ‘digital divide’ in the UK penalising more remote, less well-served regions. This is counter to objectives of the UK Government.
- 2.30 In its ‘Further consultation on WLA pricing remedies’ document published in October, Ofcom dismisses PXC’s arguments and seems to suggest that for those postcodes which transfer from Area 3 to Area 2, Openreach should still be able to charge a higher connection charge. The justification offered is that higher prices will enable Altnets to compete:
- “Allowing higher FTTP connection prices is unlikely to harm the development of network competition. **Higher prices** compared to those prevailing in the rest of TAR26 WLA Area 2 **give altnets more opportunities to win customers.**”¹¹*
- 2.31 Yet this logic cannot justify higher connection prices in Area 3 itself as Ofcom’s own definition of that geography is that the potential for competition is “*unlikely*”.
- 2.32 For decades with copper-based communication services there was longstanding principle that connection charges were the same across the UK. Neither Ofcom nor Openreach provide meaningful evidence or justification for geographic pricing discrimination in the roll out of FTTP. Arguably it was a mistake to have built differential connection charges by geography into the Equinox contract which the TAR26 can and should resolve, not perpetuate.

¹¹ Ofcom’s TAR26 ‘**Further consultation on WLA pricing remedies**’, published 17th October 2025, paragraph 5.11 [Consultation: Further consultation on WLA pricing remedies - Telecoms Access Review 2026 - 2031](#)

3 Conclusion

- 3.1 PXC agrees with Ofcom's findings that Openreach has significant market power in the WLA market and that there is a requirement to control Openreach's prices. We support Ofcom's original proposal to remedy that via a Charge Control capped at annual CPI on 80/20 Mbps speeds acting as an anchor product. Before Ofcom can consider seeking an alternative approach based on Openreach's offer it needs to address the following:
- The **un-equivalent cashflow impact** on non-BT CPs of delayed discount payments on products that would alternatively have a Charge Controlled price cap.
 - Mitigating the risks of a contractual approach by giving CPs confidence that the **regulator reserves the right to intervene** and will do so if circumstances required in order to maintain the spirit of capped 80/20 Mbps pricing.
 - **Providing Price Certainty** and sufficient notification to customers on Openreach's intention regarding the Equinox mid-contract price review.
- 3.2 PXC agrees with Ofcom that if adopting a Charge Control for the 80/20 Mbps 'anchor product' it should include **connection** as well as rental prices. However, we do not agree with the proposals for a 'carve out' against geographic pricing discrimination as we believe that it is a mistake to allow higher FTTP connection charges in Area 3. Geographic pricing differentiation runs counter to consumer interests and exacerbates the UK's digital divide; Ofcom's TAR26 is an opportunity to address this.