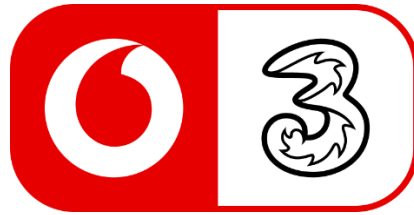


Response to Ofcom's Consultation:

**Promoting competition and investment in
fibre networks: Telecoms Access Review
2026-31: Further consultation on WLA pricing
remedies**

November 2025



Introduction

1. A regulatory environment that delivers affordable and competitively priced wholesale broadband inputs over a long-time horizon is vital if we are to support a flourishing UK retail broadband market, delivering choice and value to consumers.
2. Around 78% of UK homes now have access to full fibre. This is a remarkable achievement, delivered over a relatively short time. However, there is no room for complacency. There are two major challenges on the immediate horizon. Firstly, as an industry we need to work together to ensure that all of the UK can benefit from full fibre, closing the remaining gap and getting as close as we can to 100% fibre coverage. The second challenge is the need to drive up fibre adoption, helping consumers who have access to fibre but choose not to use it, make the switch from legacy copper to become fibre advocates, enjoying the bandwidth opportunities that fibre unlocks.
3. This all requires retailers to have sufficient certainty over their costs and the correct mix of incentives and range of wholesale tariffs to create compelling retail propositions that encourage both fibre adoption and switching.
4. It is clear that Openreach holds a unique market position, gaining considerable incumbency advantages from its ubiquitous legacy copper access network. It remains in full control of the pace and shape of its fibre rollout and crucially the transition away from copper for most UK consumers. Ofcom have rightly found Openreach to be dominant, and there is an enduring need for a range of remedies to combat the significant market power that Openreach retain. A price controlled, focused anchor product is key to that, providing both a safeguard product and a pricing constraint on other bandwidths which are not directly price regulated.

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

5. There are some compatibility issues that arise between the commercial purchasing arrangement that exist in the market today and Ofcom's proposed charge control approach, which seeks to move the anchor from 40/10 to 80/20. Moving the anchor is necessary, as 40/10 no longer offers a compelling enough constraint and doesn't accurately reflect consumer buying behaviour, being insufficient to meet most consumers bandwidth needs.

6. Ofcom have proposed moving from a hard charge control obligation on 80/20 to a Contract Focused Approach, which will rely upon the Openreach Equinox Contract (together with additional contractual waivers, amendments and price list notifications from Openreach) to deliver the anchor product into the market and benefit UK consumers.
7. There is a balance to strike between the need to introduce remedies to counter the negative impact of Significant Market Power and the requirement to ensure regulation is proportionate and balanced.
8. Pursuing a contract focus approach seeks to align with the prevailing commercial market buying practices, with the expectation that it will deliver the same or similar pricing outcome as a charge control. While the approach appears to overcome the unintended contractual consequences resulting from the anchor moving (with Openreach forgoing the right to unilaterally use a new anchor to trigger wider bandwidth repricing), there are a number of practical and regulatory concerns that need to be carefully thought through.
9. Further clarification is necessary to eliminate any potential ambiguity regarding the intended regulatory anchor pricing outcome. If a contract-focused approach is implemented, it would be advisable for Ofcom to offer explicit assurance that they will consider intervention if they determine that the pricing anchor is not being effectively established within the market.
10. If Ofcom changes the pricing remedy, it should clarify that its objectives stay the same. If similar market conditions occur and Openreach is dominant without a suitable wholesale pricing contract, a charge control will remain the default pricing safeguard.
11. There is also a general need to improve transparency for all stakeholders (be they signatories to the Equinox contract or not) and ensure appropriate regulatory financial information is accessible. A key test would be to ensure that any new stakeholders, without prior experience, have the necessary information available to them to understand what obligations exist, make an assessment of compliance and have an understanding of the triggers that would prompt Ofcom to take enforcement action (should that ever be necessary).

We explore each of these points in more detail below:

12. **Contractual Barriers to Receiving the Anchor Price:** Under Equinox, Communication Providers are required to fulfil specific contractual obligations to be eligible for anchor pricing. While existing processes offer administrative efficiencies, Openreach should enhance transparency by revising contracts to guarantee that each anchor product purchase receives the regulated rate, removing any and all conditionality.
13. For example, the absence of volume forecasts, as well as inaccurate forecasting, should not disqualify a Communication Provider from obtaining anchor pricing. Forecasting is a notoriously difficult task and its accuracy can be impacted by factors outside of a Communication Provider's direct control.
14. ✂

15. ✂ The commercial ramifications of missing the forecast tolerances are such that it would disrupt normal trading incentives. This has the impact of reducing the competitive intensity within the retail market, harming consumer outcomes.
16. Openreach should never be in the position where it could deny access to anchor pricing based on a forecast miss and Ofcom should take action to ensure this does not occur. Communication Providers have no objections to providing best efforts forecast information to aid planning, but the accuracy of this should not be the determining factor over anchor pricing eligibility. A failure to address this point would lead to an inferior outcome for UK consumers, compared to Ofcom's March 2025 proposal.
13. **Working Capital Consideration:** Due to the rebate in areas approach set out within Equinox, there is a discrepancy between the effective price paid by BT Group retail businesses and external purchasers of the anchor product. This matter should not only concern Ofcom's TAR team, but also Openreach Monitoring Unit (OMU) within Ofcom, in their role to oversee the workings of the 2017 Openreach Regulatory Commitments.
14. Although the anchor price is paid after rebate settlement, the negative working capital effect on external Communication Providers, and the benefit to Openreach and BT Group is not considered. To ensure accurate market pricing for the anchor, Equinox should adjust the anchor product's list price to reflect the working capital impact of payment delays.
15. **Regulatory Clarity:** Should a contractual remedy be implemented, Ofcom should clearly communicate to all stakeholders that the mandate for maintaining a price-controlled wholesale product to protect consumer interests remains unchanged. Although the delivery mechanism may shift to one administered by Openreach via contract, the underlying regulatory obligation holds firm.
16. **Enforcing the remedy:** As the Contract Focused Approach eliminates the absolute certainty provided by the charge control, it is essential for Communication Providers to fully understand Ofcom's enforcement approach in respect of the fair and reasonable condition should a potential breach occur. Since Ofcom has not released updated guidance on this condition, Communication Providers are unclear how any potential breaches of the notional charge control will be managed.
17. We would welcome a clear statement from Ofcom over their willingness to intervene should they believe that the anchor price was not being delivered into the market as intended. Ofcom have shown considerable reluctance to get involved in Communication Provider contractual disputes in recent years, even on SMP matters. This reluctance is concerning, particularly if Ofcom is seeking to pursue a more pragmatic approach towards delivering particular remedies.
18. **Future Market Reviews:** While we fully appreciate that Ofcom cannot fetter its discretion over its likely approach to any future market reviews and will need to take due account of the market conditions at the appropriate time, we believe it would be worthwhile to set out clearly, the principles that are likely to shape Ofcom's thinking around future remedy setting in respect of any pricing anchor (should one be appropriate). We believe it would be

uncontroversial for Ofcom to make clear that absent an appropriate binding contractual mechanism being available in the market to deliver the regulated pricing anchor, Ofcom's default approach would remain a formal charge control.

19. **Price Regulation Continues:** In any final statement, Ofcom should make it clear that price regulation delivered through a pricing anchor remains in place. While an alternative approach to a charge control has been adopted, there is clear pricing obligation on Openreach in respect of wholesale broadband pricing and this change of approach should not be considered deregulation, but rather a pragmatic approach to remedy setting that aims to deliver a near identical outcome to a conventional charge control.

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

20. If Ofcom opt not to adopt a Contract Focused Approach, the proposal would be to revert to using the charge control approach as proposed in the March 2025 TAR consultation, with some modifications. This would involve moving to separate single service controls for each FTTP 80/20 connection service type (and incorporate the Equinox 2026 £20 uplift into the first year of the control) for eligible services under the Equinox Contract.
21. While we are generally supportive of Ofcom's proposals to align this outcome with the realities of the market and better reflect the Equinox Contract, we are concerned that Ofcom's proposals will lead to a lack of transparency, with poorer visibility of new connection variants within BT's Regulatory Financial Statements.
22. We are aware that some FTTP customer installations are more complex than others and require Openreach to deploy more resources and more kit. We also believe that from a customer service and experience perspective, it is important that a customer gets the installation service that is appropriate for their circumstances. We are therefore not opposed in principle to the introduction of two new connection service grades for FTTP, which will involve higher pricing for Premium and Advanced Connections.
23. As retailers tend to include the cost of connection within the retail prices they offer at the start of the contract, this issue matters to both Communication Provider and Consumers.
24. This gives rise to two additional concerns that must be carefully managed if we are to avoid consumer harm through customers being overcharged. Firstly, there is a concern that customers may not get the installation service that is appropriate for them, with the risk of misclassification. There may be a tendency to over spec the installation experience if an automated process using Ordinance Survey data is used to determine the connection charge band. Should this occur, CPs and the end consumer will be overcharged. This is currently the case where all premises defined on Ordinance Survey data as commercial premises are charged as a premium install, irrespective of the actual deployment activity involved, which in many cases is often no greater than a standard install. Ultimately this inflated cost is borne by the end consumer.

25. For instance, if a small business offers professional services operating from a domestic residence that also serves as their home, it would be neither appropriate nor equitable to impose higher fibre connection charges than those applied to an identical neighbouring residential property.
26. Likewise, a large national retailer situated within a complex retail environment such as a large shopping centre may be categorised identically to a small independent pharmacy on the local high street.
27. To guard against this inappropriate charging, Openreach must be required to carry out a final manual check at the point of installation to ensure the price paid by the Communication Provider (and indirectly by the end customer) is reflective of the actual work undertaken, regardless of the job resources deployed on the day. There needs to be a strong incentive on Openreach to ensure connection charges are reflective of the work required and undertaken and not based on automated data that is not always accurate.
28. Secondly, we are concerned that as these two new grades of installation are nascent, we have no way of understanding if the pricing set is truly reflective of the underlying cost. Ofcom's proposed transparency reductions in the regulatory financial statements exacerbate this concern. We are therefore keen to see if an alternative approach can be adopted that provides some level of regulatory accounting transparency over these costs to prevent consumers being harmed.
29. These two new services are not yet mature, presenting a material number of operational challenges through their introduction. Fundamentally, while Openreach have split consumer(standard) from business customers (premium/advanced), delivery still follows a consumer style delivery process. If UK business consumers are expected to pay more for the installation, they should get the service they pay for and a business grade connection experience should follow. Openreach appear not to have developed a suitable business grade process, with development effort focused on the charging process, rather the elevated connection process/experience.
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31. Given the scale of installations expected to be rated at the new service levels, there is a potential for considerable harm to occur, and we would welcome Ofcom taking an active interest in how these new services are rolled out. With copper retirement on the horizon, these costs are not optional and now unavoidable for most. Ofcom cannot preside over an outcome where there is a lack of regulatory scrutiny over the instance, quality of service and level of charging on UK businesses.

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?*

VodafoneThree

32. Openreach's Equinox Offers set higher FTTP connection fees in WFTMR21 Area Three than in Area Two. If market boundaries change in the TAR 2026 Statement, fees may vary within the new TAR26 WLA Areas Two and Three from April 1 2026 due to the geographic boundary changes between the TAR 2026 and the 2021 WFTMR. This would immediately give rise to a compliance concern, falling foul of Ofcom connection charge geographic discrimination prohibition rule.
33. Ofcom have indicated that they are minded to permit Openreach to continue charging for FTTP connections in line with the existing Equinox Offers (aligned with WFTMR 2021), with the aim of providing Openreach and other stakeholders with certainty that the existing commercial terms for connection charges remain.
34. We have enduring concerns regarding elevated connection charges in Area Three, where competitive constraints are far weaker. The justification for these higher charges remains unclear, and we would welcome insight from Ofcom into the impact of this on consumers in Area Three. While higher Area Three connection charges are baked into the Equinox contract, we remain strongly opposed to any outcomes that make connectivity more expensive for a large cohort of UK consumers.
35. Outside intervention postcodes within Area Three, there are wider concerns around the cost and availability of broadband. PSTN closure, WLR withdrawal (together with the recently announced hefty price rises throughout 2026) and the high cost of temporary alternatives like PDPL are making affordable connectivity a challenge for a significant number of Area Three consumers (be they residential or business locations). The issue of assuring the availability and affordability of rural connectivity should be a key concern for Ofcom both in the context of the TAR, but also in other policy areas.
36. The market faces further uncertainty should Openreach take advantage of its contractual opportunity to raises rental charges by £1 and connection fees by £20 in Autumn 2026, which would negatively impact retail prices, exacerbating affordability concerns for Area Three consumers.
37. Price predictability and stability remains a key consideration. Notwithstanding the need for price certainty and the need for a smooth flow through of wholesale charging to retail customer, our preference would be for Area Three pricing to match that of Area Two rates. However we appreciate that a commercial contract is in place that seeks to charge separately for Area Three (based on the original WFTMR geography).
38. We believe it is important to make any regulatory carve out flexible enough to permit Openreach to reduce the number of postcodes that are subject to higher charges if it wishes to do so at some point in the future, without fear of trigger the formal 120-day regulatory special offer / discount review process.

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