

# Promoting competition and investment in fibre networks: Telecoms Access Review 2026–31

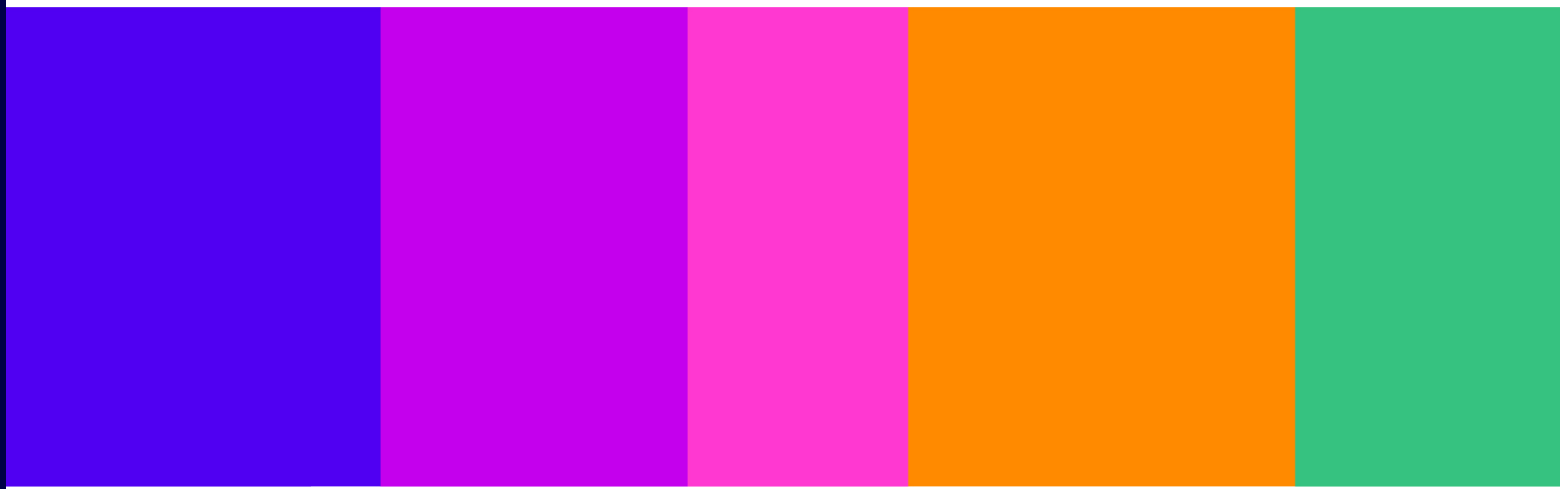
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Volume 3: Non-pricing remedies

## Statement

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# 1. Our approach to remedies

- 1.1 This section sets out our approach to remedies in the Telecoms Access Review 2026 (TAR26). These are the remedies that we are imposing on Openreach<sup>1</sup> in order to address BT's SMP in each relevant wholesale fixed telecoms market in the UK (excluding the Hull Area). As set out in our market analysis (Volume 2), the markets where we find BT to have SMP are:
- a) the physical infrastructure market in the UK;
  - b) the Wholesale Local Access (WLA) markets in each of WLA Area 2 and WLA Area 3;
  - c) the Leased Line Access (LLA) markets in each of the High Network Reach (HNR) Area, LLA Area 2 and LLA Area 3; and
  - d) the Inter-Exchange Connectivity (IEC) markets at BT+1 and BT Only exchanges.
- 1.2 The primary purpose of our remedies is to address the competition concerns identified in our SMP analysis, and set out in Volume 2, Section 7. Within the framework set by our powers and legal duties, we have a degree of discretion about what specific remedies to set to address BT's SMP. Below we explain how we will exercise that discretion in accordance with our overarching objectives. We also explain how we have had regard to the desirability of promoting economic growth (the "growth duty") in formulating our remedies, and to the Statement of Strategic Priorities (SSP) for telecoms.
- 1.3 This section is structured as follows:
- a) First, we set out the approach we took to remedies in the WFTMR21.
  - b) Second, we discuss progress towards achieving our objectives in the WFTMR21.
  - c) Third, we set out our approach to remedies for the TAR26, which inform the remedies we are imposing. As part of this, we summarise the stakeholder feedback we received on the proposed objectives we set out in the March 2025 Consultation.
  - d) Fourth, we summarise the package of remedies in each market. The detail of our non-pricing remedies is set out in Sections 2 to 9 of this volume; our pricing remedies, including charge controls, in Volume 4; our specific quality of service remedies in Volume 5; and our regulatory reporting remedies in Volume 6.
  - e) Fifth, we consider other stakeholder issues that fall outside the scope of the remedies we proposed across our Consultations.
  - f) Finally, we consider our legal duties (including our growth duty and our duty to have regard to the SSP) and why ex-post competition law would not be sufficient to address the competition concerns we have identified.

## Ofcom's approach to remedies in the WFTMR21

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- 1.4 Our aim was to promote investment in gigabit-capable networks by both BT and other companies in order to promote network-based competition. As part of this we wanted to encourage BT's competitors to build their own networks, rather than rely on network access from Openreach. In areas of the UK where there was unlikely to be material and

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<sup>1</sup> As explained in Volume 2, we find BT to have SMP in the markets listed above. To address this SMP we impose remedies on BT. We refer to Openreach in this volume reflecting that BT's Openreach division, run by Openreach Limited, is responsible for providing regulated services over the copper and fibre connections between BT's exchanges to homes and businesses.

sustainable competition to Openreach in the commercial deployment of competing networks, we wanted to promote investment by Openreach. We also recognised the need to protect consumers' interests, including in relation to pricing and quality of service, in the period during which network competition developed and in areas of the UK where network competition was unlikely to be viable.<sup>2</sup>

- 1.5 Our upstream remedy was to require Openreach to provide access to its physical infrastructure – its ducts and poles – in all areas of the UK. We considered that this remedy would promote competition and investment in gigabit-capable networks, as it reduces the cost and increases the speed of network rollout by Openreach's competitors.
- 1.6 The remedies we imposed downstream of duct and pole access also sought to promote competition and investment in gigabit-capable networks.
- 1.7 We recognised that network competition would not develop uniformly across the UK. Therefore, we adopted a regulatory approach to remedies downstream of ducts and poles that reflected how we expected network competition to develop in different geographic areas. Specifically, for markets downstream of physical infrastructure, we differentiated between places where material and sustainable network competition was viable, and places where we considered such competition was unlikely to emerge.
- 1.8 In areas where we considered there was, or there was potential for, material and sustainable network competition (Area 2), our objective was to promote investment and competition in gigabit-capable networks by Openreach and other telecoms providers. Our view was that in the long term, effective network competition could emerge in some areas, which would provide increasing protection for consumers. We recognised that network-based competition would take time to develop and therefore we also sought to protect consumers and existing models of downstream competition in the short term. We did this by maintaining access to Openreach's existing WLA and LLA services, but set prices and other regulatory conditions in a way that supported both our short term and long term aims.
- 1.9 In other areas where we considered material and sustainable network competition was unlikely to develop (Area 3), our objectives were to promote investment in gigabit-capable networks by Openreach, to promote competition based on access to Openreach's networks and to protect consumers. Accordingly, our approach to regulating access to Openreach's wholesale broadband and leased line services was for prices and other regulatory conditions to be set in a way to protect consumers, while also providing incentives for Openreach to invest in FTTP.
- 1.10 In both Area 2 and Area 3, we prevented Openreach from using wholesale pricing structures to deter new network build by competing network operators by restricting Openreach's ability to offer geographic discounts and by requiring it to be transparent about other commercial terms that could undermine the development of competition (allowing Ofcom to assess those deals before they take effect). We also provided a path for shifting the focus of regulation from Openreach's copper to full-fibre network, to support Openreach in retiring its copper network.

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<sup>2</sup> Ofcom. March 2021. [Promoting investment and competition in fibre networks – Wholesale Fixed Telecoms Market Review 2021-26](#), Volume 3, Paragraphs 1.7-1.35.

- 1.11 We recognised that the investments being made by all network operators in gigabit-capable networks have longer payback periods than a single market review period, and sustainable network competition will take time to develop. As such, we set out a long-term path for approaching future decisions to 2031 and beyond, subject to the specific circumstances that exist at the time.
- 1.12 In the IEC markets, our approach reflected the different prospects for network competition at different exchanges. We sought to promote investment and competition at BT+1 exchanges and BT Only exchanges with a nearby PCO. For BT Only exchanges with no nearby PCO, we sought to secure effective access to BT’s network.

## Progress towards our WFTMR21 objectives

- 1.13 Since the WFTMR21, we have seen significant progress towards achieving the objectives set out in our strategy.
- 1.14 There has been significant deployment of gigabit-capable networks, with substantial investment by Openreach and many other providers. As of July 2025, 86% of UK premises had access to a gigabit-capable network, with 77% of UK premises having access to FTTP, up from 40% and 24% respectively in May 2021.<sup>3</sup> Importantly, this rollout has occurred across the UK, with network deployment across both Area 2 and Area 3 (as defined in 2021). Gigabit-capable and FTTP coverage as of July 2025 are shown in Table 3.1 below.

**Table 1.1: Gigabit-capable broadband and FTTP coverage across the UK**

Area of UK	Coverage as of July 2025
<b>Gigabit-capable broadband coverage</b>	
UK	86%
Area 2 (2021 definition)	92%
Area 3 (2021 definition)	72%
<b>FTTP coverage</b>	
UK	77%
Area 2 (2021 definition)	80%
Area 3 (2021 definition)	71%

Source: Ofcom analysis of Connected Nations coverage data (collected July 2025).

- 1.15 By the end of the WFTMR21 period, more premises will have access to gigabit-capable broadband than we expected in 2021, and by the end of 2031, network deployment plans from Openreach and altnets suggest gigabit-capable coverage will potentially reach 98% of premises, and FTTP coverage will potentially reach 97%.<sup>4</sup>

<sup>3</sup> Ofcom analysis of Connected Nations data (collected 2025). Figures for UK premises include both residential and business premises.

<sup>4</sup> Ofcom analysis of Connected Nations planned network deployment (collected May 2025), and additional planned network deployment data provided for the TAR26 (collected June-July 2025). For additional detail see Annex 3.

- 1.16 Importantly for our objective to promote network competition, there has been significant deployment by altnets, in many cases using regulated duct and pole access. This has led to a significant increase in the number of premises with a choice of networks. As of July 2025, 74% have access to more than one network, compared to 30% in 2021. This includes premises in Area 3 (as defined in 2021), where 49% are covered by at least one competitor to Openreach. Across the UK, 28% of premises have access to at least two gigabit-capable networks in addition to access to Openreach.<sup>5 6</sup> The deployment of rival networks is an important first step towards our objective of promoting network competition where it is viable. As explained below and in more detail in Volumes 1 and 2, the benefits of this developing competition are emerging, in the form of attractive pricing offers for consumers and innovation in terms of the adoption of new technologies.
- 1.17 However, the presence of a rival network alone is not necessarily sufficient to deliver material and sustainable competition in the long term. Take-up is critical, as it underpins the ability of altnets to exert a strong competitive constraint on Openreach (and VMO2<sup>7</sup>) in the long term, and so for competition to be sustainable. There are several reasons why take-up is important.
- 1.18 Building a network is capital-intensive and involves long pay-back periods. Initially, new entrants are necessarily reliant on debt and/or equity funding to operate the network, and fund capex connections to the network already built. Take-up means the networks are generating revenue which is necessary for them to become sustainable companies (and therefore competitors) in the long term.<sup>8</sup> Without this, the longevity (and strength) of any competitive constraint they exert is more uncertain.
- 1.19 Even when altnets are no longer reliant on debt and/or equity funding to operate their networks, higher take-up is likely to result in them being strong long term competitors to Openreach for the following reasons.
- 1.20 First, although we expect less network build during 2026-31 than during the previous five years, some altnets are planning further expansion or infill of their networks.<sup>9</sup> Further altnet coverage leading to greater overlap with Openreach's and VMO2's networks will increase future network competition. That future build is reliant on current and expected levels of take-up.<sup>10</sup> For example, many altnets are expected to continue to rely on funding (both equity and debt) for further network build. Current and expected future take-up is

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<sup>5</sup> Ofcom analysis of Connected Nations data (collected 2025).

<sup>6</sup> Openreach figures represent coverage of all its networks, including copper-based services as well as full fibre. The other providers' networks will be gigabit-capable.

<sup>7</sup> Altnets overlap with a significant proportion of VMO2's network footprint. Specifically, nearly 47% of all premises covered by VMO2 (including nexfibre) are also covered by at least one altnet. If altnets exert a stronger competitive constraint then, as well as the direct impact this has on Openreach, they may also spur VMO2 to compete more vigorously. This competitive response from VMO2, in turn, may exert a further constraint on Openreach.

<sup>8</sup> For example, positive operating cash flow (based on cash flow before interest and shareholder payments) is required to reduce reliance on further debt or equity funding. Take-up also affects the ability to access funding. For example, where altnets have already secured debt funding, this can be subject to covenants/draw down conditions linked to take-up (as discussed below).

<sup>9</sup> See Section 4, Volume 2.

<sup>10</sup> Where altnets are pursuing acquisition of other altnets to expand their network footprint, similar considerations may apply. This is particularly the case where a network with a wholesale business seeks to acquire an altnet that lacks such a business in order to unlock additional wholesale revenue streams across its enlarged (post-merger) network.

important to raise further funding and access existing debt facilities. This is demonstrated by internal documents from [redacted]<sup>11</sup> and the conditions under which [redacted]<sup>12</sup>, [redacted]<sup>13</sup> and [redacted]<sup>14</sup> can draw from their existing debt facilities.

- 1.21 Second, there are economies of scale in the costs of ongoing network operation and management including staff, PIA rental charges and administrative expenses. Higher take-up reduces average altnets' per line costs, which in turn allows them to compete more effectively in the long term (e.g. through sustainable lower prices).
- 1.22 Evidence which illustrates the existence of economies of scale includes:<sup>15</sup>
- a) Analysis of business plans from [redacted]<sup>16</sup>, [redacted]<sup>17</sup>, [redacted]<sup>18</sup>, [redacted]<sup>19</sup> and [redacted].<sup>20</sup> This shows that further take-up is required before they can achieve positive cash flow.<sup>21</sup> This strongly suggests that economies of scale exist.
  - b) We analysed the public financial statements of CityFibre, Community Fibre, Hyperoptic and Netomnia over a period of four to six financial years. This showed evidence of economies of scale in operating costs, including staff costs.<sup>22</sup>
- 1.23 To increase FTTP take-up, altnets are pricing competitively to attract ISPs and consumers. Several altnets have secured significant wholesale agreements with large independent ISPs, as well as smaller ISPs. For example, CityFibre provides wholesale services to a large number of retail providers, including TalkTalk (PXC), Vodafone, Sky and Zen. The agreement between Sky and CityFibre went live in July 2025, and the launch of Sky's broadband services on CityFibre's network has enabled CityFibre to significantly accelerate its take-up.<sup>23</sup> Altnets that offer retail services often offer lower retail prices than those available from established broadband providers to attract customers.<sup>24</sup>
- 1.24 While altnets have made progress in winning customers and increasing take-up, they require further take-up to become strong long term competitors to Openreach.

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<sup>11</sup> [redacted]. Provided in [redacted] response dated [redacted] to s135 notice dated [redacted], question [redacted]. [redacted]. Provided in [redacted] response dated [redacted] to s135 notice dated [redacted], question [redacted]. [redacted]. Provided in [redacted] response dated [redacted] to s135 notice dated [redacted], question [redacted].

<sup>12</sup> [redacted] response dated [redacted] to s135 notice dated [redacted], question [redacted]. [redacted] response dated [redacted] to s135 notice dated [redacted], question [redacted].

<sup>13</sup> [redacted] response dated [redacted] to s135 notice dated [redacted], question [redacted]. [redacted] response dated [redacted] to s135 notice dated [redacted], question [redacted].

<sup>14</sup> [redacted]. Provided in [redacted] response dated [redacted] to s135 notice dated [redacted], question [redacted].

<sup>15</sup> We have also been told informally that economies of scale exist by [redacted] and [redacted]. Meeting between Ofcom and [redacted], 2 May 2024. Meeting between Ofcom and [redacted], 7 May 2024.

<sup>16</sup> [redacted]. Provided in [redacted] response dated [redacted] to s135 notice dated [redacted], question [redacted].

<sup>17</sup> [redacted]. Provided in [redacted] response dated [redacted] to s135 notice dated [redacted], question [redacted].

<sup>18</sup> [redacted]. Provided in [redacted] response dated [redacted] to s135 notice dated [redacted], question [redacted].

<sup>19</sup> Note that this is based on evidence submitted in 2024. [redacted]. Provided in [redacted] response dated [redacted] to s135 notice dated [redacted], question [redacted].

<sup>20</sup> [redacted]. Provided in [redacted] response dated [redacted] to s135 notice dated [redacted], question [redacted].

<sup>21</sup> Based on operating cash flow.

<sup>22</sup> For each of these altnets we find that operating costs (including staff costs) per premise declines as take-up increases which provides evidence of economies of scale. We also find that each of these altnet's EBITDA margins are positively correlated with their take-up which provides further evidence of economies of scale. Note that nexfibre is not included in our analysis due to data limitations including that financial statements for nexfibre are only available for two years (2023 and 2024).

<sup>23</sup> CityFibre. 22 January 2026. [CityFibre delivers record performance in 2025](#). Date accessed: 29 January 2026.

<sup>24</sup> Ofcom. 26 February 2026. [Pricing and consumer engagement – Trends in the UK communications sector](#). Pages 37-38.

Furthermore, the picture across altnets is varied. Individual altnets differ significantly in their average levels of take-up, with some altnets achieving higher average levels of take-up, and others much lower.<sup>25</sup> There are many potential reasons for these differences, including market presence and scale, the ability to secure wholesale agreements with ISPs, and the ability to build a brand to attract retail customers. Take-up also varies across each altnet's footprint. Some altnets may have good take-up in areas where their rollout is more mature, but their average take-up across their entire network is lower compared to Openreach. As noted in Volume 2, Section 4, there are a number of underlying challenges to increasing take-up, many of which are likely to persist during this review period.

- 1.25 By contrast, Openreach does not appear to face the same challenges – or to the same degree – with FTTP take-up having already increased to a rate of over 38%.<sup>26</sup> This is likely at least in part to reflect the incumbency advantages Openreach has over its competitors, and which the altnets are seeking to overcome. For example, Openreach is vertically integrated with a large retail ISP (BT/EE) and has a large installed customer base across other large independent ISPs with which it has established wholesale relationships.
- 1.26 In addition, build by altnets has been more fragmented than we expected in 2021. While altnets have deployed to 15.4m unique premises in total, covering approximately 48% of all premises, there are likely to be more than 100 altnets deploying fibre networks in the UK.<sup>27</sup> A relatively small number of these altnets account for the majority of altnet build to date, with a long tail of smaller altnets. Several altnets consolidated over the course of 2025.<sup>28 29</sup> Given the large number of companies that have entered the market, consolidation is likely to continue to be a feature of the market in the coming years. This could help those consolidated providers achieve greater scale and become stronger competitors, supporting network competition in the long term.<sup>30</sup>
- 1.27 In relation to LLA, as set out in Volume 2 Section 5, there has also been an increase in competition since 2021. There has been entry or expansion by some specialist providers who only offer leased line services focused on business customers. Some altnets that have invested in FTTP since 2021 are also using their networks to offer leased line services. As outlined in Volume 2, Section 5 and Volume 4, Section 2 we expect further network expansion for the provision of LLA services in the 2026-31 review period.

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<sup>25</sup> See Volume 2, Section 2.

<sup>26</sup> BT Group. 5 February 2026. [Trading update for the quarter and nine months to 31 December 2025](#). Accessed 18 February 2026.

<sup>27</sup> Coverage figures as of July 2025, based on altnets covered by Connected Nations. Some premises are covered by more than one altnet. The total of all altnets' footprints (counting such premises multiple times) is 17.9m premises. Provider responses to CN request named CN-FT24, dated 17 June 2024. Provider responses to CN request named CNPND24-F04, dated 4 March 2024. Provider responses to s135 notice dated June or July 2025 questions F.

<sup>28</sup> ISP Review. 29 December 2025. [Consolidation Tracker for Alternative UK Gigabit Broadband Networks - ISPreview UK](#). Accessed 15 January 2026.

<sup>29</sup> In February 2026, InfraVia, Liberty Global and Telefonica agreed to acquire Substantial Group (including the Netomnia network footprint and retail brands YouFibre and Brsk) through their existing joint venture, nexfibre. The deal is subject to regulatory approval. [02-18-InfraVia-Liberty-Global-and-Telefonica-Acquire-Substantial-Group.pdf](#) Accessed 18 February 2026.

<sup>30</sup> Although the impact of any particular consolidation event on competitive conditions will depend on the specific details, including the market position and geographic location of the relevant parties.

- 1.28 In relation to IEC, there has been limited additional build by competitors at BT Only and BT+1 exchanges and we do not expect much further material competitive network investment in IEC at BT Only or BT+1 exchanges.

## Approach to remedies in the TAR26

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- 1.29 In our March 2025 Consultation, we set out our proposed objectives for the TAR26. We received comments from stakeholders in response to these proposed objectives. Below we set out stakeholder views and our final decisions regarding our objectives and our approach to remedies for the 2026-31 review period.

### Summary of proposed objectives in the March 2025 Consultation

- 1.30 Based on developments since 2021, we proposed to continue with the same underlying objectives of incentivising investment and promoting network competition for the 2026-31 review period.
- 1.31 In pursuing our objective to promote network competition, we sought to reflect the changing nature of competition. In particular, we expected the focus to shift towards competition between gigabit-capable networks to attract and retain customers.
- 1.32 As in the WFTMR21, we recognised that it will take time for network competition to become established, so we proposed that we should also seek to protect consumers and existing models of downstream competition in the short term.
- 1.33 It remained our view that material and sustainable competition will not be commercially viable everywhere in the UK. Where this is the case, we proposed to continue with the same underlying objectives to incentivise investment by Openreach, promote access-based competition and protect consumers in our approach to remedies.
- 1.34 We proposed to continue mandating access to Openreach's physical infrastructure, continuing our general regulatory approach to apply remedies as far upstream as possible to ensure that as much of the value chain as possible is open to competition.
- 1.35 For markets downstream of physical infrastructure, we proposed to continue differentiating our regulatory approach:
- where there is, or there is likely to be the potential for, material and sustainable competition, we aimed to promote investment and competition in gigabit-capable networks by Openreach and other telecoms providers, and to provide adequate protection to consumers and existing models of downstream competition in the short term; and
  - where material and sustainable competition does not exist, or there is unlikely to be the potential for it, we aimed to promote investment in gigabit-capable networks by Openreach, to promote competition based on access to Openreach's networks and to protect consumers.

### Stakeholder views

- 1.36 Most stakeholders agreed with our overall approach. Sky commented that a continuation of Ofcom's overall strategy is justified as the FTTP investment cycle is not yet complete and material effective and sustainable network competition is not yet established. Sky said that the review period will be important for emerging competition; while altnets have built to a

large proportion of the UK, take-up remains too low to guarantee that this competition is sustainable.<sup>31</sup> CityFibre agreed with our overall approach, highlighting that take-up is key for sustainable competition.<sup>32</sup> VMO2 also agreed with our overall approach, highlighting the need for competitors to Openreach to be able to fund connections to their already deployed networks to be a competitive constraint in the long run.<sup>33</sup> PXC underlined the importance of taking into account the large differences in competitive conditions to support investment alongside consumer protection.<sup>34</sup>

1.37 INCA said that Ofcom had not explained how its objectives are designed, evaluated and selected.<sup>35</sup>

1.38 Some stakeholders disagreed with our approach to specific objectives, which we set out below.

### Promoting network competition in WLA Area 2

1.39 Openreach disagreed with our approach to promoting network competition in WLA Area 2.

1.40 First, it said that Ofcom has shifted its objective from protecting the network build of new entrants to a broader objective of protecting altnet take-up and business models. Openreach said that Ofcom has met its original objective of promoting build, given the level of altnet coverage, and that this shift in Ofcom's approach raises concerns regarding regulatory consistency.<sup>36</sup>

1.41 Second, it considered it was not necessary to support altnet take-up in order to promote network competition.

- a) Openreach said that competition is assured through the networks that have already been built and that whether altnets are successful in achieving high take-up will not affect their ability to provide a permanent source of effective competition.<sup>37</sup>
- b) Openreach further considered that altnets are already financially sustainable as altnets are on track to cover their forward-looking costs without further increases in take-up.<sup>38</sup>
- c) Openreach also said that altnets are already competitive, have increased their take-up and completed deals with major independent ISPs, noting that Ofcom's analysis in the March 2025 Consultation indicated that a reasonably efficient operator can recover all its costs while competing against Openreach's current prices.<sup>39</sup>

1.42 Third, Openreach considered that Ofcom's proposed approach will prevent Openreach from competing and result in higher prices for consumers.<sup>40</sup>

### Promoting investment in WLA Area 3 and LLA Area 3

1.43 Several stakeholders raised concerns with our approach to promoting investment in WLA Area 3, stating that our objective focussed only on investment by Openreach. Fibrus was concerned that our proposed approach to WLA Area 3 only aims to promote Openreach

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<sup>31</sup> [Sky](#) response to TAR26 March 2025 Consultation. Pages 3-4.

<sup>32</sup> [CityFibre](#) response to TAR26 March 2025 Consultation. Paragraphs 1.1-1.4.

<sup>33</sup> [Virgin Media O2](#) response to TAR26 March 2025 Consultation. Page 10.

<sup>34</sup> [PXC](#) response to TAR26 March 2025 Consultation. Page 1.

<sup>35</sup> [INCA](#) response to TAR26 March 2025 Consultation. Pages 15-16.

<sup>36</sup> [Openreach](#) response to TAR26 March 2025 Consultation. Document 3. Pages 111-113. Paragraphs 473-474.

<sup>37</sup> [Openreach](#) response to TAR26 March 2025 Consultation. Annex 1. Pages 71-72.

<sup>38</sup> [Openreach](#) response to TAR26 March 2025 Consultation. Annex 1. Pages 72-74.

<sup>39</sup> [Openreach](#) response to TAR26 March 2025 Consultation. Annex 1. Page 72.

<sup>40</sup> [Openreach](#) response to TAR26 March 2025 Consultation. Document 1. Page 13. Paragraphs 29-30.

deployment instead of promoting competition. It considered that there should not be any areas where our priority is only to incentivise Openreach build. Fibrus and [S&K] noted that BDUK's Project Gigabit initiative relies on private investors alongside the availability of public subsidy, and considered that Ofcom's proposed approach undermined investor confidence by signalling an expectation that Openreach will overbuild all rural deployment by altnets.<sup>41 42</sup>

- 1.44 Similarly, Gigaclear cautioned against incentivising Openreach to overbuild altnets because rural areas have higher costs per premises passed and cannot support multiple competing FTTP networks. It said that such overbuild (which it characterised as "socially inefficient") would deter altnet investment, resulting in slower FTTP roll out.<sup>43</sup>
- 1.45 The Communications Consumer Panel said that the current solution to support network deployment in rural areas was to rely on public funding schemes. It was concerned that this meant people in remote areas do not have the same level of access to fibre broadband and, where they do, have greatly reduced choice. It said it would like to see further changes to increase the levels of competition in rural areas using commercial mechanisms rather than relying upon public funding in order to de-risk future rural build.<sup>44</sup> INCA disagreed with our proposed WLA Area 3 objective, stating that it was not based on a transparent evaluation of other potential objectives. It said that a different approach could better protect the interests of consumers and the UK economy.<sup>45</sup>
- 1.46 ITS and INCA said that Ofcom had shifted its objective in LLA Area 3 from promoting investment to promoting competition based on access to Openreach's network.<sup>46 47</sup>

### Use of a "dynamic" approach to deregulation

- 1.47 Openreach advocated a dynamic approach to defining markets, assessing SMP and adjusting or removing remedies over the period of the TAR, to capture changes in market dynamics and ensure regulation is rolled back at an appropriate pace.<sup>48</sup>

## Approach to remedies in the TAR26

- 1.48 We set out our decisions on our objectives and approach to remedies, and our reasoning below. Our objectives remain broadly consistent with our objectives in the WFTMR21.
- 1.49 We first discuss the implications of recent and prospective market developments for our objectives. We then set out below how these objectives apply in each of the PIA, WLA, LLA, and IEC markets, taking into account stakeholder comments. We also set out our approach to copper retirement and exchange closure.
- 1.50 With regards to INCA's general comment, our objectives are informed by our legal duties. We explain in Volume 1, Section 2 how our objectives and the package of remedies we are imposing are consistent with our legal duties under sections 3 and 4 of the Act, and we

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<sup>41</sup> [Fibrus](#) response to TAR26 March 2025 Consultation. Pages 9-10.

<sup>42</sup> [S&K]

<sup>43</sup> [Gigaclear](#) response to TAR26 March 2025 Consultation. Pages 10-17.

<sup>44</sup> [Communications Consumer Panel and ACOD](#). June 2025. Communications Consumer Panel and ACOD response to TAR26 March Consultation. Page 2.

<sup>45</sup> [INCA](#) response to TAR26 March 2025 Consultation. Paragraph 177.

<sup>46</sup> [ITS](#) response to TAR26 March 2025 Consultation. Paragraphs 31-34.

<sup>47</sup> [INCA](#) response to TAR26 March 2025 Consultation. Paragraph 48.

<sup>48</sup> [Openreach](#) response to TAR26 March 2025 Consultation. Document 1. Page 14. Paragraph 33.

explain below how they are consistent with our duty to have regard to the SSP and our growth duty. Our ultimate goal, in line with our principal duty, is to secure the best outcome for consumers, and to do this by promoting competition wherever appropriate. We have set objectives which reflect the potential for competition that we have identified in each market as part of our market analysis (the evidence supporting that analysis is set out in Volume 2). This drives our assessment of markets where it is appropriate to promote network competition and the markets in which consumers would be better served by promoting competition based on access to Openreach's network.

- 1.51 When we refer to our 'objectives' below, we are referring to the specific outcomes that have guided the exercise of our discretion in deciding what remedies to set to address BT's SMP. The term is not intended to be a more general commentary on what other outcomes may be desirable. For example, in certain locations we do not think that trying to promote network competition through our remedies would be a proportionate or effective means of addressing our competition concerns. In these locations, we want to promote competition based on access to Openreach's network, and we seek to do this in a way that also promotes investment by Openreach in its network. However, this does not imply that network investment by others in those locations is undesirable or should be prevented. We describe our approach in more detail below.

### Implications of market developments for our approach to remedies

- 1.52 Significant investment in gigabit-capable networks across the UK has occurred since the WFTMR21, by both Openreach and other telecoms providers, including in the leased line market. Further investment by Openreach and other telecoms providers is planned for the 2026-31 period, including to connect customers, and we will continue to promote this where viable.
- 1.53 While Openreach argues that we have met our WFTMR21 objective in relation to altnet build, there is still a need to promote altnet investment to help extend coverage beyond the 86% of UK premises which have access to a gigabit-capable network. Our objective of promoting network competition also remains appropriate. While there has been a significant increase in the availability of gigabit-capable networks since the WFTMR21, our SMP assessment has shown that Openreach continues to possess SMP and so could hamper the development of strong competition in the long term. We want to see network competition in the WLA and LLA markets continue to develop where this is viable, which ultimately will deliver benefits to consumers. We believe that this is the best way to protect consumers in the long term.
- 1.54 Accordingly, based on developments since 2021, we have decided to continue with the same underlying objectives of incentivising investment and promoting network competition for the review period. Our approach to remedies reflects these objectives, while also taking into account recent and prospective market developments. This should provide regulatory stability to maintain incentives for investment and network competition. As noted above, a number of stakeholders supported our overall approach to our objectives.
- 1.55 In pursuing our objective to promote network competition, we have sought to reflect the changing nature of competition. In the WFTMR21, our primary focus was necessarily on promoting build, because at that stage large-scale roll-out by altnets was still underway and build is the critical first step for network competition. Given the extent of WLA build in the 2021-26 period, and the challenges altnets have faced in increasing take-up, we expect the focus of competition to shift, with relatively less focus on investment in new network build

and a greater focus on competition between gigabit-capable networks to attract and retain customers. Our strategy to promote network competition in the long term necessarily requires not only that networks are built but that altnets are able to attract customers to those networks. The migration of customers from legacy broadband products to products supplied by gigabit-capable networks provides a particular window of opportunity for networks to compete to increase take-up. In this period, rival networks are more likely to be able to overcome barriers to switching through the offer of a significantly faster, more reliable service compared to legacy products.

- 1.56 This competition is already delivering benefits for consumers, for example, as networks compete on price and quality to attract customers. However, in setting remedies, we consider not only the interests of consumers today, but also the development of competition that is needed to deliver benefits to consumers in the long term. As explained above, and contrary to Openreach's view, we expect increased take-up to be important for the development of long term network competition. We also consider that absent regulation, Openreach has the ability and incentive to unfairly undermine this. Therefore, in setting remedies, we need to be mindful of the impact on competition between networks to increase take-up (as well as the impact on network rollout). In particular, we consider it important that regulation should address Openreach's SMP in a way which maintains a reasonable opportunity for reasonably efficient altnets to compete and increase take-up during this review period.
- 1.57 Over the course of the review period, with SMP regulation in place, we expect network competition to continue developing (for example, as altnets increase their take-up). While we consider that regulation to address our competition concerns remains necessary, we consider that our remedies should allow us to take developments into account when applying regulation over the review period. In particular, with regards to regulation of Openreach's geographic pricing offers and commercial terms, we can give Openreach more flexibility where this is not capable of harming competition.
- 1.58 Contrary to Openreach's characterisation of the March 2025 Consultation, we are not seeking to support increased altnet take-up as a goal in itself, or at any cost. Nor are we seeking to guarantee the success or financial sustainability of individual altnet business models. Rather, our remedies aim to provide a reasonable opportunity for reasonably efficient altnets to compete and increase take-up during this review period since (as explained above) this has the potential to strengthen network competition in the long term, which ultimately benefits consumers. Therefore, where appropriate, we have exercised our discretion in designing the remedies in a way which is consistent with providing this opportunity, but only insofar as it is a proportionate and effective means of addressing our competition concerns.
- 1.59 As in the WFTMR21, we continue to recognise that it will take time for network competition to become established, so we continue to seek to protect consumers and existing models of downstream competition in the short term.
- 1.60 It remains our view that material and sustainable network competition will not be commercially viable everywhere in the UK. Where this is the case, our underlying objectives are to incentivise investment in gigabit capable networks by Openreach, promote access-based competition and protect consumers in our approach to remedies. As explained above, these objectives guide the exercise of our discretion about what remedies to set to

address BT's SMP, but do not imply that network investment by others in those locations is undesirable or should be prevented.

- 1.61 Our expectations of where there is the potential for network-based competition to be viable has evolved and differs across the markets, as reflected in our geographic boundaries. We set out in greater detail the reasoning for our objectives in different geographic areas below.

### Upstream remedies – physical infrastructure

- 1.62 Our general regulatory approach continues to be to apply remedies as far upstream as possible to ensure that as much of the value chain as possible is open to competition. Mandating access to Openreach's physical infrastructure has been transformational in enabling investment and deployment of fibre networks across the UK, as it reduces the cost and increases the speed of network rollout by competitors.

### Downstream remedies – WLA, LLA

- 1.63 We recognise that network competition will not develop uniformly across the UK. Therefore, we continue to adopt a regulatory approach to downstream remedies that reflects how we expect network competition to develop in the different product and geographic markets we identify. Specifically, for markets downstream of physical infrastructure, we differentiate our regulatory approach:
- a) where there already is, or there is likely to be the potential for, material and sustainable network competition, we aim to promote investment and competition in gigabit-capable networks by Openreach and other telecoms providers, and to provide adequate protection to consumers and existing models of downstream competition in the short term; and
  - b) where it is unlikely for the potential for material and sustainable competition to exist, we aim to promote investment in gigabit-capable networks by Openreach, to promote competition based on access to Openreach's networks and to protect consumers.
- 1.64 Unlike in the WFTMR21, our geographic boundaries for WLA markets and LLA markets differ, reflecting differences in where we consider there already is, or there is likely to be potential for, material and sustainable network competition (see Volume 2, Sections 4 & 5). Therefore, we set out separate objectives for each WLA and LLA market where we find that Openreach has SMP. While competition differs, we recognise that some players are present in multiple markets, which means our approach in one market could affect the competitive dynamics in another. We have taken this into account when setting our objectives.

### WLA Area 2

- 1.65 In WLA Area 2 our objectives continue to be to promote investment and competition in gigabit-capable networks by Openreach and other telecoms providers, and to seek to protect consumers and competition based on access to Openreach's networks as network competition develops.
- 1.66 As described in Volume 2, we continue to believe there already is, or there is likely to be the potential for, material and sustainable network competition to develop across WLA Area 2, but challenges remain. Even with the progress made over the 2021-26 review period, contrary to Openreach's views, we consider take-up is critical for the development of network competition for the reasons we set out above. Given this, there is a necessary role for our regulation to continue to promote network competition, by preventing Openreach from abusing its SMP to undermine take-up as well as further network rollout (both of

which are important for the development of network competition). Accordingly, we have decided to broadly maintain the measures we introduced in 2021 to promote network competition.

- 1.67 As we highlighted above, we expect that, with regulation in place, the competitiveness of the market is likely to increase over the review period. We will apply some of our remedies in an adaptive way as competition develops. We note Openreach’s comments regarding a “dynamic” approach to regulation and have addressed these below.
- 1.68 We recognise that substantial network build has occurred since 2021, and so for those investments already made, we aim to provide a stable regulatory environment that is in line with the approach set out in the WFTMR21 (unless there are good reasons for departing from that position). Although more limited build is expected in 2026-2031, there are plans for further investment to connect customers (as take-up increases) as well as to expand or infill networks. Therefore, we still aim to promote additional investment for this review period where that investment is commercially viable. We also note that, for some providers of both WLA and LLA services, promoting investment in the WLA market could support their overall business case of network deployment, including for leased lines, as well as providing incentives to innovate and continue to compete in the provision of WLA.
- 1.69 The resulting network competition will provide increasing protection for consumers in the long term, and in some areas competition may become sufficiently well-established that the need for regulation may reduce. However, as network competition takes time to develop, we also seek to provide adequate protection to consumers and existing models of competition in the short term.
- 1.70 Accordingly, we maintain access to Openreach’s existing wholesale broadband services. In setting prices and other regulatory conditions, we have exercised our discretion in favour of an approach that promotes competition and investment in gigabit-capable networks, while still providing sufficient protection to consumers and existing models of downstream competition in the short term.

### WLA Area 3

- 1.71 In WLA Area 3 our objectives continue to be to promote investment in gigabit-capable networks by Openreach, to promote competition based on access to Openreach’s networks and to protect consumers.
- 1.72 In the WFTMR21, we found that Area 3 (as defined at the time) was unlikely to have the potential for material and sustainable competition between networks. We considered that remedies designed to promote network competition in this area would lead to higher prices for consumers in the short term and would not deliver the benefits of network competition in the long-term. In the absence of network competition, we were also concerned that Openreach would not have sufficient incentives to invest in building FTTP in this area. Hence, in choosing remedies to address our competition concerns, we adopted an approach to incentivise Openreach’s FTTP build while promoting competition based on access to Openreach’s network. While our objectives for Area 3 did not include promoting network competition, we expected some new altnet build in Area 3. We were also mindful that the boundary between Area 2 and Area 3 inevitably was an approximation of where the precise boundary would sit at the end of the review period. We noted that some of our remedies, such as PIA, price cap levels and our approach to geographic pricing, had the benefit of supporting investment by altnets in this area.

- 1.73 During the 2021-26 review period, there has been significant build in Area 3 by both Openreach and altnets. In response to our consultation, altnets have highlighted the important role they have played to expand FTTP coverage in Area 3 through the delivery of both publicly funded contracts and commercial build. Further, altnets stated that Openreach build in Area 3 has been driven partly by responding to altnet build.
- 1.74 As explained in Volume 2, Section 4, we have found the size of WLA Area 3 is smaller compared to the position in the WFTMR21. This is as a result of there being more network build or planned network build by altnets with the potential to be material and sustainable competitors, than expected in 2021. Within the locations remaining in WLA Area 3, there has been investment by Openreach and altnets to increase FTTP coverage since 2021. However, we still expect that just over a third of premises in WLA Area 3 (as defined in TAR26) will not have access to a gigabit-capable network at the beginning of the review period.
- 1.75 As explained in Volume 2, we do not consider that this smaller WLA Area 3 is likely to have the potential for material and sustainable network competition to emerge. If we aimed to promote network competition in this market, this would be likely to lead to higher prices than in WLA Area 2 and we consider it unlikely that the resulting investment would act as a competitive constraint on Openreach, so the long-term benefits of competition would not be realised. In this scenario, while some consumers may have a choice of network, consumers over a much larger area would likely pay higher prices.
- 1.76 In this review period, we consider that Openreach will still have an important role to play in building within WLA Area 3, so more consumers in this area can access a gigabit capable network. Given the likelihood that material and sustainable competition will not emerge, we want to ensure our approach to regulating Openreach maintains incentives for Openreach to continue building in this area to increase the availability of FTTP. Accordingly, we will maintain a regulatory framework that promotes Openreach's incentives to build commercially in WLA Area 3.
- 1.77 However, as explained above, this does not mean that altnets are precluded from investing in WLA Area 3, nor that our approach gives Openreach any competitive advantage against others that may wish to build here. As in the WFTMR21, we recognise that altnet build in WLA Area 3 can bring benefits. Our approach in this review period provides support to altnets that plan to build in Area 3 through the PIA remedy. Our price controls on Openreach support pricing continuity and altnets continue to be free to invest in WLA Area 3 where they consider this to be commercially viable.
- 1.78 Our approach in this review does not require Openreach to overbuild altnets in WLA Area 3, but it may choose to do so.<sup>49</sup>
- 1.79 We recognise that some WLA Area 3 premises are located in hard-to-reach areas that are not commercially viable for network build. Our approach aims to incentivise commercial build where this is efficient and so may not lead to build to these premises. In these non-

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<sup>49</sup> Similarly, there is nothing in our regulation that prevents BT Group from choosing to rely on an altnet FTTP network. We note that BT Group has already reached an agreement with Starlink enabling it to offer satellite connectivity to customers in rural and remote areas where traditional fixed-line infrastructure is economically unviable or geographically challenging to build. BT. 6 November 2025. [BT Group and Starlink pave the way for high-speed home broadband in the UK's hardest to reach places](#). Accessed 15 December 2025.

commercial areas, we expect build to be addressed through public subsidy programmes.<sup>50</sup> To date, these programmes have delivered significant gigabit-capable build across hard-to-reach areas in the UK. There are also areas where commercial build and these public subsidy schemes may be complemented by services offered over other technologies. Fixed Wireless Access (FWA) services can reach areas where fibre build is not viable, and the new generation of satellite services may increasingly provide high speed connectivity to the most remote parts of the country.<sup>51</sup>

- 1.80 Accordingly, as set out later in this statement, we have decided to maintain access to Openreach's existing WLA services. We have also decided to set prices and other regulatory conditions to promote investment in gigabit-capable networks by Openreach, while also promoting competition based on access to Openreach's networks and protecting consumers from excessive prices and poor-quality service.

### LLA Area 2 and the HNR Area

- 1.81 In LLA, our objective continues to be promoting network competition and investment by Openreach and other telecoms providers who are offering LLA services, where there is likely to be the potential for competition to become material and sustainable. As it will take time for competition to develop, we seek to provide adequate protection to leased line customers and existing models of competition in the short term. As described in Volume 2 Section 5, the competitive conditions vary between the HNR Area and LLA Area 2. As a result, our approach to remedies to achieve these objectives also varies to reflect the differing underlying conditions.

#### LLA Area 2

- 1.82 As described in Volume 2 Section 5, we believe there already is, or there is likely to be the potential for, material and sustainable network competition in LLA Area 2. Given this, there is a continuing role for our regulation to promote network competition, by preventing Openreach from exploiting its SMP to undermine the development of network competition. Accordingly, we are maintaining the measures we introduced in 2021 to promote network competition, and supplement these where necessary to ensure their effectiveness.
- 1.83 We recognise that since 2021 investment in networks which provide LLA (by LL-only operators, and some WLA network operators) has occurred in Area 2. Although LLA build is more difficult to forecast, there is the potential for further investment and so we still aim to promote additional investment for this review period. We also note that for some providers of both WLA and LLA services, promoting competition and investment in the LLA market could support their overall business case for network deployment as well as providing incentives to innovate and continue to compete in the provision of LLA.
- 1.84 Network competition will provide increasing protection for leased line customers in the long term, and in some areas competition may develop enough for the need for regulation to reduce. However, this will take time and therefore we seek to provide adequate protection for leased line customers and existing models of downstream competition in the short term. Accordingly, we are requiring Openreach to maintain access to its existing wholesale leased line services. In setting charge controls and other regulatory conditions, we have exercised our discretion in favour of an approach that seeks to promote

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<sup>50</sup> Such as Project Gigabit.

<sup>51</sup> Newer satellite technologies use Non-Geo Stationary Orbit (NGSO) satellites. These are closer to the earth than older satellite services, reducing latency and can offer services of 200Mbit/s or more.

competition and investment in networks, while still providing sufficient protection to leased line customers and existing models of downstream competition in the short term.

#### HNR Area

- 1.85 In the HNR Area, due to the presence of at least two networks present, there is sufficiently well-established competition to BT, but BT still has SMP. The HNR Area has expanded since 2021 due to additional investment from leased line providers. While our overall objectives for the HNR Area are the same as in LLA Area 2, our remedies reflect the fact that network competition is stronger than in LLA Area 2. Similarly, although we seek to provide adequate protection to leased line customers and existing models of downstream competition in the short term while competition develops, the extent of protection necessary is lower than in LLA Area 2 given current market conditions.
- 1.86 Accordingly, we maintain conditions requiring access to Openreach's existing wholesale leased line services, but with less restrictive pricing and other regulatory conditions than LLA Area 2.

#### LLA Area 3

- 1.87 In LLA Area 3 our objective continues to be to promote competition based on access to Openreach's networks and to protect leased line customers.
- 1.88 As explained in Volume 2, we have found that there is not, and there is unlikely to be potential for, material and sustainable competition to Openreach in the commercial deployment of competing networks in LLA Area 3. Because of this, the consumer benefits of network competition (such as innovation and lower prices) are unlikely to materialise. Our focus in this market is therefore to protect leased line customers from high prices by providing them with suitable forms of access to Openreach's network (including in ways that deliver the potential for innovation), given Openreach's incentive and ability to engage in behaviour that could otherwise harm consumers (see Volume 2, Section 7).
- 1.89 To do this we set regulation to promote access-based competition to Openreach's network, and for this to be as far upstream as possible. Accordingly, we require Openreach to maintain access to its existing wholesale leased lines and dark fibre services and have set charge controls and other regulatory conditions for the regulated access services such that leased line customers are adequately protected, including from excessive prices and poor-quality service.
- 1.90 In the WFTMR21, we set the same objectives across WLA Area 3 and LLA Area 3. This meant we had an objective that covered LLA Area 3 to promote investment by Openreach in gigabit-capable networks.<sup>52</sup> We are not setting a specific objective to promote Openreach investment in this market in this review period (unlike in WLA Area 3), since its current network is largely capable of meeting current and future demand, so we do not need to incentivise significant network build.
- 1.91 In considering how to control Openreach's prices, we aim to ensure that Openreach can recover its reasonable investment costs to provide a high-quality service and to incentivise Openreach to innovate its product offer in this area. We believe that the requirement on Openreach to provide dark fibre in LLA Area 3 also gives other providers the opportunity to

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<sup>52</sup> Ofcom. March 2021. [Promoting investment and competition in fibre networks – Wholesale Fixed Telecoms Market Review 2021-26](#). Volume 1. Para 2.47.

further innovate as it enables control over the equipment and greater flexibility over upgrading.

- 1.92 While in some LLA Area 3 postcode sectors there has been, and will be, further build by networks other than Openreach, we are not setting a specific objective to promote investment by competing networks in this market, as we do not see the potential for this to lead to material and sustainable competition in this review period. Further, if we did pursue such an objective leading to lighter remedies on Openreach in this area, it is unlikely that investment by rival telecoms operators would constrain Openreach or deliver benefits to consumers across LLA Area 3 as a whole that would offset any short term harm to consumers.
- 1.93 We recognise that the presence of remedies such as DFA in areas that have moved to LLA Area 3, and tighter charge controls in LLA Area 3, may make it more difficult for other networks to win customers. However, this does not mean that rival telecoms operators are precluded from building in LLA Area 3 – including those altnets we consider are unlikely to become material and sustainable competitors in this review period – or that those that have already built will be unable to continue selling their services.<sup>53</sup> Our PIA remedy also provides support to rivals that plan to build in LLA Area 3.

### IEC market

- 1.94 At all regulated BT exchanges (BT Only and BT+1) our objectives are to promote competition based on access to Openreach’s network and to protect IEC customers.
- 1.95 This differs from our approach in the WFTMR21, where we differentiated our approach based on the level of potential investment by rival PCOs. Our change in approach is because, as explained in Volume 2, there has been limited additional build by PCOs at BT Only and BT+1 exchanges and we do not expect much further competitive investment. Given this, we consider that promoting investment and network competition in IEC is unlikely to be effective over the 2026-2031 period and will not deliver benefits to consumers in the long term.
- 1.96 Therefore, in the absence of investment driving further network competition, our focus in this market is to promote competition based on access to Openreach’s network and protect IEC customers. Where Openreach has SMP, it has the incentive and ability to engage in behaviour that could harm IEC customers (for example, charging excessive prices).
- 1.97 Accordingly, we aim to promote access-based competition, by securing effective access to BT’s network at all BT Only and BT+1 exchanges and to encourage telecoms providers who rely on access to BT’s network to invest as far upstream as possible. As a result, we maintain access to Openreach’s existing wholesale leased lines and extend the availability of DFX.
- 1.98 We are not promoting Openreach investment in this market, since its existing network is capable of meeting current and future demand. However, we aim to ensure that Openreach can recover its investment costs to provide a high-quality service and to incentivise Openreach to innovate its product offer in this area.

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<sup>53</sup> We note there was some LLA build in Area 3 (as defined in the WFTMR21), even with the DFA remedy present.

## Use of a “dynamic” approach to deregulation

- 1.99 Openreach advocated for Ofcom to take a dynamic approach to defining markets, assessing SMP and adjusting remedies over the period of the TAR, to ensure regulation is rolled back at an appropriate pace. We do not believe such an approach would support our objectives. We are required to carry out market reviews at least every five years, and to take a forward looking view of expected or foreseeable market developments over the relevant review period. We consider that a longer (five year) review period provides regulatory stability and certainty for investors which is important during a period of network build and significant investment.
- 1.100 There is inherent uncertainty in any forward-looking market review, regardless of the review period. However, we recognise that there is particular uncertainty as to how market conditions will develop over the five year period of this review. We have therefore designed some of our remedies to incorporate a level of flexibility so that we can take into account changing market conditions and any increase in competition as we apply those remedies during the five year period.
- 1.101 In particular, we expect that, with our remedies in place, network competition is likely to continue to evolve and develop over this review period and that there may be future scenarios in which we can relax our position on Openreach geographic discounts and commercial offers. In Annex 8, we have provided guidance on how we will look at each offer put forward by Openreach in the context of market conditions and the state of competition at the time and reflect an up-to-date view in our decision of whether to consent.

## Approach to copper retirement and exchange exit

- 1.102 Investment in gigabit-capable networks is part of a wider transformation of the UK’s telecoms infrastructure. Faster, more reliable networks directly benefit both businesses and consumers who use these networks for work, accessing public services and entertainment. This also drives economic growth, supporting higher productivity and innovation across all sectors of the economy, providing opportunities for the deployment of new technologies and for public sector transformation. On the Openreach network, this transformation has three major parts:
- a) FTTP roll-out and the subsequent migration of copper-based services to FTTP services. Longer term this means the withdrawal of copper-based services. This is known as ‘copper retirement’.
  - b) Migration of telephone services to Voice-over IP (VoIP) technology and the withdrawal of traditional analogue telephony. This is known as ‘PSTN retirement’, with PSTN standing for the legacy public switched telephone network.
  - c) Openreach’s exchange exit programme. Openreach is prioritising exiting 108 exchanges by December 2030, with the decommissioning of three pilot exchanges ahead of the so called ‘Phase 1’ tranche of 12 exchange exits in 2028.<sup>54</sup> The 108 exchanges Openreach are aiming to exit by the end of 2030 are known as the Priority 108 (P108) exchanges.<sup>55</sup>

<sup>54</sup> Openreach. [Exchange Exit list by Phase](#). Accessed 29 January 2026.

<sup>55</sup> Openreach has prioritised exiting 105 priority exchanges by 2030, following an initial three pilot exchanges – collectively known as the P108. (Openreach. March 2024. [Exchange Exit: Openreach industry consultation response](#). Accessed 29 January 2026; Openreach. June 2023. [Openreach industry consultation response December 2023](#), Page 3. Accessed 29 January 2026).

In the long-term, BT expects to reduce the number of exchanges from the current c.5,600 exchanges to c.1,000.<sup>56</sup>

- 1.103 Over time, customers currently using Openreach’s legacy copper-based network will migrate, either to Openreach’s FTTP network or to rival networks. Eventually, Openreach’s copper-based network can be decommissioned to avoid the costly running of two parallel networks. Our regulatory approach aims to support the retirement of Openreach’s copper-based network, while facilitating the wider objectives of this review.
- 1.104 In relation to exchange exit, we remain supportive of Openreach’s objectives, which provide the opportunity for both Openreach and other telecoms providers to consolidate infrastructure, reduce energy consumption and increase efficiency.
- 1.105 We also consider it important that vulnerable consumers are appropriately protected throughout telecoms modernisation programmes, including the retirement of copper-based services. UK Government interventions, as well as commercial investment and our regulation, will play a role in ensuring consumers are supported during these transitions.<sup>57</sup>

### Approach to overbuild

- 1.106 Several stakeholders raised concerns about Openreach’s full fibre build plans. These include concerns about Openreach network investments that ‘overbuild’ the networks of rival providers, as well as concerns about the way in which Openreach has publicised its broader build plans.<sup>58 59</sup> This sub-section provides an updated summary of our approach to overbuild.
- 1.107 Overlapping networks are relatively common and we expect the extent of overlap to increase in the future. 74% of UK premises had access to two or more networks as of July 2025 (including Openreach) and this is expected to rise to 83% by 2031.<sup>60</sup>
- 1.108 In general, overbuild is a positive development that drives network competition, bringing benefits to consumers in terms of innovation, choice, and stronger incentives to price keenly and improve quality of service. In addition, the presence of multiple networks may also be beneficial in providing greater resilience for providers’ retail services overall.
- 1.109 However, in certain circumstances it is possible that Openreach could use investments in network infrastructure as part of a strategy intended to target a competitor or discourage investment by rival networks. If such actions were successful, this could harm network competition and ultimately customers.

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<sup>56</sup> Openreach has identified 959 exchanges which will remain part of its long-term architecture (known as ‘enduring exchanges’). Openreach. [Exchange Exit list](#). Accessed 29 January 2026.

<sup>57</sup> The Department for Science, Innovation and Technology (DSIT) has played a role in PSTN retirement and consumers’ migration to digital Voice over Internet Protocol (VoIP) services. For example, the major providers and network operators have signed a number of voluntary charters with DSIT to ensure that vulnerable customers (and Critical National Infrastructure customers) are protected and supported during the migration. DSIT: [Public Switched Telephone Network charter](#), August 2024. Accessed 5 March 2026. DSIT. [Network Operator Charter](#), March 2024. Accessed 5 March 2026. DSIT. [Critical National Infrastructure Charter](#), November 2024. Accessed 5 March 2026. For a summary of our work, see Ofcom, [protecting consumers during the migration to digital landlines](#), 18 December 2023. Accessed 05 March 2026.

<sup>58</sup> [INCA](#) response to TAR26 March 2025 Consultation. Page 12-13.

<sup>59</sup> [Gigaclear](#) response to TAR26 March 2025 Consultation. Page 2-6.

<sup>60</sup> Section 2, Volume 2, Table 2.4. Provider responses to CN request named CN-FT24, dated 17 June 2024. Provider responses to CN request named CNPND24-F04, dated 4 March 2024. Provider responses to s135 notice dated June or July 2025 questions [3<].

- 1.110 We would not normally expect a provider to make network investments where it expects to make an incremental loss as this is not commercially rational. We would therefore be concerned about instances where an Openreach investment is not incrementally profitable<sup>61</sup>, and Openreach can provide no other credible explanation for the decision to build, because this would imply that the decision to invest is not a normal competitive response.
- 1.111 In practice distinguishing between beneficial network investment and harmful overbuild is difficult because it relies on detailed (and uncertain) commercial information about the expected revenues and costs associated with building network infrastructure. A number of stakeholders have pointed to the fact that Openreach may build in areas where there is a subsidised deployment of infrastructure under a public scheme such as Project Gigabit or R100.<sup>62</sup> However, intervention areas for public subsidy are identified using the information available at the time. Circumstances, including networks' build plans, can and do change after intervention areas are identified. Given this, examples of Openreach building in these areas is not in itself a good indicator of whether its investment was incrementally profitable at the time it was made.
- 1.112 However, as an incumbent provider with SMP, competition law prohibits Openreach from engaging in conduct which amounts to an abuse of its dominant position. Given this obligation, we would expect Openreach would take any necessary steps to ensure that it does not engage in behaviour that goes beyond competition on the merits. As a normal part of its business activity, we would expect Openreach to undertake detailed and robust assessments of the expected profitability of its investments in network infrastructure and to keep records of this analysis and its decisions to invest.
- 1.113 Openreach should therefore be able to demonstrate the commercial rationale behind any investments, using contemporaneous business documents. In the past we have requested and reviewed internal documents from Openreach, including examples of its financial modelling. We are able to do so again in the future if we consider it appropriate and necessary.

## The package of remedies we are imposing

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### General remedies

- 1.114 We have decided to retain the existing suite of general remedies in all markets where we have identified BT to have SMP. The general remedies seek to address the competition concerns outlined in Volume 2, Section 7. The primary general remedy is a requirement on Openreach to provide access to its network on reasonable request. The general remedies also include non-discrimination requirements to ensure that Openreach does not unduly discriminate between different customers when supplying access products.
- 1.115 Our general remedies, and rationale for these, are set out in Volume 3, Section 4.

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<sup>61</sup> i.e. the incremental revenues Openreach expects to earn, along with any incremental cost savings it expects to make as a result of the investment, are sufficient to justify the costs of building the network.

<sup>62</sup> [INCA](#) response to TAR26 March 2025 Consultation. Page 12-13.

## Physical Infrastructure Access (PIA)

- 1.116 We have decided to maintain the requirement on Openreach to offer wholesale access to BT's ducts and poles (known as PIA), our key upstream remedy. PIA seeks to promote competition and investment in WLA and LLA networks, as it reduces the cost and increases the speed of network rollout by Openreach's competitors. It remains a key pillar of our approach in terms of existing altnet deployment, future expansion and connecting customers to networks over the TAR26 period.
- 1.117 We have also decided to continue to charge-control PIA at cost, to allow Openreach to recover its costs, and to maintain our approach of requiring it to be provided subject to a strict no undue discrimination obligation.
- 1.118 In regards to the long term position of PIA, we cannot fetter our discretion for decisions we will need to make in future market reviews, and note that all remedies, including PIA, are dependent on our market analysis. However, as discussed in Volume 2, we consider there are currently reasons to expect BT's SMP in physical infrastructure to be enduring. We note that PIA is our foundational remedy for promoting network competition.
- 1.119 Our PIA remedy, and rationale for it, is set out in Volume 3, Sections 4 and 5. Our PIA charge controls are set out in Volume 4, Section 4.

## Wholesale Local Access (WLA)

- 1.120 In addition to the general network access requirement set out above, we maintain a specific requirement on Openreach to offer WLA products (MPF and VULA) in WLA Areas 2 and 3. This is necessary as a large number of users rely on these products, and VULA is important in supporting the transition to gigabit capable services. A specific access requirement will provide certainty as to the basis on which users have access to these products.
- 1.121 In WLA Area 2, we are maintaining a pricing continuity approach and setting an inflation-indexed charge control on MPF and FTTC 80/20 rentals (or FTTP 80/20 rentals where a copper-based service is not available). We have decided that rental charges for other bandwidths will not be subject to a price cap. These remedies continue to promote investment and give network competition the opportunity to emerge in WLA Area 2, while providing a degree of consumer protection in the short term.
- 1.122 In WLA Area 3, we are continuing to adopt a Regulatory Asset Base (RAB) approach. We have decided to adopt a pricing continuity approach, which is consistent with the RAB, by setting an inflation-indexed charge control on MPF and FTTC 80/20 rentals (or FTTP 80/20 rentals where a copper-based service is not available). As in WLA Area 2, we have decided that rental charges for other bandwidths will not be subject to a price cap. These remedies seek to promote Openreach investment in gigabit-capable networks, while providing sufficient consumer protection.
- 1.123 Finally, Openreach has an incentive to undermine the development of network competition in the long term. We are concerned Openreach could do this using geographically targeted discounts, so we have decided to continue to restrict Openreach's ability to set discriminatory geographic discounts in WLA Area 2 unless they gain our consent. This applies to wholesale broadband rental charges, connection charges and retail inducements. We are also concerned about the potential for other commercial terms that Openreach may offer telecoms providers to undermine network competition. We will maintain the obligation that requires Openreach to notify certain commercial terms. This would allow us

time to investigate these terms on a case-by-case basis before they are implemented and, if appropriate, intervene before they come into force. We have also updated our guidance on the types of commercial offers that we might consider to be problematic and, importantly, on how we will apply our regulation to take account of market conditions in determining whether geographic discounts or other commercial terms should be allowed.

- 1.124 Our non-price remedies for WLA are set out in Volume 3, Section 6. We set out our rationale for the WLA charge controls in Volume 4, Section 1. In that section, we also set out the evidence and issues we would likely consider when assessing whether Openreach's FTTP prices amount to a price squeeze under the requirement for FTTP charges to be fair and reasonable. We set out our approach to regulating discounts and other commercial terms in Volume 3, Section 9.

## Leased Line Access (LLA)

- 1.125 We have decided to continue to require Openreach to offer active leased lines in the HNR Area, LLA Area 2 and LLA Area 3, as a large number of leased line customers continue to rely on these products, and a specific access requirement will provide certainty regarding the basis on which users have access.
- 1.126 In LLA Area 2, we have decided to maintain our existing approach to remedies (a CPI-0% charge control on active leased lines, and no requirement to provide dark fibre access (DFA)) to promote network competition. We consider that this approach will also provide sufficient protection to consumers while competition develops.
- 1.127 In LLA Area 3, we have decided to retain our requirement for Openreach to offer cost-based DFA.<sup>63</sup> We have also decided to amend the existing charge control on active leased lines to set a cost-based charge control on lower bandwidth services, and to retain a CPI-0% control on very high bandwidth services. This is because we consider that DFA is less likely to be an effective constraint on the price of lower bandwidth leased lines and therefore a tighter charge control on lower bandwidths is necessary to protect those users from BT's SMP.
- 1.128 In the HNR Area, we have decided not to introduce a charge control on LLA services. As no charge control applies, a fair and reasonable charging requirement is retained to protect customers from a price squeeze. A fair and reasonable charging requirement ensures that access seekers will be able to purchase the wholesale services they rely on, on terms that do not constitute a price squeeze. It therefore protects downstream competition based on access to Openreach's networks.
- 1.129 Finally, Openreach could use geographic discounts (and other commercial terms) on leased lines to undermine altnets' and leased line only operators' ability to strengthen their position as competitors to Openreach. Therefore, we have decided to continue to restrict Openreach's ability to set discriminatory geographic discounts in LLA Area 2 unless they gain our consent, and require Openreach to notify certain commercial terms that are conditional on the volume/range of services purchased.

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<sup>63</sup> We have also decided to put in place transitional arrangements for existing DFA circuits in reclassified postcode sectors. This means that DFA circuits purchased in postcode sectors which were previously classified as LLA Area 3 and are now classified as LLA Area 2 or the HNR Area are subject to the same cost-based charge control for the duration of the 2026-31 review period (i.e. five years).

- 1.130 Our remedies for LLA are set out in Volume 3, Section 7. We set out our rationale for the LLA and DFA charge controls in Volume 4, Section 2. We set out our approach to regulating discounts and other commercial terms in Volume 3, Section 9.

## Inter-exchange connectivity (IEC)

- 1.131 We have decided to maintain the requirement on Openreach to provide active IEC services from all regulated exchanges. We have also decided to extend the DFX remedy to all regulated exchanges as we do not expect further material competitive network investment in IEC at these exchanges and consider that DFX offers benefits over and above active products.
- 1.132 We have decided to maintain a cost-based charge control on DFX services, which will apply to DFX services at all regulated exchanges.<sup>64</sup> We have also decided to maintain a CPI-0% charge control on all active IEC services at both BT Only and BT+1 exchanges, so that prices do not rise in real terms, and to provide a suitable level of consumer protection.
- 1.133 Our remedies for IEC are set out in Volume 3, Section 8. We set out our rationale for the IEC and DFX charge controls in Volume 4, Section 3.

## Copper retirement

- 1.134 Our decisions on copper retirement are set out in Volume 3, Section 2. In summary, we have decided to maintain the regulatory framework for copper retirement that was established in the WFTMR21. We have therefore retained our three-stage approach to moving regulation from copper-based services to full fibre on an exchange-by-exchange basis to support copper retirement. Specifically:
- We have decided to maintain the first threshold, which requires Openreach to provide ultrafast coverage to 75% of the premises in an exchange area and meet certain notice periods before it is permitted to stop selling new copper-based services at premises in that exchange area where FTTP is available.
  - We have decided to maintain the second threshold, which requires Openreach to provide ultrafast coverage to 100% of the premises in an exchange area (excluding any premises that Ofcom directs) and meet certain notice periods before the charge control on copper-based services is disapplied at premises in that exchange area where FTTP is available. In parallel to this statement, we are publishing a [consultation](#) on how we propose to define exclusions to the coverage requirement under the second threshold.
- 1.135 We remain of the view that the regulatory transition away from copper-based services will end with the removal of all regulation on copper-based services. We have decided not to define the third threshold that would trigger this stage during this review period. However, we will consider this in advance of the start of the next market review period, and our current thinking is that full deregulation of copper-based services could start to take effect from 2031.

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<sup>64</sup> We have also decided to put in place transitional arrangements for existing DFX circuits from exchanges which are reclassified from BT Only DFX (i.e. those with no PCO within 100 metres) in the WFTMR21 to BT+2 exchanges in the 2026-31 review. This means DFX circuits purchased at exchanges previously classified as BT Only DFX, which are now classified as BT+2 are subject to the same cost-based charge control for a period of three years.

## Exchange exit

- 1.136 In Volume 3, Section 3 we outline our approach to exchange exit. We remain of the view that, notwithstanding our finding that BT continues to have SMP in the relevant markets, Openreach and providers are best placed to negotiate a commercial agreement on the terms and practicalities of the exchange exit process.
- 1.137 We have decided to maintain our existing suite of regulation to mitigate risks to competition and consumers during the 2026-31 review period. In particular, we are maintaining our regulation in relation to MPF. In relation to IEC services, Openreach's obligations to provide DFX and active IEC services will be maintained until after an exchange has been exited.
- 1.138 We have also set out more detail in relation to the process we intend to follow to consider any requests for consent to disapply MPF and/or IEC regulations in closing exchanges.

## Quality of Service (QoS)

- 1.139 Volume 5 sets out our decisions for regulating QoS. We have decided to broadly maintain the existing rules for how quickly Openreach must carry out repairs and installations of its main network access products in regulated markets including copper-based broadband, ethernet and dark fibre.
- 1.140 We have decided to make an adjustment to our existing minimum QoS standards on Openreach's FTTC and MPF network access products in WLA Area 2 and WLA Area 3.<sup>65</sup> This is because over the review period we expect volumes of copper-based broadband to fall as customers migrate to FTTP. We have decided to take account of this change by no longer requiring Openreach to separately meet these standards in each of its seven management regions, but maintain UK-wide minimum standards.<sup>66</sup> We have decided to continue to require Openreach to report on its performance in installing and repairing FTTC/MPF connections by management region as well as for the UK as a whole.<sup>67</sup>
- 1.141 We have decided to introduce new minimum QoS standards on FTTP in WLA Area 3 using the same metrics which we have found effective for regulating legacy copper-based network access products but set at levels adjusted to the specifics of the product and geography. This will provide certainty that Openreach's performance in installing and repairing FTTP meets a minimum level in WLA Area 3 where we expect retail competition to remain reliant on access to BT's network. We have decided to require Openreach to report on its performance in installing and repairing FTTP in both WLA Area 2 and 3.
- 1.142 We have decided to retain existing minimum QoS standards<sup>68</sup> on relevant Ethernet services<sup>69</sup> in LLA Area 2, LLA Area 3 and for IEC at BT Only and BT+1 exchanges and associated transparency and reporting obligations.<sup>70</sup>
- 1.143 We have decided not to direct Openreach to comply with any QoS standards, transparency or reporting requirements in the physical infrastructure market.

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<sup>65</sup> Including Openreach's G.fast, SOGEA, SOG.fast and SOTAP products.

<sup>66</sup> Excluding the Hull Area so meaning the whole of WLA Area 2 and 3.

<sup>67</sup> Excluding the Hull Area.

<sup>68</sup> With an adjustment to the upper percentile standard due to changes in market conditions.

<sup>69</sup> Openreach's EAD, EBD and Cablelink products.

<sup>70</sup> We have decided to continue not to impose minimum QoS standards in the HNR Area.

- 1.144 Details of our decisions on QoS remedies, and our rationale for them in light of our approach and objectives for each of the markets as described above, is set out in Volume 5.

## Regulatory financial reporting

- 1.145 We will continue to impose financial reporting obligations on BT to ensure sufficient and robust information is published by BT and provided privately to Ofcom to enable us to perform our duties and for stakeholders to have confidence that BT has complied with its SMP conditions. In Volume 6 we set out our decisions to impose:
- a) An SMP condition in each regulated market that includes:
    - i) Accounting separation obligations, to prevent discrimination by BT in favour of its own activities and to prevent unfair cross-subsidy.
    - ii) Cost accounting obligations, to ensure that BT has in place a system of rules that support the attribution of revenues and costs to individual markets and services.
  - b) A set of five directions to implement our detailed regulatory financial reporting requirements.

## Other stakeholder issues

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- 1.146 Stakeholders raised a series of issues that fall outside the scope of the remedies we proposed across our Consultations. We consider a number of these issues below.

## Regulation of other providers' fixed networks

### Stakeholder responses

- 1.147 The Federation of Communication Services (FCS) argued that it is not uncommon for property developers to restrict access to properties which can lead to local monopolies in the access network. Whereas Openreach is required to provide access on an EOI basis, these 'local monopolies' have no similar obligation. FCS stated that it was an oversight by Ofcom not to have considered this issue.<sup>71</sup>
- 1.148 Which? suggested additional safety standards may be beneficial where a provider other than Openreach "is the sole or dominant provider".<sup>72</sup> It suggested that we should be prepared to conduct market reviews in future and consider whether we use our information gathering powers to request information from such providers.

### Our response

- 1.149 The regulatory framework for reviewing the wholesale fixed telecoms market requires us to define geographic markets by reference to differences and similarities in competitive conditions and then to assess SMP within those markets. In the TAR26 we have not found any other provider, other than Openreach, to have SMP in the geographic markets we have identified. For the reasons discussed in Volume 2, we consider it is impractical in this review to assess competitive conditions, and therefore to define geographic markets, on a much more granular basis than we have adopted (e.g. at very local levels such as individual

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<sup>71</sup> FCS response to TAR26 March 2025 Consultation. Page 5.

<sup>72</sup> Which? response to TAR26 March 2025 Consultation. Pages 6-7.

property developments). As we have not found any other providers to hold SMP, they are not subject to additional obligations relating to market power.<sup>73</sup>

- 1.150 While it is not an SMP obligation, we note that any BDUK funded build is subject to wholesale obligations under the contract. These obligations mirror parts of our SMP regulations. The Access to Infrastructure (ATI) regulations also facilitate access to physical infrastructure. However, we cannot oblige property developers to grant access to any network seeker.

## Shrinkflation

### Stakeholder responses

- 1.151 UKCTA urged us to address the persistent issue of ‘shrinkflation’, where the scope and quality of a service are reduced over time while charges remain unchanged or increase. It suggested a series of measures that Ofcom should incorporate as ‘anti-shrinkflation safeguards’ that would provide greater certainty to the market, protect providers and consumers and uphold the principle of fair competition.<sup>74</sup>
- 1.152 VodafoneThree also pointed to ‘shrinkflation’ as evidence of Openreach’s market power. It suggested that the result of this issue is retailers finding an alternative “workaround”, and the associated costs ultimately resulting in higher charges to end consumers.<sup>75</sup>

### Our response

- 1.153 We consider our requirements for Openreach quality of service (set out in detail in Volume 5) are appropriate in maintaining minimum service levels, alongside our other interventions that support service quality. These include: transparency measures such as reporting publicly on key performance indicators (KPI); non-discrimination remedies which ensure Openreach provides the same quality of service to other wholesale customers that is delivered to BT’s downstream divisions; SLAs/SLGs which ensure Openreach’s customers receive compensation for individual failures; as well as our wider approach of promoting network competition which should help incentivise high service standards.
- 1.154 We address VodafoneThree’s specific comments in relation to the Reference Offer for LLA and active IEC circuits in Sections 7 and 8.

## Early termination charges (ETCs)

### Stakeholder responses

- 1.155 VodafoneThree raised concerns about Openreach’s use of ETCs. In particular, it said that Ofcom should require ETCs to be waived for providers who wish to migrate existing active circuits to dark fibre circuits that are made available in the 2026-31 review period, in locations where dark fibre was not previously available (due to postcode reclassifications in LLA or the extended availability of the DFX remedy at exchanges).<sup>76</sup>

### Our response

- 1.156 We recognise that some telecoms providers are keen to switch existing active circuits to dark fibre where this is newly available, and the barrier that ETCs may cause. However, ETCs

<sup>73</sup> With the exception of KCOM in the Hull Area, which is the subject of a separate market review.

<sup>74</sup> [UKCTA](#) response to TAR26 March 2025 Consultation. Paragraph 26.

<sup>75</sup> [VodafoneThree](#) response to TAR26 March 2025 Consultation. Section 1. Paragraph 65.

<sup>76</sup> [VodafoneThree](#) response to TAR26 March 2025 Consultation. Section 3. Paragraph 282.

often enable network providers to recover the upfront costs to set up new circuits. Any barrier to migration that they create, like those outlined by VodafoneThree, will only be for the contract duration and is therefore temporary. Moreover, as set out in Volume 4, the majority of active LLA circuits have less than one year remaining on the contracts and so are near the end of the contract term during which ETCs apply. Similarly, we also expect that the majority of active IEC circuits would not have lengthy outstanding contract terms. Therefore, at this time we do not think it is appropriate to introduce any change to ETCs.

## ISP quality of service and resilience

### Stakeholder responses

1.157 The BBC suggested that Ofcom should consider and start a process to establish what future minimum level of QoS and service level agreements (SLA) may be required for all UK internet providers. This is to drive improvements in reliability and resilience, while also encouraging competition above this minimum threshold.<sup>77</sup>

### Our response

1.158 As set out in Volumes 1 and 5 we consider that increased network competition should deliver significant benefits to consumers in the longer term, including higher quality of service. Consideration of the quality of service provided by ISPs and resilience is outside of the scope of this review. However, we will continue to monitor providers' compliance against the Telecoms Security Act.<sup>78</sup>

## Automatic compensation

### Stakeholder responses

1.159 PXC noted that the compensation paid by Openreach when some SLGs are breached has not kept pace with the rising cost to its customers of those breaches and therefore should be amended. In particular, PXC said that the upstream payments made by Openreach have not kept up with the downstream level of automatic compensation paid to end customers.<sup>79</sup> VodafoneThree made a similar point, and said the scheme could become unsustainable. It recommended that Ofcom consult on increasing the wholesale payments in line with the retail payments to end-customers.<sup>80</sup>

1.160 Utility Warehouse also pointed to the fact that the amount of compensation that Openreach pays has not risen since 2021. It argued that as the difference between Openreach's revenue and the compensation amount becomes wider, the incentive for Openreach to offer quality service reduces. Utility Warehouse said that Ofcom should uprate Openreach compensation payments in line with inflation and index them to CPI moving forward.<sup>81</sup>

### Our response

1.161 We recognise the issue that has been raised regarding payments by Openreach not rising in line with retailer automatic compensation payments made to end customers. In the first instance providers should seek to open negotiations with Openreach regarding these

<sup>77</sup> [BBC](#) response to TAR26 March 2025 Consultation. Page 4.

<sup>78</sup> Ofcom. March 2025. [Ofcom's Plan of Work 2025/26](#). Page 38.

<sup>79</sup> [PXC](#) response to TAR26 March 2025 Consultation. Paragraphs 5.13-5.16.

<sup>80</sup> [VodafoneThree](#) response to TAR26 March 2025 Consultation. Section 2. Paragraphs 14-16.

<sup>81</sup> [Utility Warehouse](#) response to TAR26 October 2025 Consultation. Paragraphs 4.1-4.3.

payments, and may wish to use the OTA2 to do this. In any such negotiations we expect that Openreach would approach negotiations in line with the principles and criteria for negotiating SLGs set out in Table 4.3 and Table 4.4 in Section 4.

## Social tariffs

### Stakeholder responses

1.162 VodafoneThree reiterated submissions it has made previously about the lack of social broadband provision in the wholesale market. It argued that it is essential that network operators offer meaningful wholesale social tariff options, to ensure that retailers can serve customers with affordability concerns.<sup>82</sup>

### Our response

1.163 We do not currently require a regulated wholesale social tariff, and the retail social tariffs currently offered are provided by voluntary agreement.

1.164 The Act includes provisions specifically for the purpose of imposing social tariffs at a retail level. Ofcom may only do this following a direction from the Secretary of State. The legislation foresees a scenario where the burden of providing a retail social tariff becomes unfair and provides for the possibility of a funding mechanism involving all providers who are subject to the general conditions (i.e. not just Openreach). To attempt to impose what is effectively a funding obligation on just Openreach via an SMP condition would arguably bypass/subvert the mechanism that Parliament has already provided for. Therefore, we do not think SMP conditions are an appropriate way to address the concerns raised around wholesale social tariffs.

1.165 We note that any network operator may voluntarily offer a wholesale social tariff. We continue to strongly encourage providers to introduce and continue offering targeted tariffs designed to make sure that customers on low incomes, or otherwise financially vulnerable, can access affordable broadband services. We are also keeping affordability issues under review.

## Further separation of BT and Openreach

### Stakeholder responses

1.166 BUUK drew attention to its concerns around the continued affiliation of BT Consumer and Openreach. It outlined further evidence that suggests that full structural separation into two standalone entities is needed.<sup>83</sup> In its pre-consultation submission, one of the lighter touch remedies BUUK suggested was an alternative approach to address concerns about anticompetitive behaviour, namely to require BT's retail operations to tender for which network providers would serve them.<sup>84 85</sup>

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<sup>82</sup> [VodafoneThree](#) response to TAR26 March 2025 Consultation. Section 1. Paragraphs 41-43.

<sup>83</sup> [BUUK](#) response to TAR26 March 2025 Consultation. Pages 2 and 10.

<sup>84</sup> [BUUK](#), July 2024, pre-consultation submission. Pages 10-11.

<sup>85</sup> [BUUK](#) response to TAR26 March 2025 Consultation, page 2. [BUUK](#), July 2024, pre-consultation submission. Page 11.

## Our response

- 1.167 We note the concerns raised by BUUK about further separation of BT and Openreach. However, the regulation of further separation of BT and Openreach falls outside the scope of this review.

## Demand side remedies

- 1.168 Stakeholders' submissions prior to our March 2025 Consultation asked us to consider 'demand side' interventions that would aim to increase take-up of gigabit-capable services. As set out in our March 2025 Consultation, our view is that take-up of gigabit-capable services is essential to furthering consumer interests, to help realise the benefits of the investment that has been made in gigabit-capable networks, including driving economic growth across the UK. Take-up is also important for altnets to become established competitors in fixed telecoms markets.
- 1.169 However, we consider that demand side issues (and any potential interventions) are outside the scope of TAR26. Issues such as the information available to consumers on gigabit-capable networks available at their premises are more appropriately considered and addressed through consumer-focused interventions that apply to all providers, rather than through TAR26 rules that only apply to BT and aim to address competition concerns in wholesale markets.

## Legal duties

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- 1.170 In Volume 1, Section 2, we explain how our objectives and our package of remedies are consistent with our duties under sections 3 and 4 of the Act. In the following three subsections, we explain our view that competition law would not be sufficient to address the competition problems we have identified and, in reaching our decisions, how we have had regard to the desirability of promoting economic growth and the Statement of Strategic Priorities. In Volumes 3 to 6, we then go on to explain how our remedies meet the more specific legal tests set out in the Act.

## Insufficiency of competition law

- 1.171 Before imposing ex-ante regulation, we consider whether competition law would be sufficient to address the competition problems we have identified. For the reasons set out in Volume 2, Sections 3-6 as part of our assessment of the three-criteria test under section 79(2B), we consider that competition law alone would not be sufficient to address our competition concerns in the relevant markets.

## Growth Duty

- 1.172 In formulating our decisions, we are required to have regard to the desirability of promoting economic growth (the "growth duty").<sup>86</sup> We do so in the context of our primary duty to further the interests of citizens and consumers, where appropriate by promoting competition, and having regard, amongst other things to encouraging investment and innovation.

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<sup>86</sup> Section 108, Deregulation Act 2015

1.173 In accordance with the statutory guidance on the growth duty,<sup>87</sup> where we have discretion to do so, we have considered how best to promote growth through our remedies, and in particular how to positively affect the key drivers of economic growth identified in the guidance. As set out in the guidance, not all of the drivers identified will be applicable to every regulator or to each policy choice. We therefore set out below the drivers which we consider most relevant to Ofcom and this review.

### Infrastructure and investment

1.174 The guidance identifies infrastructure as playing a vital role in supporting a competitive and growing economy, by providing services upon which businesses and citizens depend. This is at the heart of our strategic approach to the TAR26 which we deliver in the context of our 10-year overarching telecoms strategy, which we set out in 2021. That strategy was, and remains, to promote investment in gigabit-capable networks by Openreach and other telecoms providers in order to promote network-based competition.

1.175 As set out in more detail in Volume 1, Section 2, delivering this strategy is central to economic growth, supporting higher productivity and innovation across all sectors of the economy, providing opportunities for the deployment of new technologies and for public sector transformation. Full fibre infrastructure is also likely to play a critical role in the development and adoption of AI, which can support growth through facilitating productivity gains. Where greater capacity, speed and resilience is important to support data-intensive AI projects, networks need to be able to deliver low latency, high bandwidth, high availability connectivity and full fibre will be an important part of this. Therefore, our strategy of promoting investment in full fibre is key in supporting the development of AI.

1.176 Consistent with the approach we set out in the WFTMR21, we recognise that the investments being made by all network operators in gigabit-capable networks have long payback periods and competition takes time to develop. We aim to provide a stable regulatory environment that is in line with the position set out in the WFTMR21 unless there are good reasons for departing.

1.177 Our decisions are intended to encourage BT's competitors to build their own networks where it is economic to do so, rather than relying on network access from Openreach. We are maintaining the requirement on Openreach to provide PIA, enabling telecoms providers to lay their own fibre networks using Openreach's infrastructure.

1.178 In areas of the UK where there is unlikely to be material and sustainable competition to BT in the commercial deployment of competing networks, our decisions are intended to promote FTTP investment by Openreach and allow recovery of efficiently incurred costs related to investment in its existing networks.

### Innovation

1.179 The guidance also identifies innovation as a key driver of economic growth through the development of new ideas, products and processes. Innovation may also drive economic growth by increasing access to resources, leading to competitiveness through the creation of new products and services. The network competition we are seeking to promote with our decisions should bring longer term benefits from innovation, choice, and stronger incentives to price keenly to attract customers and to further improve quality of service. We consider that network competition is a more effective spur for innovation and investment

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<sup>87</sup> DBT, 2024. [Growth Duty: Statutory Guidance – Refresh](#).

in high quality networks than access-based competition. This is because network providers have much greater scope for product differentiation and can strive to win customers and generate higher margins by offering a better service than their competitors. Network competition allows market forces to play a much stronger role in shaping decisions about what networks to build, what technologies to use, and how to deliver them more cost effectively. It also promotes more aggressive competition to attract and retain customers by offering them the services they want. See Volume 1, Section 2.

## Competition

- 1.180 As set out above, our principal duty is to further the interests of citizens and consumers, where appropriate by promoting competition, and as highlighted above, promoting competition is one of the strategic objectives of this review. See Volume 1, Section 2, in which we discuss our duties under the Act in relation to the objectives of this review.
- 1.181 In developing our decisions to give effect to our strategic approach, we have demonstrated the behaviours of smarter regulation. We have discussed above how our decisions will facilitate innovation by encouraging investment. In developing the decisions themselves, we draw on our sectoral and regulatory expertise, as well as the extensive ongoing engagement we have undertaken with our stakeholders (see Volume 1, Section 2).

## The 2019 Statement of Strategic Priorities

- 1.182 We are required by section 2B(2) of the Act, when carrying out our telecoms functions, to have regard to a Statement of Strategic Priorities (SSP) that has been designated by the Secretary of State under section 2A(1) pursuant to the requirements set out in section 2C of the Act.
- 1.183 On 29 October 2019, the then government designated its SSP for telecommunications, the management of radio spectrum, and postal services (the “2019 SSP”). In accordance with our duty, we have had regard to the 2019 SSP in reaching our decisions in this Statement.
- 1.184 This review includes remedies which would take forward a number of the areas covered by the 2019 SSP:
- world-class digital infrastructure;
  - furthering the interests of telecoms consumers; and
  - ensuring secure and resilient telecoms infrastructure.
- 1.185 There are five areas of the SSP on full-fibre connectivity which are particularly relevant, which we address in turn.

### **Making the cost of deploying full-fibre networks as low as possible by addressing barriers to deployment, and supporting market entry and expansion by alternative network operators through effective access to Openreach’s ducts and poles**

- 1.186 As we set out in Volume 2, mandating access to Openreach’s physical infrastructure has been transformational in enabling investment and deployment of fibre networks across the UK, as it reduces the cost and increases the speed of network rollout by competitors. This has enabled telecoms providers to lay their own fibre networks using Openreach’s infrastructure, regardless of whether they are serving residential customers, large businesses or mobile operators. We are continuing the requirement on Openreach to provide PIA. Further detail about our decisions to regulate PIA can be found in Volume 3, Section 5 and Volume 4, Section 4.

**Stable and long-term regulation that incentivises network investment and ensures fair and effective competition between new and existing network operators**

- 1.187 In 2021, we recognised that the long-term nature of network investments requires stability of regulation and therefore set expectations about future regulation to 2031 and beyond. The market review process requires us to review the relevant markets at least every 5 years taking account of recent and prospective market developments, but our decisions in 2021 stand as the starting point for this review. In our regulation of the fixed telecoms markets from 2026-2031, we aim to provide a stable regulatory environment that is in line with the position set out in the WFTMR21 unless there are good reasons for departing.
- 1.188 While our future decisions will depend on the circumstances that exist when we carry out our next reviews, we also outline in this document how we would expect to regulate beyond 2031.

**An 'outside in' approach to deployment that means gigabit-capable connectivity across all of the UK is achieved on a similar timescale, and no areas are left behind**

- 1.189 Our remedies in relation to Area 3, as set out in this document, will continue to complement the schemes from the UK and devolved Governments to help improve coverage of broadband services to the hardest to reach areas.
- 1.190 PIA is available so any commercial rollout by altnets is supported, as discussed above. PIA is also available to support publicly funded rollout.
- 1.191 Specifically, in WLA Area 3, we are continuing to regulate access to Openreach's network in a way which maintains incentives for Openreach to continue building in this area. In LLA Area 3 we are requiring access to Openreach's dark fibre at cost-based prices to promote competition at the most upstream level possible.

**A switchover process to enable consumer migration to gigabit-capable services**

- 1.192 As gigabit-capable network deployment progresses, customers currently using the Openreach copper network can be migrated over to a gigabit-capable network. Eventually Openreach's copper network can be decommissioned to avoid the costly running of two parallel networks.
- 1.193 We are broadly retaining our existing approach to supporting copper retirement. This entails a staged approach to moving regulation from copper-based services to full fibre, which gives Openreach increasing flexibility to encourage customers to migrate off its legacy copper network to gigabit capable-services.
- 1.194 Further detail about our decisions can be found in Volume 3, Section 2.

**The policy and regulatory framework should be sufficiently flexible and forward-looking to support convergence between fixed and mobile networks**

- 1.195 We continue to see more convergence in the telecoms sector. We adapted our reviews to take account of that, undertaking a single unified market review since 2021. Our decisions also support the deployment of 5G networks through promoting more efficient provision of backhaul connectivity. Our decisions to continue to require Openreach to offer dark fibre at cost-based charges in LLA Area 3 facilitates this, and in LLA Area 2 we expect our approach to promoting investment and network competition will lead to commercial provision of these services.

## The 2026 Draft Statement of Strategic Priorities

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1.196 On 11 February 2026, the current Government laid a draft SSP before Parliament (the “2026 draft SSP”). Subject to completion of the procedural steps in section 2C of the Act, it will replace the 2019 SSP once it is designated by the Secretary of State.

1.197 The 2026 draft SSP sets out one strategic priority which is particularly relevant to this review:

- Strategic Priority 1: Driving growth through world-class fixed and wireless digital infrastructure.<sup>88 89</sup>

1.198 We have considered the 2026 draft SSP and concluded that our decisions are in line with Strategic Priority 1. We set out in more detail below our considerations by reference to the factors identified in the 2026 draft SSP as relevant to this priority.<sup>90</sup>

### Strategic Priority 1a “supporting growth through access to gigabit-capable fixed telecoms connections”

#### To support competition

- Encouraging investment and economic growth is at the heart of our strategic approach to the TAR26 which we deliver in the context of our 10-year overarching telecoms strategy, which we set out in 2021. That strategy was, and remains, to promote investment in gigabit-capable networks through network competition in areas where this is viable. The network competition we are seeking to promote should also bring longer term benefits from innovation, choice, and stronger incentives to price keenly to attract customers and to further improve quality of service.
- We seek to provide a stable regulatory environment for long-term investments. We set out in this Statement the evidence base for our decisions and we are satisfied that our remedies are proportionate, in accordance with our statutory duties.
- We remain concerned that Openreach has the potential incentive to undermine the development of network competition in the long term. As set out in Volume 3, Section 9, we have decided to prohibit undue discrimination in the form of geographic pricing within WLA Area 2 for wholesale broadband rental charges, connection charges and retail inducements. We have also decided to maintain the obligation that requires Openreach to notify certain commercial terms to allow us to investigate these terms on a case-by-case basis before they are implemented and, if appropriate, intervene before they come into force. As set out in Volume 3, Section 4, to address our concerns about a price squeeze between PIA prices and FTTP prices, we have decided to impose a requirement for FTTP charges to be fair and reasonable at all times.
- As highlighted above, we expect that, with regulation, the competitiveness of the market will increase over the review period. We will apply some of our remedies in an adaptive way as competition develops.

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<sup>88</sup> Strategic Priority 2 “Supporting growth through a transparent, competitive and fair retail market for consumers” relates to retail-market consumer protection rather than wholesale market regulation and, as such, it falls outside the scope of this review.

<sup>89</sup> More widely we consider our decisions in this review help to support the priorities in the 2026 draft SSP in regard to secure and resilient telecoms infrastructure and improved mobile connectivity.

<sup>90</sup> In addition, Ofcom’s work outside of TAR26 will have regard to the other priorities set out in the 2026 draft SSP, once designated, as is appropriate for the relevant areas of regulation.

**To support broadband for businesses**

- Business connectivity is a core part of this market review. Both LLA and WLA services provide connectivity for businesses. Investment in full fibre networks supports the availability of high-quality business broadband across the UK, with 78% of UK SMEs now having access to full fibre services, as of July 2025.<sup>91</sup> Our remedies to promote network competition and investment in WLA and LLA markets will bring further benefits for businesses buying these services in the long term.
- In the leased line market, our remedies to promote competition reflect the fact that network competition will not develop uniformly across the UK. Where there already is, or there is likely to be the potential for, material and sustainable network competition, our remedies seek to promote network competition. Where it is unlikely for the potential for material and sustainable competition to exist, our remedies seek to promote competition based on access to Openreach's network.

**To support infrastructure sharing**

- PIA remains our foundational remedy and has been transformational for scale altnet deployment over the WFTMR21 period. It remains crucial for future expansion and connecting customers to networks over the TAR26 period. As set out in Volume 3 Section 5 and Volume 4 Section 4, we will continue to impose PIA remedies which require Openreach to share its physical infrastructure at cost based prices - to support competition and investment across the UK. We are also maintaining the requirement for PIA to be provided subject to a strict no undue discrimination obligation and we are strengthening our approach to PIA supervision for the review period. Where we identify potential issues in relation to the effectiveness of PIA and/or Openreach's compliance, we will intervene as appropriate. Ofcom publishes an annual report on its activities to provide further transparency.
- We set out in Volume 4 Section 4 our approach to calculating maximum PIA charges. The approach aims to support efficient investment in network competition by ensuring a level playing field exists between Openreach and other telecoms providers that make use of PIA. We explain how we have taken comments and evidence received from stakeholders into account in reaching our decisions.
- We note that our decisions on PIA regulation are consistent with the view the UK Government set out in its response to SSP stakeholder responses on infrastructure sharing.<sup>92</sup>

**To support take-up**

- We consider increased take-up to be critical for the development of long-term network competition. Therefore, in setting remedies, we have been mindful of the impact on competition between networks to increase take-up (as well as the impact on network rollout). In particular, we consider it important that regulation should address Openreach's SMP in a way which maintains a reasonable opportunity for reasonably efficient altnets to compete and increase take-up during this review period.
- However, Openreach also needs to be able to compete, provided that it does so fairly, and our regulation needs to be flexible enough to adapt as market conditions evolve over the next 5 years.

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<sup>91</sup> Ofcom. 19 November 2025. [Connected Nations UK Report 2025](#).

<sup>92</sup> DSIT. 11 February 2026. [Proposed Statement of Strategic Priorities for telecommunications, the management of radio spectrum, and postal services: government response](#). Accessed 23 February 2026.

**Strategic Priority 1c: supporting growth and productivity through modernisation of fixed and wireless telecoms networks**

- 1.199 Ofcom shares the Government’s view of the importance of network modernisations for economic growth, security and to protect consumers. Ofcom continues to work with DSIT and industry to enable modernisation while appropriately protecting consumers, particularly vulnerable consumers during the transition to new networks and services. This work spans our consumer and competition functions. For TAR26 we considered the impacts of copper retirement and exchange exit on the objectives for our review, in particular ensuring that the transitions do not have an adverse impact on competition and that consumers are adequately protected.
- 1.200 As set out in Volume 3, Section 2, we have retained our three-threshold, staged approach to moving regulation from copper-based services to full fibre on an exchange-by-exchange basis. In setting out our framework, we have considered the potential impacts on the development of network competition and on consumers. Our framework balances our objectives, including maintaining a reasonable opportunity for reasonably efficient altnets to compete. In Volume 3, Section 3, on Exchange Exit we set out in more detail our consideration of exchange exit network modernisation issues, including our approach to competition and consumer protection issues.

## 2. Regulatory support for copper retirement

### Introduction

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- 2.1 In this section we set out our approach to the transition of WLA regulation from Openreach’s wholesale copper-based services to its wholesale FTTP services.
- 2.2 Over time, customers currently using Openreach’s legacy copper-based network will migrate, either to Openreach’s FTTP network or to rival networks. Eventually, Openreach’s copper-based network can be decommissioned to avoid the costly running of two parallel networks. This is known as ‘copper retirement’. We want our regulation to support the retirement of Openreach’s copper-based network, while facilitating the wider objectives of this review.
- 2.3 In summary, we have decided to maintain the regulatory framework for copper retirement that was established in the WFTMR21. We have therefore retained our three-stage approach to moving regulation from copper-based services to full fibre on an exchange-by-exchange basis to support copper retirement. Specifically:
- a) We have decided to maintain the first threshold, which requires Openreach to provide ultrafast coverage to 75% of the premises in an exchange area, and meet a notice period, before it is permitted to stop selling, in that exchange area, new copper-based services at premises where FTTP is available.
  - b) We have decided to maintain the second threshold, which requires Openreach to provide ultrafast coverage to 100% of the premises in an exchange area (excluding any premises that Ofcom directs), and meet certain notice periods, before the charge control on copper-based services is disapplied, in that exchange area, at premises where FTTP is available. In parallel to this statement, we are publishing a consultation on how we propose to define premises that are excluded from the calculation of the coverage requirement under the second threshold.<sup>93</sup>
  - c) We have decided not to define criteria for the third threshold in the 2026-31 review period. We remain of the view that the regulatory transition away from copper-based services will end with the removal of all regulation on copper-based services. We will consider this in advance of the start of the next market review period, and our current thinking is that full deregulation of copper-based services could start to take effect from 2031.
- 2.4 This section is structured as follows:
- a) First, we set out our proposal, as outlined in the March 2025 Consultation, to maintain the regulatory framework for copper retirement that was established in the WFTMR21.
  - b) Then, we summarise the feedback we have received on our proposals.

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<sup>93</sup> The further consultation relates to our proposed approach for specifying how Openreach may exclude premises from the second threshold coverage requirement calculation (“the second threshold calculation”). The consultation does not cover any other aspect of the second threshold or copper retirement. Notably, we have decided in this Statement how to take into account premises covered by altnets in the calculation of coverage against the thresholds. Ofcom, March 2026. [Consultation: Approach to the copper retirement second threshold calculation – Telecoms Access Review 2026-31](#).

- c) Finally, we set out our reasoning and decisions relating to copper retirement.

## Summary of proposals

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### Approach to supporting copper retirement

- 2.5 In the March 2025 Consultation, we proposed to retain our approach from the WFTMR21. This involves a three-stage regulatory transition on an exchange-by-exchange basis.

#### First threshold

- 2.6 In the March 2025 Consultation, we proposed to maintain the existing approach to the first threshold in the review period; namely, allowing Openreach to stop selling Copper-based Network Access services to premises in an exchange area when:<sup>94</sup>
- a) Openreach has published a notice at least 12 months in advance of the date when it expects 75% of premises in an exchange area to be covered by ultrafast services;<sup>95 96</sup>
  - b) Openreach makes ultrafast services available at 75% of premises in the exchange area;
  - c) Those premises are passed with Openreach FTTP (if they are not, Openreach is still required to meet new requests for Copper-based Network Access at those premises); and
  - d) Openreach publishes a 'First Threshold Notice' notifying industry and Ofcom the threshold has been met.<sup>97</sup>

#### Second threshold

- 2.7 In the March 2025 Consultation, we proposed to maintain the second threshold set out in the WFTMR21; namely, the charge control on the anchor Copper-based Network Access services<sup>98</sup> would be withdrawn at premises in an exchange area when:
- a) Openreach has published a notice at least 12 months in advance of the date when it expects 100% of premises in an exchange area, excluding any premises that Ofcom directs, to be covered by ultrafast services;<sup>99</sup>
  - b) Openreach makes ultrafast services available at 100% of the premises in the exchange area, excluding any premises that Ofcom directs;
  - c) At least two years has passed since the First Threshold Notice was issued;
  - d) Those premises are passed with Openreach FTTP (if they are not, price control regulation continues to apply to the anchor copper service at those premises); and

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<sup>94</sup> "Copper-based Network Access" means the wholesale provision of network access by BT over its electronic communications network where the physical connection between the local access node and the Network Termination Point comprises copper wires either in whole or in part. In practice, this means that the requirement for network access obligation is disapplied for new requests of SLU, MPF, FTTC, SOGEA, SOGfast, of all bandwidths where applicable, at premises where FTTP is available.

<sup>95</sup> By 'ultrafast' we mean broadband services provided using the Openreach network capable of delivering a minimum of 300 Mbit/s services, be this by FTTP or G.fast.

<sup>96</sup> SMP condition 8.2.

<sup>97</sup> SMP conditions 1.6-1.11.

<sup>98</sup> In this section, where we refer to the charge control on the anchor Copper-based Network Access services, we mean all price regulation on MPF and FTTC 80/20, and SOGEA 80/20. More generally, all relevant price regulation on Copper-based Network Access services is disapplied at the second threshold, including fair and reasonable pricing where applying, and relevant connection charges. See Paragraph 2.158 below.

<sup>99</sup> SMP condition 8.2.

- e) Openreach publishes a ‘Second Threshold Notice’ notifying industry and Ofcom the threshold has been met.<sup>100</sup>
- 2.8 We invited views on the circumstances in which premises should be excluded from the requirement to cover 100% premises in exchange areas to trigger the second threshold, but said that we would consult again on this issue. As noted above, we have now published a specific further consultation on our proposals for excluding premises from the second threshold calculation, and the proposed direction that would implement this approach.<sup>101</sup> The consultation document can be found on our website.<sup>102</sup> As a result, we do not consider our proposed approach to exclusions to the second threshold calculation in this Section.
- 2.9 We highlighted the importance of Openreach and ISPs taking appropriate steps to adequately protect vulnerable consumers. We identified a risk to these consumers where the second threshold has been met and FTTP is available, but there are barriers to them migrating. We invited stakeholder views on how to address this issue.

## Third threshold

- 2.10 In the March 2025 Consultation, we proposed not to define criteria for the third threshold as we considered that it was still too early to do so.

## Exchange exit and our regulatory framework

- 2.11 The current regulatory framework is based upon exchange areas. However, those areas may change in the future as a result of exchange exit.<sup>103</sup>
- 2.12 In the 2026-31 review period, the number of exchanges that Openreach will exit is relatively small.<sup>104</sup> Therefore, we proposed to maintain our current regulatory framework (e.g. how the thresholds are assessed, what regulation applies at a particular premises) and the associated SMP conditions, but invited views on whether this would have any unintended consequences.<sup>105</sup>

## Monitoring regime

- 2.13 In the March 2025 Consultation, we proposed to continue our regular engagement with Openreach to monitor progress against the thresholds. We said that we would also formally request information from Openreach on copper retirement issues where appropriate, or in light of a specific concern.

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<sup>100</sup> SMP conditions 1.6-1.11.

<sup>101</sup> Proposed direction under SMP 1.7(b).

<sup>102</sup> Ofcom. March 2026. [Consultation: Approach to the copper retirement second threshold calculation – Telecoms Access Review 2026-31](#).

<sup>103</sup> At present, we understand that Openreach classifies premises to an exchange area based on the exchange that originally served copper products to them. Where a premises is “reparented” to be served by FTTC or FTTP from an enduring exchange, the premises is still counted in the original exchange area. We understand from Openreach that once it exits the original exchange, it does not have a formally agreed policy for whether it will reclassify those premises as belonging to the enduring exchange. Openreach response dated 21 February 2025 to s135 notice dated to 10 February 2025, question 2.

<sup>104</sup> As set out in Volume 3, Section 3, Openreach has prioritised exiting 108 exchanges by December 2030, with decommissioning of three pilot exchanges in 2026, followed by a ‘Phase 1’ tranche of 12 exchange exits in 2028. Openreach. [Exchange Exit list by Phase](#). Accessed 9 March 2026.

<sup>105</sup> SMP conditions 1.6-1.12.

## Stakeholder responses

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### Approach to supporting copper retirement

#### Overall approach

- 2.14 Some stakeholders were generally supportive of Ofcom providing regulatory support for copper retirement.<sup>106</sup> Others explicitly supported Ofcom’s phased approach to deregulating copper following full-fibre rollout.<sup>107</sup>
- 2.15 Some stakeholders raised general concerns about the impact copper retirement could have on competition.<sup>108</sup> nexfibre noted that the transition from copper to full fibre is a key moment for the potential development of a more competitive market, due to the opportunity for switching by ISPs. INCA expressed concerns about BT being able to leverage copper retirement to consolidate market dominance. nexfibre, VMO2 and CityFibre had similar concerns.<sup>109</sup> CityFibre submitted that Ofcom should design the copper retirement rules in a way that minimises the risks of exploitative and exclusionary conduct by Openreach.<sup>110</sup>
- 2.16 Other stakeholders raised general concerns about the impact copper retirement could have on consumers.<sup>111</sup> CityFibre noted that the removal of copper services places the end customers who have yet to migrate to FTTP at risk (including more vulnerable customers who may rely on specialised equipment such as telecare alarms).<sup>112</sup> Which? and Hyperoptic shared these concerns, with Which? highlighting the protection of consumers, particularly where barriers to migrating to full fibre remain, as a critical issue.<sup>113</sup>

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<sup>106</sup> [Advisory Committee for Northern Ireland](#) response to TAR26 March 2025 Consultation. Page 6. [Which?](#) response to TAR26 March 2025 Consultation. Page 2. [TechUK](#) response to TAR26 March 2025 Consultation. Page 6. [Sky](#) response to TAR26 March 2025 Consultation. Paragraphs 7, 72. [BBC](#) response to TAR26 March 2025 Consultation. Page 3. [AllPoints Fibre](#) response to TAR26 March 2025 Consultation. Paragraph 12. [Virgin Media O2](#) response to TAR26 March 2025 Consultation. Paragraphs 122-127.

<sup>107</sup> [Scottish Government](#) response to TAR26 March 2025 Consultation. Page 3. [Hyperoptic](#) response to TAR26 March 2025 Consultation. Page 17.

<sup>108</sup> [nexfibre](#) response to TAR26 March 2025 Consultation. Main response. Page 12. [Gigaclear](#) response to TAR26 March 2025 Consultation. Paragraphs 118-120. [Sky](#) response to TAR26 March 2025 Consultation. Paragraphs 85-89. [§<] confidential response to TAR26 March 2025 Consultation. [§<]. [Virgin Media O2](#) response to TAR26 March 2025 Consultation. Paragraphs 128-129. [Openreach](#) response to TAR26 March 2025 Consultation. Document 3. Paragraphs 14-15. [INCA](#) response to TAR26 March 2025 Consultation. Paragraph 19. [CityFibre](#) response to TAR26 March 2025 Consultation. Paragraphs 1.6 c), 2.33-2.35. [Which?](#) response to TAR26 March 2025 Consultation. Page 4.

<sup>109</sup> [nexfibre](#) response to TAR26 March 2025 Consultation. Main response. Page 12. [INCA](#) response to TAR26 March 2025 Consultation. Paragraphs 18-19. [Virgin Media O2](#) response to TAR26 March 2025 Consultation. Paragraphs 128-129. [CityFibre](#) response to TAR26 March 2025 Consultation. Paragraphs 2.21-2.22.

<sup>110</sup> [CityFibre](#) response to TAR26 March 2025 Consultation. Paragraphs 2.28-2.40.

<sup>111</sup> [VodafoneThree](#) response to TAR26 March 2025 Consultation. Section 1. Paragraphs 23-25. [Which?](#) response to TAR26 March 2025 Consultation. Pages 3-5. [Sky](#) response to TAR26 March 2025 Consultation. Paragraphs 77-80. [CityFibre](#) response to TAR26 March 2025 Consultation. Paragraph 2.32. [§<] confidential response to TAR26 March 2025 Consultation. [§<]. [Hyperoptic](#) response to TAR26 March 2025 Consultation. Page 2.

<sup>112</sup> [CityFibre](#) response to TAR26 March 2025 Consultation. Paragraph 2.31.

<sup>113</sup> [Which?](#) response to TAR26 March 2025 Consultation. Page 3. [Hyperoptic](#) response to TAR26 March 2025 Consultation. Page 2.

- 2.17 The Communications Consumer Panel and Ofcom’s Advisory Committee for Older and Disabled People (CCP-ACOD) expressed support for Ofcom’s proposal to progressively transfer regulation (including price protections from copper to full-fibre services), but also stated that it wanted regulation to be the same across both technologies now, rather than in the future.<sup>114</sup>
- 2.18 Openreach considered that Ofcom’s proposed regulation does not support copper retirement and risks slowing investment and innovation, by reducing the pace at which end customers migrate to superior full-fibre solutions and at which the legacy copper network can be retired.<sup>115</sup>
- 2.19 Openreach added that retaining the current approach based on three exchange-level coverage thresholds places a disproportionate burden on Openreach and does not take a sufficiently forward-looking view.<sup>116</sup> It said that the three-threshold framework unduly delays copper retirement (and the associated benefits) and provided international examples to highlight that other countries have promoted a faster transition from copper to fibre.<sup>117</sup> BT Group supported Openreach’s position. It said further that Ofcom’s approach does not support its stated objectives and delays the benefits of copper retirement and exchange closure.<sup>118</sup>

### Exchange-based approach versus premises-based approach

- 2.20 Openreach called on Ofcom to disregard the three-threshold, exchange-based framework to copper retirement and replace it with a premises-based approach, where copper regulation would be withdrawn on a premises-by-premises basis once certain conditions had been met. Openreach said that Ofcom did not adequately justify the proposal in the March 2025 Consultation to retain an approach to copper retirement which was contingent on exchange-based coverage targets.<sup>119</sup>
- 2.21 Openreach referred to Ofcom’s concern, as outlined in WFTMR21, that Openreach could deter competitor investment by only partly covering an exchange. Openreach said that this concern had been a key driver behind Ofcom’s justification for a three-threshold, exchange-based framework to copper retirement. Openreach considered that this concern is now entirely unjustified, given the significant FTTP coverage that has already been achieved and Openreach’s transparency in its build programs.<sup>120</sup>
- 2.22 Openreach also said that an exchange-based approach incentivises it to prioritise building full fibre where other operators are already present, rather than incentivising it to providing services to underserved communities.<sup>121 122</sup>
- 2.23 Openreach proposed, as key elements of such a premises-based approach, availability of full fibre at given premises; sufficient time to ensure ISPs are able to provide full-fibre

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<sup>114</sup> [Communications Consumer Panel and ACOD](#) (CCP-ACOD) response to TAR26 March 2025 Consultation. Page 2.

<sup>115</sup> [Openreach](#) response to TAR26 March 2025 Consultation. Document 3. Paragraphs 13-16.

<sup>116</sup> [Openreach](#) response to TAR26 March 2025 Consultation. Document 3. Paragraph 10.

<sup>117</sup> [Openreach](#) response to TAR26 March 2025 Consultation. Document 3. Paragraphs 13, 16.

<sup>118</sup> [BT Group](#) response to TAR26 March 2025 Consultation. Paragraphs 1.18-1.23, 3.1-3.8.

<sup>119</sup> [Openreach](#) response to TAR26 March 2025 Consultation. Document 3. Paragraphs 63-75.

<sup>120</sup> [Openreach](#) response to TAR26 March 2025 Consultation. Document 3. Paragraphs 67-69.

<sup>121</sup> [Openreach](#) response to TAR26 March 2025 Consultation. Document 3. Paragraph 14.

<sup>122</sup> [Openreach](#) response to TAR26 March 2025 Consultation. Document 3. Paragraph 75.

services and have sufficient opportunity to migrate; and adequate protection for end customers.<sup>123</sup>

- 2.24 BT Group supported Openreach’s proposal. It advocated for a minimum ‘time since Openreach full fibre has been available’ as a trigger for exchange-based copper services to be withdrawn on a premises-level basis, which would be complemented by a UK-wide awareness campaign and with suitable protections for vulnerable and CNI customer connections. It also considered that Openreach should be allowed to withdraw copper services with a defined notice period for any premises where there is an alternative fixed-line connection available.<sup>124</sup>

### Threshold calculations

- 2.25 AllPoints Fibre, Gigaclear, [S&C] and Openreach considered that altnet build should be included in Openreach’s threshold calculations.<sup>125</sup> TechUK stated that some of its members have a similar position.<sup>126</sup> The main reasons for this were that including altnet build in threshold calculations may increase the pace of copper retirement and thereby realise its benefits faster;<sup>127</sup> and that it may reduce overbuild, especially in rural areas.<sup>128</sup>

### Suggestions that including altnet build may increase the pace of copper retirement

- 2.26 AllPoints Fibre, Gigaclear and [S&C] said that Ofcom’s proposal not to include altnet build in threshold calculations would slow down the switch from copper to full fibre, by slowing the pace of Openreach reaching the thresholds.<sup>129</sup>
- 2.27 Openreach submitted that it should not be required to cover a premises where an alternative full-fibre provider was already present. It considered further that, given the presence of an alternative full-fibre network for end customers, Openreach’s decision as to whether to cover such premises should not affect its ability to change the prices of legacy services to encourage migration away from copper to full fibre.<sup>130</sup>

### Suggestions that including altnet build may reduce overbuild

- 2.28 AllPoints Fibre, Gigaclear and [S&C] said that by not including altnet build, Ofcom would be forcing Openreach to take irrational commercial decisions to meet the copper retirement thresholds.<sup>131</sup> Gigaclear referred to this as “socially inefficient overbuild” and noted that the risk of overbuild will significantly undermine altnets’ incentives to deploy to areas not yet served with FTTP but where only one network is viable.<sup>132</sup> Furthermore, Gigaclear stated

<sup>123</sup> [Openreach](#) response to TAR26 March 2025 Consultation. Document 3. Paragraphs 57-58.

<sup>124</sup> [BT Group](#) response to TAR26 March 2025 Consultation. Paragraph 3.11.

<sup>125</sup> As noted above, BT Group also considered that Openreach should be allowed to withdraw copper services with a defined notice period for any premises where there is an alternative fixed-line connection available. [BT Group](#) response to TAR26 March 2025 Consultation. Paragraph 3.11.

<sup>126</sup> [TechUK](#) response to TAR26 March 2025 Consultation. Page 6.

<sup>127</sup> [AllPoints Fibre](#) response to TAR26 March 2025 Consultation. Paragraph 50. [Gigaclear](#) response to TAR26 March 2025 Consultation. Paragraph 110. [S&C] confidential response to TAR26 March 2025 Consultation. [S&C].

<sup>128</sup> [Gigaclear](#) response to TAR26 March 2025 Consultation. Paragraphs 56-58.

<sup>129</sup> [AllPoints Fibre](#) response to TAR26 March 2025 Consultation. Paragraph 50. [Gigaclear](#) response to TAR26 March 2025 Consultation. Paragraphs 110-118. [S&C] confidential response to TAR26 March 2025 Consultation. [S&C].

<sup>130</sup> [Openreach](#) response to TAR26 March 2025 Consultation. Document 3. Paragraphs 75, 148.

<sup>131</sup> [AllPoints Fibre](#) response to TAR26 March 2025 Consultation. Paragraph 50. [Gigaclear](#) response to TAR26 March 2025 Consultation. Paragraph 59. [S&C] confidential response to TAR26 March 2025 Consultation. [S&C].

<sup>132</sup> [Gigaclear](#) response to TAR26 March 2025 Consultation. Paragraphs 105-113.

that the risk of socially inefficient overbuild would weaken altnets' ability to secure funding to roll out in these areas.<sup>133 134</sup>

- 2.29 As mentioned above, Openreach also believed that Ofcom's proposed three-threshold, exchange-based approach would incentivise overbuild.<sup>135 136</sup>

#### Alternative suggested ways to include altnet coverage in threshold calculations

- 2.30 INCA said that it would not be desirable for BT to use altnet coverage against the second threshold only, as this could result in effectively forcing many customers to migrate from copper-based services to Openreach FTTP potentially before altnets are ready to offer real competition in that exchange area. However, INCA also believed that it would be problematic if Ofcom were to effectively force BT to overbuild altnet networks in order to reach the second threshold.<sup>137</sup>
- 2.31 To balance these risks, INCA suggested possible amendments to the threshold calculations, where altnet coverage could count towards the various thresholds provided there is a set level of altnet FTTP coverage in the relevant exchange.<sup>138</sup>

## First threshold

### Amendments to the first threshold calculation

- 2.32 Openreach said that the level of hard-to-reach premises in some exchange areas could mean that Ofcom's 75% ultrafast target for the first threshold is difficult to achieve.<sup>139</sup>
- 2.33 It submitted that of the [X] exchanges where Openreach has completed the main part of the build, it has not been able to reach 75% coverage in [X] exchanges (around 1 in 8). This is either due to the high volumes of MDUs where Openreach has not yet been able to get access, or due to the high cost of build.<sup>140</sup>
- 2.34 To address this, Openreach suggested that it should be allowed to include all MDUs where it has built to the curtilage within its measurement of premises with access to ultrafast.<sup>141</sup>

### Amendments to first threshold notification period

- 2.35 Openreach called on Ofcom to amend the notification period for the first threshold, reducing it from 12 months to 6 months.
- 2.36 Openreach suggested that the decision of whether to cover any given premises is generally conditional on the outcome of a survey of the proposed build route to those premises; these surveys are typically conducted six months ahead of network build. According to

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<sup>133</sup> [Gigaclear](#) response to TAR26 March 2025 Consultation. Paragraphs 56-58.

<sup>134</sup> More generally, Gigaclear made the point that Ofcom's objective to promote investment by Openreach in gigabit-capable networks in areas that are unlikely to see the emergence of competing networks runs counter to the fundamental principle that regulation should not "pick winners" (for more details, see: [Gigaclear](#) response to TAR26 March 2025 Consultation. Paragraph 19). We discuss overbuild in Volume 3, Section 1.

<sup>135</sup> [Openreach](#) response to TAR26 March 2025 Consultation. Document 3. Paragraph 14.

<sup>136</sup> [Openreach](#) response to TAR26 March 2025 Consultation. Document 3. Paragraph 75.

<sup>137</sup> [INCA](#) response to TAR26 March 2025 Consultation. Paragraph 397.

<sup>138</sup> [INCA](#) response to TAR26 March 2025 Consultation. Paragraphs 398-401.

<sup>139</sup> [Openreach](#) response to TAR26 March 2025 Consultation. Document 3. Paragraph 78.

<sup>140</sup> Openreach confidential response to TAR26 March 2025 Consultation. Document 3. Paragraph [X].

<sup>141</sup> [Openreach](#) response to TAR26 March 2025 Consultation. Document 3. Paragraph 80.

Openreach, a reduction in the notification period would therefore provide a better and more accurate basis for ISPs' plans than the current 12-month notification.

- 2.37 Openreach also noted that, given that the migration process has been going for several years, ISPs should no longer need 12 months' notice to prepare.<sup>142</sup>

## Second threshold

- 2.38 Some stakeholders commented specifically on the value of the second threshold. Hyperoptic submitted that the second threshold is a clear and measured signal for ISPs and end consumers to migrate to FTTP.<sup>143</sup> In contrast, PXC said that there are practical issues which make it impossible to pass on price increases to specific customers; for that reason, it did not believe that the second threshold will be an effective lever in influencing consumer behaviour.<sup>144</sup>

### Exclusions to the second threshold calculation

- 2.39 Several stakeholders raised points regarding how they would like Ofcom to apply exclusions to the second threshold calculation.<sup>145</sup> Most of these comments are captured in the separate consultation document which focuses on our proposed approach to this issue. Comments relating to including build from other providers than Openreach in the threshold calculations are reflected above in Paragraphs 2.25-2.31 and discussed below in Paragraphs 2.114-2.135.

### Minimum period before the second threshold comes into effect

- 2.40 CityFibre noted that the second threshold presents serious risks to competition, whereby Openreach could engage in exclusionary and anticompetitive behaviour before network competition has fully developed. It also noted that it could present risks to vulnerable consumers.<sup>146</sup>
- 2.41 To mitigate these risks, CityFibre suggested that the minimum period between Openreach notifying the first threshold and the second threshold in an exchange area should be increased, from 24 months to 48 months.<sup>147</sup>
- 2.42 CityFibre said that an extension of the notification period would provide a longer period for consumers to migrate to FTTP and mitigate the risk of exploitative behaviour from Openreach. Furthermore, it said that a 48-month period would allow industry more time to develop solutions for vulnerable consumers with equipment that relies on copper-based services.<sup>148</sup>

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<sup>142</sup> [Openreach](#) response to TAR26 March 2025 Consultation. Document 3. Paragraphs 81-83.

<sup>143</sup> [Hyperoptic](#) response to TAR26 March 2025 Consultation. Page 17.

<sup>144</sup> [PXC](#) response to TAR26 March 2025 Consultation. Paragraph 2.39.

<sup>145</sup> [Scottish Government](#) response to TAR26 March 2025 Consultation. Page 3. [Sky](#) response to TAR26 March 2025 Consultation. Paragraphs 100-107. [CityFibre](#) response to TAR26 March 2025 Consultation. Paragraphs 2.41-2.58. [AllPoints Fibre](#) response to TAR26 March 2025 Consultation. Paragraphs 53-55. [VodafoneThree](#) response to TAR26 March 2025 Consultation. Section 1. Paragraphs 32-36. [Openreach](#) response to TAR26 March 2025 Consultation. Document 3. Paragraphs 116-167. [PXC](#) response to TAR26 March 2025 Consultation. Paragraphs 2.40-2.41.

<sup>146</sup> [CityFibre](#) response to TAR26 March 2025 Consultation. Paragraphs 2.27-2.39.

<sup>147</sup> [CityFibre](#) response to TAR26 March 2025 Consultation. Paragraphs 2.36-2.37.

<sup>148</sup> [CityFibre](#) response to TAR26 March 2025 Consultation. Paragraphs 2.38-2.40.

## Limits to Openreach price increases

- 2.43 Sky expressed concern that the geographic discrimination prohibition would be disapplied for copper-based services in exchanges where the second threshold is met. This would allow Openreach to differentiate its approach to copper price increases between areas where it faces higher levels of competition from other FTTP-based operators, and those where it faces more limited competition.<sup>149</sup>
- 2.44 Sky said further that if Openreach was given the ability to increase prices significantly this may cause risks to retail competition and consumer protection (particularly for vulnerable customers).<sup>150</sup> Sky noted that vulnerable customers are more likely to be part of a ‘long tail’ of customers who may be unwilling or unable to switch from copper to full-fibre services and therefore pay increased prices for their connections in exchanges where the second threshold is met.<sup>151</sup>
- 2.45 Sky suggested that for Ofcom to mitigate this risk, it should not completely remove price regulation on copper-based services once the second threshold is reached. Instead, Ofcom should retain a mechanism to constrain Openreach’s ability to introduce excessively large increases in prices for copper-based services. Sky’s preference was a more flexible approach than prescribed prices, consistent with Ofcom’s proposed approach to assessing any future commercial FTTP offers made by Openreach. Sky explained that this would give Openreach flexibility to set its copper prices but require it to notify Ofcom of proposed price changes (with supporting evidence and justification). Sky also noted that Ofcom should ensure that any price increases are applied uniformly across all areas once the threshold is met, to avoid the risks of geographic price differentiation.<sup>152</sup>

## Vulnerable consumers

- 2.46 Several stakeholders raised concerns about the effects the second threshold may have on vulnerable consumers.<sup>153</sup>
- 2.47 Consumer Scotland noted the need for a balanced approach which avoids the excess costs of maintaining two networks, while also protecting consumers who remain on legacy technology until they are able to move to digital landlines safely. It further noted the need to articulate the risks of consumers staying on legacy technology beyond what is necessary.<sup>154</sup> Hyperoptic and Which? also called on Ofcom to provide more information to customers.<sup>155 156</sup>
- 2.48 Which? made several other suggestions – informed by its work with the Digital Voice Advisory Group supporting the PSTN retirement – for how Ofcom, Openreach and ISPs should keep vulnerable consumers safe throughout the copper withdrawal process. These suggestions centred on identifying vulnerable consumers; ensuring vulnerable consumers

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<sup>149</sup> [Sky](#) response to TAR26 March 2025 Consultation. Paragraph 87.

<sup>150</sup> [Sky](#) response to TAR26 March 2025 Consultation. Paragraphs 85-88.

<sup>151</sup> [Sky](#) response to TAR26 March 2025 Consultation. Paragraph 80.

<sup>152</sup> [Sky](#) response to TAR26 March 2025 Consultation. Paragraphs 89-97.

<sup>153</sup> [Consumer Scotland](#) response to TAR26 March 2025 Consultation. Pages 3-4. [Hyperoptic](#) response to TAR26 March 2025 Consultation. Pages 2, 17. [Which?](#) response to TAR26 March 2025 Consultation. Pages 3-4.

<sup>154</sup> [Consumer Scotland](#) response to TAR26 March 2025 Consultation. Pages 3-4.

<sup>155</sup> [Hyperoptic](#) response to TAR26 March 2025 Consultation. Pages 2, 17.

<sup>156</sup> [Which?](#) response to TAR26 March 2025 Consultation. Page 3.

have a viable alternative service prior to copper withdrawal; and providing uninterrupted access to emergency services.<sup>157</sup>

- 2.49 The Ofcom Advisory Committee for Scotland (ACS) agreed with the principle of supporting copper retirement but advised that there must be alternative provisions in place for the Scottish rural communities most affected by the copper service withdrawal.<sup>158</sup>

## Third threshold

- 2.50 Some stakeholders encouraged Ofcom to define the criteria for the third threshold.<sup>159</sup>
- 2.51 VodafoneThree and UKCTA called on Ofcom to consult specifically on the third threshold well ahead of 2031 (ideally in late 2026).<sup>160 161</sup> They said that the exercise of defining criteria for the third threshold will require input from a range of key stakeholders, including telecoms companies, consumer groups, Government, and the third sector.
- 2.52 Openreach also called for Ofcom to define a third threshold.<sup>162</sup> Openreach noted that it is key for industry to know Ofcom’s aspirations for the copper retirement programme in order to work efficiently towards that goal. For that reason, Openreach believed that it was now essential for the third threshold to be defined and to be achievable.
- 2.53 By contrast, other stakeholders supported Ofcom’s proposal to not define the criteria for the third threshold at this point in time.<sup>163</sup>
- 2.54 VMO2 said that by not defining the criteria for the third threshold now, Ofcom would allow itself additional time to analyse the scale of the challenge and the emerging solutions available to address them (including the possibility of wireless connectivity solutions to play a part).<sup>164</sup>
- 2.55 CityFibre submitted that it was too early to define the criteria for the third threshold; it noted that doing so at this moment would place end customers at risk as well as foreclosing demand for what CityFibre deems ‘future competitive areas’ which altnets plan to connect in the future but where they are not currently meaningfully present.<sup>165</sup>

## Our reasoning and decisions

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- 2.56 In this section, we set out our reasonings and decisions on the regulatory framework supporting copper retirement:
- a) We provide background on Openreach’s progress through the copper retirement thresholds.

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<sup>157</sup> [Which?](#) response to TAR26 March 2025 Consultation. Pages 3-4.

<sup>158</sup> [Advisory Committee for Scotland](#) response to TAR26 March 2025 Consultation. Page 6.

<sup>159</sup> [VodafoneThree](#) response to TAR26 March 2025 Consultation. Section 1. Paragraph 6. [UKCTA](#) response to TAR26 March 2025 Consultation. Paragraph 52. [Openreach](#) response to TAR26 March 2025 Consultation. Document 3. Paragraphs 101-107.

<sup>160</sup> [VodafoneThree](#) response to TAR26 March 2025 Consultation. Section 1. Paragraph 6.

<sup>161</sup> [UKCTA](#) response to TAR26 March 2025 Consultation. Paragraph 52.

<sup>162</sup> [Openreach](#) response to TAR26 March 2025 Consultation. Document 3. Paragraphs 101-107.

<sup>163</sup> [Virgin Media O2](#) response to TAR26 March 2025 Consultation. Paragraph 127. [CityFibre](#) response to TAR26 March 2025 Consultation. Paragraphs 2.30-2.33.

<sup>164</sup> [Virgin Media O2](#) response to TAR26 March 2025 Consultation. Paragraph 127.

<sup>165</sup> [CityFibre](#) response to TAR26 March 2025 Consultation. Paragraphs 2.30-2.33.

- b) We set out the factors we are considering when determining our regulatory support for copper retirement.
- c) We explain our decisions on our general approach for supporting copper retirement, specifically, to retain an exchange-based approach rather than adopt a premises-based approach to the regulatory transition, and to continue to exclude altnet build from the calculations of whether Openreach meets the threshold.
- d) We consider stakeholders' proposed specific amendments of the first threshold, second threshold and third threshold, and why we have decided to maintain the existing regulation.
- e) Finally, we give our overall conclusion, including on the impact of exchange exit on our copper retirement framework and our monitoring regime.

## Background

- 2.57 Openreach has made significant progress with its FTTP deployment. Openreach has already deployed FTTP to 21 million premises, and is on track to build to 25 million premises by the end of 2026.<sup>166</sup> In addition, BT Group recently announced plans to extend full fibre to 30 million premises, beyond the existing 25 million premises target.<sup>167</sup>
- 2.58 Since the WFTMR21, we have been monitoring progress against the copper retirement framework. At present, there are a total of around 5,600 exchanges. As of 12 February 2026, a First Threshold Notice had been published in 1,863 exchanges. Based on Openreach's build plans provided to Ofcom for Connected Nations, we expect that around a third [§<] of exchanges will reach the first threshold coverage requirement of 75% by April 2026. This is shown in Figure 2.1.<sup>168</sup>
- 2.59 There are currently nine exchanges subject to a Second Threshold Notice.<sup>169</sup>

### Figure 2.1: Summary of Openreach FTTP coverage (actual and expected) per exchange, January 2025 and April 2026

[§<]

- 2.60 Since the WFTMR21, Openreach has introduced the Equinox 1 and 2 Offers. These offer lower FTTP prices to ISPs that meet targets for using Openreach FTTP for new orders (where it is available), instead of copper-based broadband products.<sup>170</sup> These offers can be seen as a commercial mechanism to bring forward the regulatory stop sell date. As a result of regulatory stop sell and the Equinox 1 Offer, ISPs are limiting the circumstances in which they supply Openreach legacy products in areas where Openreach FTTP is available.<sup>171</sup>

<sup>166</sup> BT. 5 February 2026. [Results for the nine months to 31 December 2025](#). Accessed 9 March 2026.

<sup>167</sup> BT Group. 12 February 2026. [Chancellor welcomes BT's investment into the UK's best networks](#). Accessed 9 March 2026.

<sup>168</sup> Ofcom analysis of Openreach response dated 13 February 2025 to CN request named CN-FT24, referenced 01719355, dated 18 June 2024. [§<]

<sup>169</sup> Openreach. 13 October 2025 [GEN091/25](#) and 5 March 2026 [GEN011/26](#). Accessed 9 March 2026.

<sup>170</sup> To obtain the full discounts, 90% of an ISP's new orders with Openreach must be for FTTP. Further details are set out in the 2023 Equinox 2 Statement, Paragraphs 2.13-2.31. Ofcom. May 2023. [Statement on Openreach proposed FTTP offer \(Equinox 2\)](#).

<sup>171</sup> Ofcom. May 2023. [Statement on Openreach proposed FTTP offer \(Equinox 2\)](#). Paragraph 3.61. In addition, [§<]. [§<] response dated [§<] to s135 notice dated [§<], question [§<].

## Our factors for consideration

- 2.61 As discussed above, customers currently using Openreach’s legacy copper-based network will migrate over time, either to Openreach’s FTTP network or to rival networks. We want our regulation to support the retirement of Openreach’s copper-based network, while facilitating the wider objectives of this review.
- 2.62 In considering potential alternative approaches to the current three-threshold, exchange-based approach to supporting copper retirement, we consider the impact of those alternative options on the following factors:
- a) Openreach’s investment in gigabit-capable networks;
  - b) network competition; and
  - c) consumer protection.
- 2.63 We consider that these factors reflect the wider objectives in this review, set out in Section 1. We note that these factors are also broadly reflective of the issues that various stakeholders considered we should take into account in our approach to copper retirement.<sup>172</sup>
- 2.64 We have also considered the practicability and proportionality of different options, i.e. which option would appropriately balance our objectives, and do so in the least burdensome way. This includes consideration of the administrative burden on Ofcom and Openreach.
- 2.65 We discuss in general terms below how we think about our approach to copper retirement against the three factors above.

### Openreach’s investment in gigabit-capable networks

- 2.66 We consider how different options impact Openreach’s investment in gigabit-capable networks.
- 2.67 In theory, our approach to specifying the conditions for each stage of the copper retirement framework could have specific impacts on Openreach’s build incentives, as noted by various stakeholders. For example, coverage requirements under an exchange-based approach could impact where and when Openreach builds, and the overall coverage level it achieves. However, this is difficult to determine, and there are many other factors that influence where and when Openreach builds.<sup>173 174</sup>
- 2.68 Therefore, in choosing between approaches to specifying the conditions for each stage of copper retirement, we are not seeking to incentivise Openreach to build more than it

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<sup>172</sup> We used these factors in our March 2025 Consultation to consider options for defining the second threshold. We consider that they are relevant to our approach to copper retirement more generally.

<sup>173</sup> Ofcom. March 2025. [Consultation: Promoting competition and investment in fibre networks: Telecoms Access Review 2026-31](#). Paragraphs 2.48-2.49.

<sup>174</sup> In practice, Openreach has a large and complex deployment model that incorporates a range of inputs, including costs, geographical surveying as well as estimated take-up. A range of variables are taken into account, such as cost and complexity to build the remaining footprint, operational considerations including contracted scope and resource availability and commercial dynamics at a point in time. Openreach response dated 16 February 2026 to s135 dated 3 February 2026, Question 6.

otherwise would, in order to meet the conditions for regulation to move from copper to full fibre.<sup>175 176</sup>

- 2.69 Rather, the copper retirement framework is intended to support Openreach’s full-fibre investment case more generally, by gradually shifting regulation away from copper services. This gives Openreach increasing flexibility to encourage customers to migrate off its legacy copper network, thereby potentially limiting the extent to which it incurs the costs of operating both copper and full-fibre networks in parallel. We have recognised since the WFTMR21 that our regulation should support the transition from the copper to the full-fibre network, in order to support Openreach’s full-fibre investment case.<sup>177</sup>
- 2.70 This means that in assessing the impact of different options on this factor, we consider whether the option supports Openreach’s full-fibre investment case in the general sense set out above. We do not place weight on possible specific impacts on Openreach’s build incentives, which we consider to be uncertain.

### Network competition

- 2.71 The copper retirement framework is intended to support Openreach’s full-fibre investment case. However, we also consider how different options impact the development of network competition.
- 2.72 Rival networks could be affected by the design of the copper retirement framework. This will depend on how quickly and effectively the copper retirement framework enables Openreach to encourage migration off the copper network (see the discussion of the first factor above), and when it does, the extent to which ISPs are able to choose to migrate customers to an altnet, or end customers themselves are able to switch to an altnet, as they migrate off the copper network.
- 2.73 Giving Openreach flexibility to encourage customers to migrate off the copper network is unlikely to harm the development of network competition if customers can choose to migrate to an altnet or Openreach FTTP. Indeed, altnets may benefit, since the migration from the copper network may result in additional consumers switching away from Openreach and migrating to the altnet.
- 2.74 However, if customers are not yet able to move to an altnet, then giving Openreach flexibility to encourage customers off the copper network more quickly could have an impact on the development of network competition.
- 2.75 Some respondents suggested that, in light of this concern, further flexibility for Openreach to encourage migration (e.g. through increasing copper-based broadband prices) should be significantly delayed.<sup>178</sup>

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<sup>175</sup> Openreach made a similar comment that the objectives for our copper retirement policy should not include the provision of additional incentives for fibre deployment. [Openreach](#) response to TAR26 March 2025 Consultation. Document 3. Paragraph 12.

<sup>176</sup> We note that our original concern in the WFTMR21 that Openreach may have the incentive to deploy fibre in a way that deters competitor investment has significantly diminished, given Openreach’s scale of build.

<sup>177</sup> Ofcom. March 2021. [Promoting investment and competition in fibre networks – Wholesale Fixed Telecoms Market Review 2021-26](#). Volume 3. Paragraph 2.65.

<sup>178</sup> For example, CityFibre and INCA recommended approaches that would make it more challenging for Openreach to meet the second threshold. For more details, see: [INCA](#) response to TAR26 March 2025 Consultation. Paragraphs 398-401. [CityFibre](#) response to TAR26 March 2025 Consultation. Paragraphs 2.37-2.41.

- 2.76 We recognise the possibility that some altnets may not be ready to compete at the wholesale level, and/or some altnets have not yet completed their build plans.
- 2.77 However, it is not our aim to delay our support for copper retirement until all altnets have finished their build and/or are ready to compete. The WFTMR21 contained a package of measures to promote investment by altnets and Openreach, and our support for copper retirement was part of that package. While our support for copper retirement was aimed primarily at promoting investment by Openreach, other parts of the WFTMR21 package of measures sought to promote investment by altnets and the development of sustainable network competition. This remains the case.<sup>179</sup>
- 2.78 That said, we do want our package of remedies overall to maintain a reasonable opportunity for (reasonably efficient) altnets to compete and increase take-up (see Section 1). Therefore, in assessing the impact of different options on this factor, we consider whether different options could undermine this aim. For example, to the extent that customers are not yet able to move to an altnet, an option that allows Openreach greater flexibility to encourage customers off copper very quickly could pose a greater risk to maintaining that reasonable opportunity compared to an option with a slower pace of deregulation (all else equal).

### Consumer protection

- 2.79 As we explain in Volume 1, Section 1, the rollout of gigabit-capable networks is a key enabler of the migration to faster, more reliable services. The transition away from, and eventual retirement of, the legacy copper network to these new networks is key to delivering the widest range of benefits to consumers. Giving Openreach flexibility to encourage customers to migrate off its legacy copper network supports this transition and so benefits consumers generally.
- 2.80 However, as with other technological transitions, the flexibility that our three-stage copper retirement framework affords Openreach could carry a risk of harm to consumers. These risks relate mainly to the second and third stages of our framework, rather than the first stage, given stop sell does not generally affect existing customers.
- 2.81 The removal of the charge control on copper-based services, and ultimate withdrawal of services, affects all customers taking these services. Ultimately, customers will be better served by migrating. However, there are specific risks to vulnerable customers who may be slower to migrate or face additional risks associated with a complex migration.<sup>180</sup>
- 2.82 Therefore, in assessing the impact of different options on this factor, we consider whether different options provide adequate levels of consumer protection.

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<sup>179</sup> We note that a different approach – whereby support for copper retirement is delayed until altnets have completed their build – is also inconsistent with the ‘race to invest’, which was an important part of the competitive dynamic reflected in the package of remedies that we imposed in the WFTMR 2021. Giving Openreach increasing flexibility to encourage customers to migrate off its legacy copper network forms part of this dynamic.

<sup>180</sup> We note in our article on [vulnerable people](#) that “anybody can face circumstances that lead to them becoming vulnerable – temporarily or permanently. This might include physical or mental health problems, specific characteristics such as age or literacy skills, or changes in personal circumstances such as bereavement, job loss or changes in household income.” Customers may not be able to migrate to FTTP within a set timescale for a wide range of reasons as described above, especially as FTTP migration involves a physical appointment at the premises – e.g. telecare alarm if not yet on a VoIP service, literacy skills, medical conditions such as dementia, hospital stays, mobility issues, etc.

## Approach to supporting copper retirement

### Overall approach

- 2.83 As noted above, many stakeholders were generally supportive of Ofcom’s approach to supporting copper retirement, but were concerned about the impact on the development of network competition and consumer protection. We noted those concerns above, and discuss more detailed comments in the relevant sections below. We discuss Openreach’s and BT’s general concerns with our approach when considering the respective merits of an exchange-based versus a premises-based approach.
- 2.84 In relation to the suggestion from CCP-ACOD that the regulation for copper-based services and FTTP should be the same now, rather than in the future, we think that progressively deregulating the copper network is an important mechanism for supporting copper retirement, which is desirable for the reasons set out above. Where copper services are deregulated, consumers will have access to a regulated FTTP service.
- 2.85 The rest of this section is structured as follows:
- a) Firstly, we compare our suggested exchange-based approach and a premises-based approach and assess each option against the three factors set out above.
  - b) Secondly, we compare the current method for calculating the copper retirement thresholds and stakeholders’ proposed amendments to allow Openreach to include coverage from other providers in its calculations, and assess each option against the three factors set out above.

### Exchange-based approach versus premises-based approach

- 2.86 In our March 2025 Consultation, we proposed to maintain the current exchange-based, three-threshold copper retirement framework currently in place.
- 2.87 Openreach stated we should replace this framework with an approach where deregulation happens on a premises-by-premises basis, at premises where FTTP is available (‘a premises-based approach’). Under this approach, there would also no longer be three thresholds, and the pace of deregulation would be set by notice periods.<sup>181</sup>
- 2.88 The comparison between the current exchange-based, three-threshold copper retirement framework and Openreach’s proposed premises-based approach depends on the practical features of both, notably the level of coverage required and the length of notice periods. It is clear from Openreach’s submission that it envisages that its proposed approach would lead to deregulation of copper services more quickly than under the current three-threshold, exchange-based approach.<sup>182</sup> Accordingly, in the rest of this section, we assume that a premises-based approach results in faster deregulation of copper-based services than the current three-threshold, exchange-based approach.
- 2.89 In the following paragraphs, we assess each option against the factors set out above.

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<sup>181</sup> Except for the stop sell, where there would be no notice period. The stop sell would apply when FTTP is available at premises.

<sup>182</sup> [Openreach](#) response to TAR26 March 2025 Consultation. Document 3. Paragraph 5. Openreach comments that “We propose a premises-level approach that would move end customers quickly to new infrastructure as it becomes available rather than back-ending migrations only once arbitrary thresholds are met”. Taking the first threshold as an example, applying the stop sell at any premises with FTTP will clearly result in faster deregulation than the requirement to reach first 75% ultrafast coverage in the exchange.

**Openreach's investment in gigabit-capable services**

- 2.90 We have considered whether the two options would support Openreach's FTTP investment case more generally, by limiting the extent to which Openreach incurs the costs of operating both copper and full-fibre networks in parallel.
- 2.91 The current three-stage, exchange-based framework does this. It enables Openreach to encourage migration to FTTP, in a way that reflects how the copper network will be retired, exchange by exchange. Copper-based services are progressively deregulated as Openreach gets closer to the point where it is able to retire the copper network in an exchange. The current framework has not been a barrier to Openreach investment more generally. Openreach has invested significantly since 2021.<sup>183</sup>
- 2.92 Openreach's proposed premises-based approach could also meet this aim, since it would also enable Openreach to encourage migration to FTTP ahead of copper retirement.
- 2.93 We agree with Openreach that a premises-based approach would allow it to encourage migration to FTTP sooner at some premises, but we do not consider this approach will have a material impact on how quickly Openreach can fully withdraw copper-based services. Complete withdrawal of copper-based services will need to be implemented on an exchange-by-exchange basis, as Openreach will need to discontinue MPF services from local exchanges and eventually FTTC services from parent exchanges. For those services to be discontinued, we expect that Openreach will have reached a high level of FTTP coverage, so that it can provide suitable alternative services. We also therefore disagree with Openreach that the current approach unduly delays copper retirement.<sup>184</sup>
- 2.94 Overall, therefore, we consider that both an exchange-based approach, and a premises-based approach, can support Openreach's FTTP investment case.

**Network competition**

- 2.95 We have considered whether the two options could undermine our aim to maintain a reasonable opportunity for altnets to compete and increase take-up.<sup>185</sup>
- 2.96 As discussed above, the impact of both the current three-threshold, exchange-based approach and a premises-based approach on network competition is uncertain because it depends on altnets' ability to attract customers that switch away from legacy services.

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<sup>183</sup> In addition, we note that the current copper retirement framework has not been a barrier to Openreach using commercial levers to incentivise migration. Openreach's commercial rationale for the Equinox 1 Offer was to increase the speed of FTTP take-up, ultimately supporting its investment in FTTP. Ofcom. May 2023. [Statement on Openreach proposed FTTP offer \(Equinox 2\)](#). Paragraph 2.24.

<sup>184</sup> Openreach gave a number of international examples in support of its view that the current framework unduly delays copper retirement (Estonia, Ireland, Norway and Spain). [Openreach](#) response to TAR26 March 2025 Consultation. Document 3. Page 10. Table 3.1. While international comparisons can provide useful context, there are differences between those examples and the UK that means that outcomes in those countries cannot be directly applied to the UK. In addition, we note that across the EU, progress towards copper switch-off is mixed. ISPreview. 24 February 2026. [FTTH Council Europe Updates on Copper Switch Off Progress by Country](#). Accessed 9 March 2026.

<sup>185</sup> We note that Openreach and some altnets expressed the concern that an exchange-based approach specifically incentivises Openreach to overbuild altnets. This effect depends on how an exchange-based approach is specified – specifically whether altnet presence counts towards the coverage thresholds – which we discuss below. Therefore, we do not take this into account when choosing between an exchange-based approach and a premises-based approach.

- 2.97 In this respect, we note that stakeholders are generally more concerned about changes to the copper retirement regulation that would result in more and/or faster deregulation of copper-based services, than the reverse. In particular, CityFibre is concerned about the risk of Openreach foreclosing demand, and INCA, nexfibre and VMO2 expressed concerns about the effect a fast copper retirement process may have on competition.<sup>186 187</sup>
- 2.98 We assume that the current three-threshold, exchange-based approach would result in a slower pace of deregulation of copper-based services at an individual premises level, compared to a premises-based approach. While some altnets may benefit from a faster pace of migration, taking account of the balance of stakeholders' views, we consider that all else equal a premises-based approach – with the faster pace of deregulation it entails – could pose a greater risk to our aim of maintaining a reasonable opportunity for altnets to compete and increase take-up compared to an exchange-based approach, which would involve slower deregulation.
- 2.99 We also note that many altnets (and Openreach) have invested significantly in FTTP deployment on the basis of the current framework. Maintaining the existing exchange-based approach would ensure regulatory stability for these altnets.
- 2.100 Overall, we are more confident that the exchange-based approach does not undermine our aim to maintain a reasonable opportunity for altnets to compete and increase take-up, compared to a premises-based approach.

### Consumer protection

- 2.101 We have considered whether the two options provide adequate levels of consumer protection.
- 2.102 We consider that both the current three-threshold, exchange-based approach, and the premises-based approach, could carry potential risks for customers.
- 2.103 However, a faster pace of regulatory transition than is permitted under the current framework is likely to carry more risks for vulnerable customers, if it creates a stronger incentive for ISPs to migrate their vulnerable customers earlier in the market review period than may be appropriate for their needs. As mentioned above, these concerns relate mainly to the second and third stages of our framework, rather than the first stage (given stop sell does not generally affect existing customers).
- 2.104 In relation to the second stage of the copper retirement framework, a premises-based approach would likely enable Openreach to increase copper prices across a large number of premises earlier in the review period (e.g. April 2027).<sup>188</sup> ISPs may react by increasing retail prices for customers taking these services and/or taking other active migration efforts

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<sup>186</sup> [nexfibre](#) response to TAR26 March 2025 Consultation. Main response. Page 12. [INCA](#) response to TAR26 March 2025 Consultation. Paragraphs 400. [Virgin Media O2](#) response to TAR26 March 2025 Consultation. Paragraphs 128-129. [CityFibre](#) response to TAR26 March 2025 Consultation. Paragraphs 2.21-2.22.

<sup>187</sup> As noted previously, some respondents were supportive of changes that allowed Openreach to accelerate the transition. Gigaclear, as a rurally focussed altnet, was concerned that it may be particularly exposed where only one network may be commercially viable, and that Openreach overbuild is incentivised by the copper retirement framework not accounting for altnet build. AllPoints Fibre expressed its support for measures that help speed up the transition to predominantly full-fibre based regulation.

<sup>188</sup> The earliest possible date for Openreach to increase prices if they were to issue a second threshold pre-notification in the first couple of weeks after the TAR26 statement.

ahead or at the time of those pricing changes. Sky noted that ISPs could also eventually decide to withdraw from offering copper services.<sup>189</sup>

- 2.105 As we explained in the WFTMR21, whether and how much retail prices may increase where there is an increase in Openreach wholesale prices will depend on retail competition, and customers will be protected by our continuing safeguards, in particular the charge controls on the 80/20 FTTP product. Ultimately, customers will be better served by migrating to newer, more reliable networks.
- 2.106 However, while customers have the choice of both FTTP and copper-based broadband, some customers will not be in a position to migrate quickly. This could be because they are vulnerable, or the migration is complex.<sup>190</sup>
- 2.107 Given it may take longer to migrate vulnerable customers, these customers may face higher prices for an extended period of time. Also, ISPs may not have adequate time to prepare for complex migrations. The more premises affected, and the sooner price rises, the greater the risk of harm.
- 2.108 Therefore, we would be concerned if a significant number of consumers pay higher prices for copper-based services for a prolonged period of time before the copper network can be retired.
- 2.109 Given this, we consider that the current three-threshold, exchange-based approach is more likely to provide adequate protection to consumers than the alternative premises-based approach.

### Conclusion

- 2.110 We want our regulation to support the retirement of Openreach’s copper-based network, while facilitating the wider objectives of this review.
- 2.111 Taking into account the three factors discussed above, we consider that, overall, maintaining the current three-threshold, exchange-based approach, better achieves our objectives. While both an exchange-based approach and a premises-based approach can support Openreach’s FTTP investment case, an exchange-based approach is more likely to provide adequate protection to consumers. Also, given stakeholders’ views, we are more confident that the exchange-based approach does not undermine our aim to maintain a reasonable opportunity for altnets to compete and increase take-up, compared to a premises-based approach.
- 2.112 We have also considered the practicability of each option including the administrative burden on Ofcom and Openreach. In this instance, it is not clear that there is a significant difference in the administrative burden entailed by the two options.<sup>191</sup>

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<sup>189</sup> Sky response to TAR26 March 2025 Consultation. Paragraph 88.

<sup>190</sup> We note in our article on [vulnerable people](#) that that “anybody can face circumstances that lead to them becoming vulnerable – temporarily or permanently. This might include physical or mental health problems, specific characteristics such as age or literacy skills, or changes in personal circumstances such as bereavement, job loss or changes in household income.” Customers may not be able to migrate to FTTP within a set timescale for a wide range of reasons as described above, especially as FTTP migration involves a physical appointment at the premises – e.g. telecare alarm if not yet on a VoIP service, literacy skills, medical conditions such as dementia, hospital stays, mobility issues, etc.

<sup>191</sup> In both cases, Openreach has to provide information to its customers on which premises are covered by the stop sell (which Openreach is already able to do) and, in future, by pricing deregulation under the second threshold. Under an exchange-based approach, the additional requirement of notification of exchanges

- 2.113 Accordingly, we are maintaining the current exchange-based, three-threshold framework. We consider that this approach is proportionate as it better achieves our objectives, and is no more onerous than the alternative option.

### Threshold calculations

- 2.114 We have decided to retain the current approach for the calculation of the copper retirement thresholds.

#### Current calculation of the thresholds

- 2.115 Currently, the first and second coverage threshold are assessed by reference to the baseline number of premises existing in the exchange at the time of the first threshold notification (the denominator). Ultrafast coverage includes premises where Openreach ultrafast services are available to be ordered and consumed by the customer (the numerator). The coverage threshold results from calculating ultrafast coverage against the baseline number of premises.<sup>192</sup>
- 2.116 Only premises where there is ultrafast coverage from Openreach count towards the calculation of the thresholds.

#### Assessing alternative options

- 2.117 As discussed above, some stakeholders noted that including altnet build in threshold calculations may increase the pace of the deregulation of copper-based services, thereby increasing FTTP migration, and may reduce overbuild of altnets by Openreach (especially in rural areas).<sup>193</sup> Openreach, on its part, said that Ofcom should not take an approach which encourages inefficient investment from Openreach.<sup>194</sup>
- 2.118 INCA suggested specific amendments that would result in counting altnet coverage towards the first and/or second thresholds, although only in exchanges where INCA estimates there is sufficient altnet coverage (30% of the FTTP coverage for the first threshold, 75% of premises for the second).<sup>195</sup>
- 2.119 We disagree with stakeholders that the current approach generally incentivises overbuild by Openreach. We recognise the theoretical incentive to overbuild that could arise where Openreach's commercial build plans stop short of the level of coverage required to trigger a threshold (taking into account any exclusions). However, as noted above, there are many factors that influence where and when Openreach builds and it is not clear that either our current approach, or the alternatives suggested by stakeholders, affects Openreach's decisions of where to build and when. As such, we are not persuaded that Openreach would overbuild altnets where it is not otherwise commercially attractive to do so.

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subject to the second threshold is likely to be minimal given that Openreach is already set up to do this for the first threshold.

<sup>192</sup> We explain this in more detail in our original decision in the WFTMR21, Paragraphs 2.143-2.144 and Table 2.1. Ofcom. March 2021. [Promoting investment and competition in fibre networks – Wholesale Fixed Telecoms Market Review 2021-26](#).

<sup>193</sup> AllPoints Fibre, Gigaclear and [redacted] considered that including altnet build would speed up the pace of regulatory transition from copper to FTTP. [AllPoints Fibre](#) response to TAR26 March 2025 Consultation. Paragraph 50. [Gigaclear](#) response to TAR26 March 2025 Consultation. Paragraphs 110-118. [redacted] confidential response to TAR26 March 2025 Consultation. [redacted].

<sup>194</sup> [Openreach](#) response to TAR26 March 2025 Consultation. Document 3. Paragraphs 148-154.

<sup>195</sup> [INCA](#) response to TAR26 March 2025 Consultation. Paragraphs 398-401.

- 2.120 Similarly, we are not persuaded that our current approach to copper retirement thresholds has a material impact on altnets' ability to get funding for further build. Openreach's extensive commercial build plans imply a significant degree of overbuild in any event. In general, we consider that overbuild is a positive development that benefits consumers through network competition. As discussed in Section 1, overbuild by Openreach is only likely to be a potential concern where it is not commercially motivated.
- 2.121 Nevertheless, we have considered whether the alternative approach of including altnet coverage in the calculation of the thresholds would better meet our objectives than the current approach, under which only Openreach ultrafast coverage can be taken into account in threshold calculations.<sup>196</sup> We have assessed each option against the three factors set out above.
- 2.122 All else equal, including altnet coverage has the potential to accelerate the regulatory transition of copper to full-fibre services more quickly than under the existing approach, as it would increase the number of premises that count towards the ultrafast coverage threshold.<sup>197</sup>

#### Openreach investment in gigabit-capable networks

- 2.123 The faster pace of deregulation under the alternative approach could allow Openreach to encourage migration to FTTP at some premises sooner than the current approach. This would support Openreach's full-fibre investment case more generally. However, we do not consider that accelerating the regulatory transition will have a material impact on how quickly Openreach can fully withdraw copper-based services. As discussed above, we expect that Openreach will have reached a high level of FTTP coverage before these services are fully withdrawn.
- 2.124 The current approach also supports Openreach's full-fibre investment case. Copper-based services are progressively deregulated as Openreach gets closer to the point where it is able to retire the copper network in an exchange. As discussed above, the current framework has not been a barrier to Openreach investment more generally.
- 2.125 Therefore, we consider that both the alternative approach suggested by stakeholders, and the current approach, can support Openreach's full-fibre investment case more generally.

#### Network competition

- 2.126 In comparing the current exchange-based approach versus a premises-based approach above, we explain why a faster pace of regulation poses a greater risk to our aim of maintaining a reasonable opportunity for altnets to compete and increase take-up (all else equal). The same reasoning applies here. We consider that the alternative approach – with the faster pace of deregulation it entails – could pose a greater risk to our aim compared to the current approach, which would involve slower deregulation.

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<sup>196</sup> We note there were no suggestions to include VMO2 build. We have therefore not addressed the potential combined impact of excluding premises where there is VMO2 and altnet FTTP but not Openreach's.

<sup>197</sup> We estimate that there is currently c. [X]% of premises where FTTP is available from an altnet but not Openreach. Precisely how this affects the pace of deregulation depends not only on Openreach's and altnets' build but also Openreach's incentive to notify thresholds where Openreach FTTP is not yet present. Estimate: Ofcom analysis of Connected Nations data (collected July 2025). See Annex 3 for methodology.

- 2.127 We also note that many altnets (and Openreach) have invested significantly in FTTP deployment on the basis of the current approach. Maintaining the current approach would ensure regulatory stability for these altnets.
- 2.128 Overall, we are more confident that the current approach does not undermine our aim to maintain a reasonable opportunity for altnets to compete and increase take-up, compared to the alternative approach.
- 2.129 We disagree with INCA’s alternative suggestions for designing a threshold calculation whereby altnet build can count towards achieving Openreach’s coverage requirement for the second threshold.<sup>198</sup> We understand that INCA’s suggestion aims to protect the development of network competition, by mitigating the risks that INCA associates with an accelerated migration. However, we consider that this would add unnecessary complexity. By contrast, we consider that maintaining the current framework minimises administrative complexity and retains regulatory stability.

#### Consumer protection

- 2.130 We consider that the current approach is more likely to provide adequate protection to consumers than the alternative of counting altnet premises. As discussed above, the alternative approach has the potential to accelerate the deregulation of copper-based services. We also explain above that a faster pace of regulatory transition means consumers could face higher prices for a longer period of time, resulting in higher risks to consumer protection, especially for vulnerable consumers. In contrast, the current approach would lower the potential risks to consumer protection discussed above.

#### Conclusion

- 2.131 We consider that, overall, maintaining the current approach of counting only Openreach build towards the calculation of thresholds better achieves our objectives than an approach that includes altnet build.
- 2.132 While both approaches can support Openreach’s FTTP investment case, counting only Openreach build is more likely to provide adequate protection to consumers. Also, given stakeholders’ views, we are more confident that this approach does not undermine our aim to maintain a reasonable opportunity for altnets to compete and increase take-up compared to the alternative. As explained above, we are not persuaded that the current approach incentivises overbuild by Openreach where this would not otherwise be commercial to do so.
- 2.133 As stated above, we have considered the practicability of each option, including the administrative burden on Openreach.

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<sup>198</sup> INCA also said that it would not be desirable for BT to use altnet coverage against the second threshold only, as this could result in effectively forcing many customers of copper-based services across to Openreach FTTP potentially before altnets are ready to offer real competition in that exchange area. However, it also believed that it would be problematic if Ofcom were to effectively force BT to overbuild altnet networks in order to reach the second threshold. INCA suggested that the first and second threshold could be linked so that altnet build is only recognised at the second threshold if it is recognised for the first threshold, and where altnet coverage represents no less than 30% of the FTTP coverage in that exchange area. INCA alternatively suggested that Ofcom should consider not allowing the second threshold to be reached until either there is at least 75% altnet FTTP coverage in the relevant exchange, or there is no altnet build planned or under way in the relevant exchange. [INCA](#) response to TAR26 March 2025 Consultation. Page 98. Paragraphs 395-401.

- 2.134 In practice, Openreach decides when to issue notifications for the first and the second thresholds. If Openreach were to exclude premises covered by altnets from its calculations, Openreach would need to be able to identify exactly which premises have FTTP available from another network, and be able to provide verifiable information on those premises and its calculations. This would require information sharing agreements on network footprint between competitors and / or an additional administrative burden for Openreach, altnets and potentially Ofcom.
- 2.135 Accordingly, we have decided to maintain the current approach. We consider that this approach better achieves our objectives than the alternative, and that the administrative burden of counting premises covered by altnets for the threshold calculations would be disproportionate.

### Conclusion on our overall approach to supporting copper retirement

- 2.136 For the reasons listed above, we have decided to retain the current overarching approach to copper retirement, including a three-stage regulatory transition on an exchange level basis, and counting only Openreach FTTP build towards the calculation of the thresholds.

## First threshold

### General approach to the first threshold

- 2.137 The Equinox 1 and 2 Offers have led to a significant fall in ISPs' propensity to place new orders for copper-based broadband products at premises where Openreach FTTP is available. While these offers do not require ISPs to completely stop selling these products, they may mean that the first threshold has less of an impact than expected in the WFTMR21.
- 2.138 Nevertheless, the first threshold still plays a role. To be eligible for the full rental and connection discounts on FTTP introduced by the Equinox 1 and 2 Offers, an ISP needs to meet a target of 90% of its new orders from Openreach within its FTTP footprint being for FTTP. In contrast, as part of our 2023 Equinox 2 Statement, we noted that, where regulatory stop sell is in place, very few orders for legacy services are placed at premises where Openreach FTTP is available. We also noted that, in practice, the Equinox Offers' targets give ISPs flexibility to order additional legacy products compared to the situation in areas where regulatory stop sell is in place. We said that ISPs appeared to be using this flexibility.<sup>199</sup>
- 2.139 Given this, we do not consider that it is appropriate to make changes to this threshold. It has already been widely applied and will continue to play a role in the phased regulatory transition from copper-based services to full fibre. As explained above, as of 12 February 2026 a First Threshold Notice had been published in 1,863 exchanges, and this number will continue to grow over the 2026-31 market review period. Maintaining our existing approach ensures regulatory stability, which we consider to be important given that both Openreach and altnets have made significant investment in FTTP since 2021.

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<sup>199</sup> Ofcom. May 2023. [Statement on Openreach proposed FTTP offer \(Equinox 2\)](#). Paragraph 3.47 (a) and (b).

### Amendments to the first threshold calculation

- 2.140 Currently, the first threshold is reached when ultrafast services are available to 75% of relevant premises in the exchange.<sup>200</sup> We explained in the WFTMR21 that we believed this to be appropriate because stakeholders broadly accepted that there would be more challenging premises to reach in each exchange area but that 75% coverage should be achievable and the timescales of doing so broadly predictable.<sup>201</sup>
- 2.141 As mentioned above, Openreach suggested that it should be allowed to include MDUs where it has built to the curtilage within its measurement of premises with access to ultrafast, to overcome one of the barriers to achieve the first threshold in a proportion of exchanges.
- 2.142 We disagree with Openreach that those MDUs should count towards the first threshold. Those premises would still not have an FTTP service available from Openreach, as it is not available to be ordered by the customer. In setting the 75% threshold, we had already envisaged that there would be more challenging premises to reach. The example given by Openreach is one of the reasons why this may be the case.
- 2.143 In addition, lack of access may be a temporary barrier towards the first threshold, particularly considering that the challenges to accessing MDUs may reduce over time.<sup>202</sup>

### Amendments to first threshold notification period

- 2.144 The current notification period for the first threshold is 12 months. This provides sufficient time for ISPs, altnets and other stakeholders than Openreach to plan, including to plan for the introduction of the stop sell in new exchanges, and for complex migrations. We recognise that the stop sell process has now been in place for five years, and so far, we have not heard any feedback from ISPs, altnets and stakeholders, other than Openreach, that this period of time is unreasonably long.
- 2.145 In addition, considering that the first threshold is already actively in use in many parts of the country and that the industry has been planning its activities on this basis, we prioritise regulatory stability in this instance. We also believe that providing 12 months' notice for ISPs is reasonable, even if the first threshold has already been issued in other exchange areas.
- 2.146 In response to Openreach's comment that this period should be reduced to six months, we recognise that a reduction in the notification period may improve the accuracy of Openreach's data that it can provide to ISPs, as well as the accuracy of the expected notices that it issues prior to activating the first threshold. However, it is difficult to assess whether this improvement would have a materially positive impact on our objectives, as opposed to maintaining regulatory stability. As mentioned above, we consider that it is reasonable to maintain a 12-month notice period.

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<sup>200</sup> SMP condition 1.6(a). The Dominant Provider may publish a Threshold Notice in respect of a Local Serving Exchange where ultrafast network access is available to 75% of Relevant Premises served by that Local Serving Exchange but excluding any premises that Ofcom may from time to time direct ("First Threshold Notice").

<sup>201</sup> Ofcom. March 2021. [Promoting investment and competition in fibre networks – Wholesale Fixed Telecoms Market Review 2021-26](#). Paragraph 2.108.

<sup>202</sup> For instance, the Government has recently published a call for evidence on planning rules. See DSIT, MHCLG. December 2025. [Reforming planning rules to accelerate deployment of digital infrastructure](#). Accessed 9 March 2026.

## Conclusion

2.147 We have decided to maintain the first threshold in its current form, as set out in Paragraph 2.6 above. This means retaining a 75% ultrafast coverage threshold and a notification period of 12 months for the first threshold.

## Second threshold

2.148 We consider that providing Openreach with the flexibility to increase the price of copper-based access services (at premises where Openreach FTTP is available) represents an intermediate means of encouraging migration off copper-based services before these services are withdrawn.

2.149 In response to PXC’s point questioning the effectiveness of the second threshold, we recognise that, at this moment, it is unclear to what extent Openreach will raise prices on copper-based services in exchanges where they have notified the second threshold. It is also unclear to what extent ISPs will be willing or able to pass these potential cost increases down to end consumers, and whether this will prove an effective incentive for end consumers to voluntarily move from copper-based services to FTTP (provided either by Openreach or by other networks).

2.150 However, we continue to believe that the second threshold has an important role as part of a phased transition of regulation from copper services to FTTP. We agree with Hyperoptic that the second threshold is an important signal for the wider industry. In addition, without the second threshold, this regulatory transition would move from only enabling the stop sell, to enabling full withdrawal of all copper-based services (subject to when Ofcom defines the mechanism for the third threshold). This would remove the current intermediary step before full withdrawal, potentially with increased risks for consumers.

2.151 Pricing has been also used as an important lever in other similar transitions, such as the deregulation of the WLR product and legacy leased line services.<sup>203</sup> For instance, in relation to the WLR line rental prices, Openreach plans further regular price increases, which will double from January 2026 to October 2026.<sup>204</sup>

2.152 In regard to PXC’s point noting that it may not be able to pass on price rises to end-users, we believe that the effectiveness of the threshold is not solely down to ISPs passing on the price rises. Even if they are unable to or choose not to pass on the wholesale price increases, it is still an effective price signal as it encourages ISPs to attempt to migrate their customers to FTTP.

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<sup>203</sup> Ofcom deregulated low bandwidth traditional interface (TI) services in the 2019 Business Connectivity Market Review. We recognised in 2019 that BT may increase the prices of TI services to incentivise faster migration but considered that customers would not be stranded on these services given suitable modern alternatives were increasingly available. Ofcom. June 2019. [Statement: Promoting competition and investment in fibre networks – review of the physical infrastructure and business connectivity markets](#). Volume 2, Section 17.

<sup>204</sup> WLR basic rental charge is £10.65 as of January 2026. Openreach plans an increase of 20% of the current price in April 2026, 40% of the current price in July 2026, and a further 40% increase of the current price in October 2026. Openreach. 12 November 2025. [Openreach announces price changes to encourage digital adoption of newer, more reliable and better value technology](#). Accessed 9 March 2026.

2.153 Therefore, we have decided to maintain the second threshold as designed in the WFTMR21 and as proposed in the March 2025 Consultation. As noted above, we are consulting on how we should define the exclusions to the second threshold in parallel to this Statement.

### Minimum period before the second threshold comes into effect

2.154 We have decided to maintain the existing minimum transition period of 24 months between the first and second thresholds.

2.155 As we explain above, we believe that it is right in principle that our regulation supports the retirement of the copper network, and therefore once there is sufficient ultrafast coverage, the second threshold should be able to apply to help facilitate migration. However, it is important to provide a transition period between stop sell and the lifting of the charge control on copper services giving time to industry to prepare for the charge control on the copper anchor product to be disapplied. As noted in the WFTMR21, a transition period of 24 months is in line with the permitted maximum residential contract term and so supports voluntary migration as customers change contracts.<sup>205</sup> We remain of this view.

2.156 CityFibre called for a transition period of 48 months because it sees the second threshold as posing serious risks to competition and vulnerable consumers. We understand that CityFibre’s concerns relate to the second threshold taking effect. At the moment, we do not believe that a four-year minimum period between the first and the second threshold is necessary or proportionate, as the second threshold coverage obligation has proved highly challenging for Openreach to reach. So far, the second threshold has been notified in only nine exchanges where Openreach has achieved 100% coverage. Accordingly, the scale of any potential risks arising from the notification of the threshold are very low where 100% coverage is required.

2.157 In parallel to this Statement, however, we propose to define exclusions for the purpose of the second threshold calculation.<sup>206</sup> This proposal would increase Openreach’s ability to meet the conditions for notifying the second threshold. We consider the potential risks to customer protection and the impact on network competition further in this consultation.

### Limits to Openreach pricing increases

2.158 We have decided not to impose any copper pricing restrictions or limits on how Openreach can implement copper pricing increases once the second threshold has been activated in an exchange area. At this point, there is no requirement on Openreach to price those services uniformly or at a certain level. In line with the current framework, applicable pricing regulation on copper services is disapplied when the second threshold has been notified. Provided FTTP is available on reasonable request for the end user served by the relevant exchange, this means that:

- the inflation indexed charge controls on MPF, SOGEA 80/20 FTTC 80/20 connections and rentals are disapplied; and

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<sup>205</sup> Ofcom. March 2021. [Promoting investment and competition in fibre networks – Wholesale Fixed Telecoms Market Review 2021-26](#). Paragraphs 2.110-2.114.

<sup>206</sup> Ofcom. March 2026. [Consultation: Approach to the copper retirement second threshold calculation – Telecoms Access Review 2026-31](#).

- the requirement that charges for copper services at other bandwidths are fair and reasonable is disapplied.<sup>207</sup>
- 2.159 However, under our framework, price-controlled FTTP 80/20 services will continue to be available. This means that existing customers with copper services remain protected from price rises by being able to switch to FTTP.<sup>208</sup>
- 2.160 As mentioned above, Sky highlighted a number of concerns in relation to Openreach’s flexibility to increase copper-based prices. Specifically:
- that Openreach could differentiate the prices of deregulated copper services depending on the presence of competitive networks.<sup>209</sup>
  - that a ‘long tail’ of customers (particularly vulnerable customers) may be unwilling or unable to switch from copper to full-fibre services and therefore pay increased prices for their connections.<sup>210</sup>
- 2.161 Sky suggested that Ofcom should retain a mechanism to constrain Openreach’s ability to introduce excessively large increases in copper prices, and ensure that any price increases are applied uniformly across all areas once the second threshold is met.<sup>211</sup>
- 2.162 In relation to Sky’s first concern, Sky is correct to point out that Openreach will have the ability to differentiate copper price increases between geographic areas. However, we note that a prohibition on geographic pricing would not by itself address Openreach’s ability to differentiate the prices of copper-based services by exchange areas based on the level of competition.<sup>212</sup> This is because Openreach could choose not to trigger the second threshold notification in exchanges where it faces greater competition, but trigger it in exchanges where it faces less competition.
- 2.163 Notwithstanding this, we do not share Sky’s concern about a scenario where Openreach chooses not to raise prices in exchanges where it faces higher levels of network competition. This scenario would be the same situation as now, with Openreach, altnets and VMO2 competing for customers, without the incentive effects of the second threshold.
- 2.164 The risk of high prices for copper-based services is inherent to pricing deregulation. As mentioned above, consumers in areas where Openreach increases prices will remain protected in all instances by the price control on the anchor product.
- 2.165 Like Sky, we are concerned by the long tail of customers that may be unable, or unwilling, to switch to FTTP where available at the premises. We have sought to ensure that the copper retirement framework provides adequate protection to consumers. As noted above, Openreach has been able to notify the second threshold in only nine exchanges so far.

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<sup>207</sup> However, as the stop sell would generally be applicable on copper-based services, there would be no need to connect those services and therefore for a charge control on connection charges to apply.

<sup>208</sup> Volume 4, Section 1 sets out our decisions in relation to rental price regulation in the Wholesale Local Access (WLA) markets in WLA Area 2 and WLA Area 3. Volume 4, Section 6 sets out our decisions in relation to connection charges in these markets. See also SMP Conditions 12B - 12D in Volume 7.

<sup>209</sup> Sky response to TAR26 March 2025 Consultation. Paragraph 87.

<sup>210</sup> Sky response to TAR26 March 2025 Consultation. Paragraph 88.

<sup>211</sup> Sky response to TAR26 March 2025 Consultation. Paragraph 89.

<sup>212</sup> We recognise that Openreach could also theoretically differentiate prices for copper-based services within an exchange area once it has triggered the Second Threshold Notice. For the reasons set out in this section, we do not agree with Sky that there is a sufficient concern about network competition that we should impose this additional geographic prohibition.

However, we propose, in our separate consultation, to define exclusions for the purpose of the second threshold calculation. This proposal would increase Openreach’s ability to meet the conditions for notifying the second threshold. We discuss Sky’s concerns and our proposals to mitigate this risk in more detail in our separate consultation.<sup>213</sup>

- 2.166 In all cases, we expect Openreach and ISPs to give sufficient consideration to the particular needs of people with disabilities and people whose circumstances may make them vulnerable, in line with Ofcom’s guidance for treating vulnerable customers fairly.<sup>214</sup>
- 2.167 We disagree with Sky’s suggestion that we should retain a mechanism to constrain Openreach’s ability to introduce excessively large increases in prices for copper-based services. In practice, this would mean retaining a form of price regulation. We believe that, once Openreach has pricing flexibility for copper-based prices, then it should be able to apply its own commercial judgement in setting prices. We do expect Openreach, however, to take into account the impact of price rises on vulnerable consumers.

### Vulnerable consumers

- 2.168 We note that several stakeholders call on Ofcom to take a more active role in supporting vulnerable customers. Broadly, the suggestions can be summarised into two categories:
- a) Calls for Ofcom to provide more information to consumers.
  - b) Calls for Ofcom to communicate our expectations to the telecoms industry, such as ensuring alternative viable services are available to consumers.
- 2.169 These suggestions sit outside the scope of the market review framework. Where appropriate, we will consider them as part of our monitoring of the copper retirement process. In addition, Volume 1, Section 2 outlines other initiatives that sit alongside and support delivering our objectives, such as encouraging FTTP take-up.

### Conclusion

- 2.170 In summary, we have decided to maintain the second threshold in its current form, as set out in Paragraph 2.7 above.

## Third threshold

### General approach to the third threshold

- 2.171 We have decided not to define criteria for the third threshold in this review.
- 2.172 As we explained in the March 2025 Consultation, once the third threshold is reached, Openreach can begin withdrawing supply of copper-based access services. Experience from the PSTN retirement shows that ceasing services is complex and needs to be managed carefully to mitigate risks to consumers, particularly those who are vulnerable.
- 2.173 While the regulatory transition away from copper-based services will end with the removal of all regulation on copper-based services, we continue to believe that it remains too early to define criteria for the third threshold.
- 2.174 There is uncertainty about how quickly exchange areas will reach the second threshold and how Openreach will make use of the greater pricing freedom it will have once that

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<sup>213</sup> Ofcom. March 2026. [Consultation: Approach to the copper retirement second threshold calculation – Telecoms Access Review 2026-31](#).

<sup>214</sup> Ofcom. September 2022. [Treating vulnerable customers fairly: a guide for phone, broadband and pay-TV providers](#).

threshold is met. There are also uncertainties over how quickly consumers will migrate away from copper-based products to Openreach’s FTTP network or to rival networks in response to the commercial incentives already in place, as well as the role of the support provided under the first and second stages of the copper retirement framework. As FTTP build and take-up progress over the course of the review period, we are likely to have a clearer view of the risks associated with the third stage of the copper retirement framework, and how any conditions should be specified to mitigate these.

- 2.175 We agree with Vodafone, [3<] and Openreach that it is important to provide regulatory clarity. We recognise that copper-based services will eventually be fully withdrawn, and our regulation needs to support that process. We will need to start considering the third threshold in advance of the start of the next market review period in 2031. We agree that it will be important to work with a wide range of stakeholders – including Government and the third sector - to consider this threshold and its implications.
- 2.176 As mentioned above, we consider that customers should not pay higher copper prices for a prolonged period of time before regulation is withdrawn. We cannot fetter our discretion in relation to future decisions on the copper retirement framework, and those decisions will flow from the assessment conducted as part of our 2031 market review. However, our current thinking is that full deregulation of copper-based services could start to take effect from 2031.

## Conclusion

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- 2.177 In conclusion, we have decided to maintain our exchange-based, three-threshold approach to supporting copper retirement from WFTMR21 over the 2026-2031 review period, as set out in Paragraph 2.3.
- 2.178 As we have not received any specific responses on the impact of closing exchanges on the calculations of the copper retirement thresholds, or on our monitoring regime, we confirm our proposals in Paragraphs 2.11-2.13.
- 2.179 As mentioned above, our proposed approach to excluding premises from the second threshold calculation can be found in a separate consultation.<sup>215</sup> We will publish our final decision on our approach to exclusions in Autumn 2026 once we have analysed the responses to this consultation.

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<sup>215</sup> Ofcom, March 2026. [Consultation: Approach to the copper retirement second threshold calculation – Telecoms Access Review 2026-31](#).

# 3. Exchange exit

## Introduction and background

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- 3.1 In this section we discuss Openreach's exchange exit programme and set out our regulatory approach to exchange exit for the 2026-31 review period.
- 3.2 Openreach has announced plans to exit exchanges that it will no longer need to support its future network plans. Openreach is prioritising exiting 108 exchanges by December 2030, with decommissioning of three pilot exchanges ahead of the so called 'Phase 1' tranche of 12 exchange exits in 2028.<sup>216</sup> The 108 exchanges Openreach are aiming to exit by the end of 2030 are known as the Priority 108 (P108) exchanges.<sup>217</sup> Beyond 2030, BT expects to reduce the number of exchanges from the current c.5,600 exchanges to c.1,000.<sup>218</sup>
- 3.3 BT (and by extension Openreach, who are charged by BT Group for the space in the exchange buildings) can make significant cost savings by closing exchanges, principally through a reduction of spend on leases and power.<sup>219</sup> BT estimates that the overall efficiency opportunity per annum to 2035 is [£] for network simplification, and a further [£] from exchange closure.<sup>220</sup> Openreach states that it expects to pass through these cost savings to its customers.<sup>221</sup>
- 3.4 BT cites other benefits, including environmental benefits and freeing up brownfield land for development.<sup>222</sup> Additionally, BT expects the programme would lead to a simpler and more reliable access network [£], requiring less maintenance effort and allowing for a simpler Openreach product portfolio, supporting an improved provider and end customer experience and streamlined processes.<sup>223</sup> We understand that in principle industry is generally supportive of the programme and potential cost savings involved, although concerns have been raised about how it works in practice (we discuss these further below).
- 3.5 Exchange exit will impact providers using a range of products provided at these exchanges. Exchange exit requires migrating all broadband and leased line services provided from the

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<sup>216</sup> Openreach. [Exchange Exit list by Phase](#). Accessed 29 January 2026. In relation to the three pilot exchanges, all services in the Deddington exchange were switched off 28 November 2025. Non-residential services were switched off at Kenton Road and Ballyclare 30 November 2025, with a date to be announced for all remaining services to be switched off.

<sup>217</sup> Openreach has prioritised exiting 105 priority exchanges by 2030, following an initial three pilot exchanges – collectively known as the P108. (Openreach. March 2024. [Exchange Exit: Openreach industry consultation response](#). Accessed 29 January 2026; Openreach. June 2023. [Openreach industry consultation response December 2023](#), Page 3. Accessed 29 January 2026).

<sup>218</sup> Openreach has identified 959 exchanges which will remain part of its long-term architecture (known as 'enduring exchanges'). Openreach. [Exchange Exit list](#). Accessed 29 January 2026.

<sup>219</sup> Openreach response dated 21 February 2025 to s135 notice dated 10 February 2025, question 8a. There is also a benefit of the transition to an FTTP network which uses less space and power than older technologies.

<sup>220</sup> BT response dated 25 February 2025 to s135 notice dated 10 February 2025, question 1; [BT Group](#) response to TAR26 March 2025 Consultation. Paragraph 3.8; [Openreach](#) response to TAR26 March 2025 Consultation. Volume 3. Paragraph 24.

<sup>221</sup> [Openreach](#) response to TAR26 March 2025 Consultation. Volume 3. Paragraph 181.

<sup>222</sup> BT response dated 25 February 2025 to s135 notice dated 10 February 2025, question 1; [Openreach](#) response to TAR26 March 2025 Consultation. Volume 3. Paragraph 24.

<sup>223</sup> [BT Group](#) response to TAR26 March 2025 Consultation. Paragraph 3.8.

closing exchange to a service provided from an enduring exchange<sup>224</sup> or an alternative network. Providers with equipment in exchanges that will be exited will therefore need to remove that equipment and reconfigure their networks.

- 3.6 Openreach started discussions with industry on exchange exit in 2020 and has since consulted a number of times on the concept, approach and commercial support available from Openreach.<sup>225</sup> Openreach has been negotiating with its customers on the specific terms of exit from the P108 exchanges, alongside engagement with industry and the OTA2 to progress the commercial and technical aspects of the process.<sup>226</sup> Openreach are in ongoing discussions with the relevant providers to agree changes across the product suite, including residential and business products. It has agreed commercial terms for exit from the P108 exchanges with ISPs representing [8<] % of its Ethernet base in the P108 exchanges and has secured terms with a number of ISPs for broadband.<sup>227</sup>
- 3.7 In recent months, DSIT have been leading work with industry and Ofcom on further voluntary arrangements to protect consumers during telecoms modernisations, such as exchange exits. When these arrangements are in place, they will play an important role alongside regulation in protecting consumers.

## Exchange exit and regulated products

- 3.8 Exchange exit carries potential risks to competition and consumers depending on how it is implemented. In particular:
- a) We consider that our findings that BT continues to have SMP in the relevant markets means that, absent regulation, there is a risk that Openreach has the ability and incentive to manage exchange exit in a way that harms competition, and ultimately consumers.
  - b) Exchange exit directly impacts end-users whose services are affected, and this includes vulnerable consumers and critical national infrastructure.
- 3.9 As we set out in our March 2025 Consultation, exchange exit will impact a range of regulated products provided in those exchange areas, but some products will be more affected than others, impacting different Openreach customers differently.<sup>228</sup>
- 3.10 Firstly, there is an impact on telecoms providers who purchase regulated products from Openreach to offer retail products to residential consumers and businesses:
- a) Some products will be unaffected as they are already provided from the enduring exchange. For the most part, FTTP and FTTC (SOGEA) are examples of this.
  - b) Some products will be affected but can be re-routed to/through an enduring exchange. For the most part this will affect leased lines. Telecoms providers who have related equipment in closing exchanges will need to remove that equipment, and if appropriate, move it to the gaining enduring exchange.

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<sup>224</sup> In some cases, customers need to be migrated to a different service, whereas in others the circuit needs to be re-routed while ensuring minimal disruption.

<sup>225</sup> Openreach. [Exchange Exit Programme](#). Accessed 29 January 2026.

<sup>226</sup> Openreach. [Exchange Exit Programme](#). Accessed 29 January 2026.

<sup>227</sup> [Openreach](#) response to TAR26 March 2025 Consultation. Volume 3. Paragraph 222; Openreach response dated 13 February 2026 to s135 notice dated 03 Feb 2026, question 8.

<sup>228</sup> For more detail on which products will be impacted, see the Openreach website: [Exchange Exit Programme](#).

- c) Products that rely on copper between the exchange and the end-user, such as WLR and MPF, cannot be provided from another exchange. The end-user will need to migrate to an alternative service.
- 3.11 This means telecoms providers will need equipment and connectivity in and to the enduring exchanges. They will no longer need equipment in exiting exchanges for the purposes of aggregating access traffic from Openreach’s wholesale access services.
- 3.12 Secondly, there is the impact on telecoms providers who rely on IEC products, and those who rely on space and/or power in the exchange buildings for reasons other than (exclusively) using Openreach’s wholesale access services. This includes telecoms providers that use connectivity between BT exchanges to build their backhaul networks. It also includes some alternative network operators that have built their own fixed access network in a BT exchange area and use space and/or power in the exchange building for their access aggregation node, and/or also use connectivity from BT exchanges to backhaul access traffic to their own core network. In these cases, telecoms providers will need to move this equipment and reroute connections.
- 3.13 Thirdly, while the use of PIA does not directly involve exchange buildings, PIA users could be impacted if re-routing of connections as part of exchange closure results in capacity constraints, for example, in duct routes near a closing exchange or between exchanges.

## Our proposals

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- 3.14 In our March 2025 Consultation, we said that we were supportive of Openreach’s objectives, which provide the opportunity for both Openreach and other providers to consolidate infrastructure, reduce energy consumption and increase efficiency. We considered whether changes to the regulatory framework for the 2026-2031 period are needed, either to address the concerns raised with us by industry, or to provide further regulatory support for exchange exit.
- 3.15 We explained that exchange exit is a complex operational process that requires significant co-ordination between Openreach and providers, and in our view Openreach and providers are best placed to negotiate a commercial agreement on the terms and practicalities of the exchange exit process. We set out our view that there are enough incentives on all sides to reach a commercial agreement on the terms of exchange exit.
- 3.16 We reiterated the requirement for Openreach to continue to comply with its regulatory obligations and the BT Commitments throughout the exchange exit programme, including in relation to non-discrimination.<sup>229</sup> We also highlighted the importance of transparency and appropriate notice of changes, and minimising end-user disruption.
- 3.17 We proposed to maintain the requirements to provide MPF, DFX and active IEC services, to mitigate risks to competition and consumers during the 2026-31 review period.<sup>230</sup> We considered that removing these requirements could reduce telecoms providers’ bargaining power in negotiations, with a risk that this could lead to worse outcomes overall. We recognised that in theory this risked a ‘tail’ of remaining customers blocking the exit of an exchange. We explained that the proposed access requirements may be disapplied in

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<sup>229</sup> BT. [Our Commitments](#). Accessed 29 January 2026; See TAR26 Volume 7.

<sup>230</sup> As the obligations to provide IEC services are location specific, we proposed a mechanism for these obligations to cease after an exchange has been fully exited.

circumstances where Ofcom provides consent and that we would consider any request for consent by Openreach on a case-by-case basis taking into account the particular circumstances at the relevant time, in accordance with our duties.

## Stakeholder responses

3.18 BT and Openreach welcomed our approach but cited the need for further regulatory support to ensure the P108 were closed on schedule.<sup>231</sup> Several stakeholders raised concerns about Openreach's approach, and some stakeholders sought more involvement from Ofcom.<sup>232</sup> Issues raised by stakeholders are summarised below.

## Competition, incentives to negotiate and non-discrimination

### Competition concerns around commercial negotiations

3.19 Some stakeholders said our proposed approach relies too much on commercial negotiation to mitigate the risk of adverse impacts. Four stakeholders recommended that Ofcom introduce principles or regulations to guide exchange exit.<sup>233</sup>

3.20 Openreach agreed that Openreach and ISP customers are well placed to negotiate commercial agreements that allow the benefits of exchange exit to be realised and deliver good outcomes for competition and end customers.<sup>234</sup> Meanwhile, PXC suggested our maintenance of regulation helped industry negotiations regarding Openreach plans for completely exiting 108 exchanges, with Openreach offering terms to industry in November 2024.<sup>235</sup>

3.21 However, several stakeholders thought that there are not enough incentives on all sides to reach an agreement that leads to good outcomes overall, in particular:

- a) While there might be enough incentives on all sides to reach agreement with ISPs/telecoms providers that resell Openreach services, there are not enough incentives to reach agreement with altnets which are direct competitors with Openreach. INCA thought that for ISPs or Openreach customers with a presence in the exchange, there are enough incentives on all sides to reach an agreement.<sup>236</sup> Hyperoptic thought larger ISPs that resell over Openreach's network were in a stronger position to negotiate favourable terms compared to altnets who are both customers and competitors.<sup>237</sup>
- b) Openreach cited the risk that some parties may jeopardise the benefits of exchange exit by withholding agreement from terms offered.<sup>238</sup>

<sup>231</sup> [BT Group](#) response to TAR26 March 2025 Consultation. Paragraphs 1.25, 3.14-15; [Openreach](#) response to TAR26 March 2025 Consultation. Volume 3. Paragraph 202-207.

<sup>232</sup> [BUUK](#) response to TAR26 March 2025 Consultation. Page 1-2; [Hyperoptic](#) response to TAR26 March 2025 Consultation. Page 15; [INCA](#) response to TAR26 March 2025 Consultation. Page 88; [UKCTA](#) response to TAR26 March 2025 Consultation. Paragraph 39; [VodafoneThree](#) response to TAR26 March 2025 Consultation. Page 51-2.

<sup>233</sup> [BUUK](#) response to TAR26 March 2025 Consultation. Page 5; [Hyperoptic](#) response to TAR26 March 2025 Consultation. Page 15; [PXC](#) response to TAR26 March 2025 Consultation. Page 11; [VodafoneThree](#) response to TAR26 March 2025 Consultation. Page 52-3.

<sup>234</sup> [BT Group](#) response to TAR26 March 2025 Consultation. Paragraphs 1.25, 3.8; [Openreach](#) response to TAR26 March 2025 Consultation. Volume 3. Paragraphs 179-185.

<sup>235</sup> [PXC](#) response to TAR26 March 2025 Consultation. Page 12.

<sup>236</sup> [INCA](#) response to TAR26 March 2025 Consultation. Pages 88-89.

<sup>237</sup> [Hyperoptic](#) response to TAR26 March 2025 Consultation. Page 13.

<sup>238</sup> [Openreach](#) response to TAR26 March 2025 Consultation. Volume 3. Paragraphs 29-33, 198-204.

- c) Finally, BUUK thought Openreach had less incentives to negotiate where the altnet does not purchase directly from Openreach. In this scenario the altnet has equipment outside the exchange and an external Cablelink connects them to the wholesaler.<sup>239</sup>

### Non-discrimination and the process of exchange exit

- 3.22 Vodafone and Hyperoptic thought that BT has both the ability and incentive to manage exchange closures in ways that benefit its own downstream operations - potentially distorting competition, limiting consumer choice and innovation, which conflicts with Ofcom's duties or our TAR objectives.<sup>240</sup>
- 3.23 Hyperoptic expressed concern about the allocation of space and power in the enduring exchanges to which services are migrated, and the physical capacity of ducts.<sup>241</sup>
- 3.24 Stakeholders also made points relating to the costs of exchange exit, which we address in the next sub-section.

### Costs and network reconfigurations

- 3.25 Several stakeholders were concerned that industry would carry a significant financial burden, and some noted this would flow down to consumers.<sup>242</sup> Respondents cited the risk of stranded assets, increased backhaul costs and/or costly forced reconfigurations where providers who have built their own fixed access network and use the exchange for space, power or access to backhaul, and/or have linked assets from different networks together near (using external Cablelink) or at the exchange.<sup>243</sup> VodafoneThree also noted the need to re-architect its networks, often at significant cost, to preserve service continuity and meet resilience standards.<sup>244</sup> Some stakeholders noted that smaller and regional providers could face significant financial and logistical hurdles in reconfiguring infrastructure.<sup>245</sup>
- 3.26 There were differing views on how the costs should be borne across BT, Openreach and industry. Several stakeholders considered that BT Group should bear the primary cost of decommissioning, with some noting that the cost savings from exchange exit should not be realised at the expense of competitors or Openreach's customers.<sup>246</sup> Fair sharing of costs was also raised, with PXC suggesting at a minimum, BT should cover all reasonable costs

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<sup>239</sup> [BUUK](#) response to TAR26 March 2025 Consultation. Page 4.

<sup>240</sup> [VodafoneThree](#) response to TAR26 March 2025 Consultation. Page 52.

<sup>241</sup> [Hyperoptic](#) response to TAR26 March 2025 Consultation. Page 14.

<sup>242</sup> [BUUK](#) response to TAR26 March 2025 Consultation. Page 3-4; [Gamma](#) response to TAR26 March 2025 Consultation. Page 7; [INCA](#) response to TAR26 March 2025 Consultation. Page 88-89 [PXC](#) response to TAR26 March 2025 Consultation. Page 11; [VodafoneThree](#) response to TAR26 March 2025 Consultation. Page 51.

<sup>243</sup> [BUUK](#) response to TAR26 March 2025 Consultation. Page 4; [CityFibre](#) response to TAR26 March 2025 Consultation. Page 148; [Hyperoptic](#) response to TAR26 March 2025 Consultation. Page 14; [INCA](#) response to TAR26 March 2025 Consultation. Page 88-89; [Substantial Group](#). Response to TAR26 March 2025 Consultation. Page 3; [VodafoneThree](#) response to TAR26 March 2025 Consultation. Page 51.

<sup>244</sup> [VodafoneThree](#) response to TAR26 March 2025 Consultation. Page 51.

<sup>245</sup> [Gamma](#) response to TAR26 March 2025 Consultation. Page 7; [UKCTA](#) response to TAR26 March 2025 Consultation. Paragraph 39.

<sup>246</sup> [BUUK](#) response to TAR26 March 2025 Consultation. Pages 3-4; [Gamma](#) response to TAR26 March 2025 Consultation. Page 7; [Hyperoptic](#) response to TAR26 March 2025 Consultation. Page 14; [UKCTA](#) response to TAR26 March 2025 Consultation. Paragraphs 40-2, 47; [VodafoneThree](#) response to TAR26 March 2025 Consultation. Page 51.

- incurred by providers due to the programme, VodafoneThree sought mandated fair cost recovery, while Netomnia thought there should be a cost-neutral principle.<sup>247</sup>
- 3.27 BT and Openreach focused on the importance of a timely exchange exit to ensure the cost savings flow down to its customers and end-users.<sup>248</sup> VodafoneThree said that while BT Group stands to benefit from reduced operational costs these gains are not shared equitably across the market with no guidance provided on how these future cost savings will bring benefits to Openreach’s customers in the future (e.g., through product quality improvements or price reductions).<sup>249</sup>
- 3.28 Stakeholders raised concerns that, at present, the bearing of such costs may not be in line with a non-discriminatory approach:
- a) Hyperoptic stated that BT’s vertically integrated structure allows its retail arm to absorb migration costs more effectively than competitors, creating an unfair advantage.<sup>250</sup>
  - b) UKCTA said that according to EOI guidelines, Openreach cannot unjustly pass costs onto its customers.<sup>251</sup>
  - c) Hyperoptic said that while there are non-discrimination regulations that apply to the process of exchange exit, they do not guarantee that the costs imposed on altnets will be fair.<sup>252</sup>
  - d) VodafoneThree felt there was the risk of inequitable treatment and excessive charges, saying that BT/Openreach’s compensation mechanisms do not appear to apply Equivalence of Inputs (EOI) principles consistently across providers. It also thought MPF customers may benefit more than those with larger Ethernet bases, and BT Group divisions are likely to assess costs in the round, unlike independent providers.<sup>253</sup>
- 3.29 Some respondents suggested we mandate reimbursement for network architecture changes due to exchange exit, with Hyperoptic noting that unrecompensed reconfiguration costs relating to PIA alone will cost £6.4m.<sup>254</sup> UKCTA also proposed that Ofcom consider the depreciation of legacy equipment and the impact on BT’s balance sheet to prevent a repetition of the impact on interconnection pricing when BT decided to revalue its infrastructure estate.<sup>255</sup>

## Transparency and sufficient notice

- 3.30 While BT and Openreach said that these closures are well signalled changes, with a five-year consultation period, three stakeholders were concerned at the lack of clarity for the longer-term programme, and the implications for planning.<sup>256</sup> Hyperoptic said network

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<sup>247</sup> [PXC](#) response to TAR26 March 2025 Consultation. Page 11; [Substantial Group](#). Response to TAR26 March 2025 Consultation. Pages 9-10; [VodafoneThree](#) response to TAR26 March 2025 Consultation. Page 52.

<sup>248</sup> [BT Group](#) response to TAR26 March 2025 Consultation. Paragraphs 1.25, 3.8; [Openreach](#) response to TAR26 March 2025 Consultation. Volume 3. Paragraphs 179-185.

<sup>249</sup> [VodafoneThree](#) response to TAR26 March 2025 Consultation. Page 51.

<sup>250</sup> [Hyperoptic](#) response to TAR26 March 2025 Consultation. Page 13.

<sup>251</sup> [UKCTA](#) response to TAR26 March 2025 Consultation. Paragraph 39.

<sup>252</sup> [Hyperoptic](#) response to TAR26 March 2025 Consultation. Page 14.

<sup>253</sup> [VodafoneThree](#) response to TAR26 March 2025 Consultation. Page 52.

<sup>254</sup> [INCA](#) response to TAR26 March 2025 Consultation. Page 88; [Hyperoptic](#) response to TAR26 March 2025 Consultation. Page 14; [VodafoneThree](#) response to TAR26 March 2025 Consultation. Pages 51-52.

<sup>255</sup> [UKCTA](#) response to TAR26 March 2025 Consultation. Paragraph 40.

<sup>256</sup> [BT Group](#) response to TAR26 March 2025 Consultation. Paragraphs 1.25; [BUUK](#) response to TAR26 March 2025 Consultation. Page 2; [Openreach](#) response to TAR26 March 2025 Consultation. Volume 3. Paragraphs

investment and architecture decisions were made without knowing these would be undermined in future - earlier signalling would have meant different decisions.<sup>257</sup> VodafoneThree said sufficient detail had not been provided so retailers could not plan effectively.<sup>258</sup> Several stakeholders recommended that Ofcom introduce principles or regulations to guide exchange exit, including on transparency.<sup>259</sup>

## Impact on end-users

- 3.31 Several stakeholders highlighted the need to safeguard consumers through the programme, including minimising service disruption, providing clarity on alternative connectivity solutions, preventing consumers absorbing higher costs due to the changes, and the processes for CNI/vulnerable customers.<sup>260</sup>
- 3.32 Openreach committed to take all reasonable steps to secure a safe migration, minimise disruption and minimise the number of customers left without an Openreach FTTP or decent VDSL service at the point of exit – however it noted that this might be unavoidable in a few cases.<sup>261</sup> BT thought that end-users on legacy products should not hold up migrations to future-proofed technologies.<sup>262</sup>

## Requested withdrawal of MPF regulation in relation to exchange exit

- 3.33 Openreach said it needs further regulatory support to deliver exits to its planned time scales. It said that maintaining MPF regulation places a disproportionate burden on Openreach and called for Ofcom to provide more clarity on its approach and further regulatory support, noting that it had agreed commercial terms for exiting the P108 with ISPs representing [X]% of its Ethernet base in the P108 exchanges and has secured terms with a number of ISPs for broadband.<sup>263</sup>
- 3.34 Openreach proposed trialling processes to identify best practices and criteria for withdrawing copper access service regulation. Openreach stressed the importance of transparency in Ofcom’s approach to withdrawing regulation, warning that a lack of clarity could hinder investment, and requested a clear definition of what constitutes “reasonable” access.<sup>264</sup>

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191-197; [UKCTA](#) response to TAR26 March 2025 Consultation. Paragraph 43; [VodafoneThree](#) response to TAR26 March 2025 Consultation. Page 52.

<sup>257</sup> [Hyperoptic](#) response to TAR26 March 2025 Consultation. Page 14.

<sup>258</sup> [VodafoneThree](#) response to TAR26 March 2025 Consultation. Pages 51-52.

<sup>259</sup> [BUUK](#) response to TAR26 March 2025 Consultation. Pages 2-5; [FCS](#). Response to TAR26 March 2025 Consultation. Page 5; [Hyperoptic](#) response to TAR26 March 2025 Consultation. Page 15; [INCA](#) response to TAR26 March 2025 Consultation. Pages 88-89; [Substantial Group](#). Response to TAR26 March 2025 Consultation. Page 9; [UKCTA](#) response to TAR26 March 2025 Consultation. Paragraph 42; [VodafoneThree](#) response to TAR26 March 2025 Consultation. Page 52.

<sup>260</sup> [Gamma](#) response to TAR26 March 2025 Consultation. Page 7; [Substantial Group Limited](#) response to TAR26 March 2025 Consultation. Page 9; [TechUK](#) response to TAR26 March 2025 Consultation. Page 7; [UKCTA](#) response to TAR26 March 2025 Consultation. Paragraphs 45-46; [VodafoneThree](#) response to TAR26 March 2025 Consultation. Pages 51-52; [Welsh Government](#) response to TAR26 March 2025 Consultation. Page 3.

<sup>261</sup> [Openreach](#) response to TAR26 March 2025 Consultation. Volume 3. Paragraph 27.

<sup>262</sup> [BT Group](#) response to TAR26 March 2025 Consultation. Paragraph 3.13.

<sup>263</sup> [Openreach](#) response to TAR26 March 2025 Consultation. Volume 3. Paragraph 222; Openreach response dated 13 February 2026 to s135 notice dated 03 Feb 2026, question 8.

<sup>264</sup> [Openreach](#) response to TAR26 March 2025 Consultation. Volume 3. Paragraphs 35-6.

- 3.35 Hyperoptic thought the criteria for granting consent should be defined in the regulations, rather than managed on a case-by-case basis, and these criteria should place a clear burden on Openreach to demonstrate that all reasonable commercial and technical options for migration have been exhausted or refused by the relevant provider.<sup>265</sup> Similarly, PXC said that BT should only be allowed to withdraw legacy copper products and/or terminate a provider's licence to use a BT exchange, where certain prescribed circumstances have been met.<sup>266</sup>

## Inter-exchange connectivity (including DFX)

- 3.36 AllPointsFibre, CityFibre and INCA highlighted the importance of backhaul and IEC products to enable the deployment of competing fibre networks.<sup>267</sup> CityFibre and INCA therefore welcomed our proposal to retain the obligation on Openreach to provide DFX at an exchange until it is fully exited.<sup>268</sup> AllPointsFibre said that exchange exit was unlikely to lead to an increase in competitive backhaul, meaning it would be more reliant on Openreach.<sup>269</sup> Hyperoptic was also concerned that the pressure on altnets to migrate quickly from closing exchanges might inadvertently lead to them ceasing their own backhaul presence in those areas, potentially reducing competitive backhaul options.<sup>270</sup>
- 3.37 Some stakeholders requested that we require Openreach to provide a cabinet mounted Optical Distribution Frame (ODF) outside of each closing exchange, with connectivity to an enduring receiving exchange, to allow providers to establish dark fibre connectivity to support existing assets.<sup>271</sup>

## Arbitration and monitoring

- 3.38 A number of stakeholders supported Ofcom taking on an arbitration role, with Hyperoptic specifically requesting that Ofcom arbitrate disagreements around cost.<sup>272</sup> PXC suggested Ofcom facilitate dialogue with affected user groups, such as Telecare providers, and that we set up the OMU and OTA2 to closely monitor the programme.<sup>273</sup>

## Longer term exchange exits

- 3.39 Three stakeholders were concerned at the lack of clarity for the longer-term programme, and the implications for planning.<sup>274</sup> Hyperoptic requested that Ofcom provide views on its

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<sup>265</sup> [Hyperoptic](#) response to TAR26 March 2025 Consultation. Page 15.

<sup>266</sup> [PXC](#) response to TAR26 March 2025 Consultation. Page 11.

<sup>267</sup> [AllPoints Fibre](#) response to TAR26 March 2025 Consultation. Paragraph 45. [CityFibre](#) response to TAR26 March 2025 Consultation. Page 106. [INCA](#) response to TAR26 March 2025 Consultation. Page 87.

<sup>268</sup> [CityFibre](#) response to TAR26 March 2025 Consultation. Page 106. [INCA](#) response to TAR26 March 2025 Consultation. Page 87.

<sup>269</sup> [AllPoints Fibre](#) response to TAR26 March 2025 Consultation. Paragraph 45.

<sup>270</sup> [Hyperoptic](#) response to TAR26 March 2025 Consultation. Page 14.

<sup>271</sup> [BUUK](#) response to TAR26 March 2025 Consultation. Page 4. [INCA](#) response to TAR26 March 2025 Consultation. Page 88.

<sup>272</sup> [BUUK](#) response to TAR26 March 2025 Consultation. Page 5; [FCS](#). Response to TAR26 March 2025 Consultation. Page 5; [Hyperoptic](#) response to TAR26 March 2025 Consultation. Page 15; [INCA](#) response to TAR26 March 2025 Consultation. Pages 88-89; [VodafoneThree](#) response to TAR26 March 2025 Consultation. Pages 52-53.

<sup>273</sup> [PXC](#) response to TAR26 March 2025 Consultation. Page 11.

<sup>274</sup> [BUUK](#) response to TAR26 March 2025 Consultation. Page 2; [UKCTA](#) response to TAR26 March 2025 Consultation. Paragraph 43; [VodafoneThree](#) response to TAR26 March 2025 Consultation. Page 52.

approach post-2031.<sup>275</sup> It felt our proposals provided less definition on the regulatory framework, timelines, and expectations for post 2030 exchange exits. While it acknowledged Openreach's proposal for notifications for exchanges beyond P108, Hyperoptic felt there was long-term uncertainty for altnets at a crucial phase of FTTP build.<sup>276</sup>

## Other issues raised by stakeholders

3.40 Stakeholders also made a number of other comments:

- a) **Our duties:** VodafoneThree said the current approach is inconsistent with the Growth Duty, due to the imposition of unnecessary costs, which may deter investment, reduce efficiency, and ultimately increase prices for consumers.<sup>277</sup>
- b) **PIA:** Hyperoptic stated that the complexity of the exit process increases the risk of practical discrimination or capacity bottlenecks.<sup>278</sup>
- c) **Migration products, ancillaries charges and leased line dual running:** PXC thought that Openreach should continue to offer migration products with explicit SLAs and that Ofcom should charge control ancillaries, while UKCTA said we should mandate the existing 90-day parallel running period for leased lines that are migrated by placing a provide and cease order to support providers.<sup>279</sup>
- d) **Openreach's charges for 'left in jumpers':** Sky has raised concerns over the level of charges for this activity and whether left in jumpers remains a necessary activity.<sup>280</sup>

## Our reasoning and decisions

- 3.41 We remain supportive of Openreach's objectives, which provide the opportunity for both Openreach and other providers to consolidate infrastructure, reduce energy consumption and increase efficiency.
- 3.42 We remain of the view that, notwithstanding our finding that BT continues to have SMP in the relevant markets, Openreach and providers are best placed to negotiate a commercial agreement on the terms and practicalities of the exchange exit process. Exchange exit is a complex operational process that requires significant co-ordination between Openreach and providers. We explain below how the regulatory obligations we are imposing provide safeguards.
- 3.43 We recognise that telecoms providers are in different positions and will be impacted by exchange exit in different ways, including the costs they incur, and as a result we have always expected commercial negotiations to take time. However, as discussed further below, we continue to believe that, in general, there are incentives on both sides to reach a

<sup>275</sup> [Hyperoptic](#) response to TAR26 March 2025 Consultation. Page 14-15.

<sup>276</sup> [Hyperoptic](#) response to TAR26 March 2025 Consultation. Page 14-15.

<sup>277</sup> [VodafoneThree](#) response to TAR26 March 2025 Consultation. Page 52.

<sup>278</sup> [Hyperoptic](#) response to TAR26 March 2025 Consultation. Page 14.

<sup>279</sup> [PXC](#) response to TAR26 March 2025 Consultation. Pages 13 and 201. [UKCTA](#) response to TAR26 March 2025 Consultation. Paragraph 43. The negotiation included exploration of various offers and incentives to providers to support exchange exit. Openreach's exchange exit terms offer dual running of circuits for 90 days, which is longer than their normal terms, when migrating leased lines via a provide and cease order.

<sup>280</sup> [Sky](#) response to TAR26 November 2025 Consultation. Page 1; [Sky Frontier Report](#) response to TAR26 November 2025 Consultation. Page 3.

commercial agreement which allows the benefits of exchange exit to be realised while also delivering good outcomes for competition and consumers.

- 3.44 At the time of this statement, a number of providers have already signed Openreach's commercial offer for exiting the P108, and negotiations with some other providers are ongoing. We will continue to monitor the programme as it progresses. Notwithstanding the above, in light of stakeholder comments, we have considered whether changes to the regulatory framework for the 2026-2031 period are needed, either to address the concerns raised with us by industry, or to provide further regulatory support for exchange exit. In the remainder of this section, we explore stakeholder comments and our approach in respect of the following areas:
- a) Competition, incentives to negotiate, and non-discrimination.
  - b) Costs to providers, including reconfigurations.
  - c) Transparency and sufficient notice.
  - d) Impact on end-users.
  - e) Requested withdrawal of MPF regulation in relation to exchange exit.
  - f) IEC, backhaul markets and exchange exit.
  - g) Arbitration and monitoring.
  - h) The longer-term exchange exit programme.
  - i) Other issues raised by stakeholders.

## Competition, incentives to negotiate and non-discrimination

### Regulatory obligations continue to apply

- 3.45 Where we have found BT to have SMP, we impose a requirement on Openreach to provide access to its network, including the provision of specific access services, but the regulatory requirement is generally not location-specific (except for IEC which we discuss below). Openreach therefore has the freedom to change its network topology. However, regardless of any topology changes, Openreach continues to be required to provide the relevant form of access for as long as the SMP condition remains in force. This remains particularly important for MPF and DFX services in the context of exiting exchanges.<sup>281</sup>
- 3.46 We note a number of stakeholders welcomed our proposal for Openreach to remain under an obligation to provide regulated products, including DFX and MPF, at a closing exchange until all telecoms providers have exited under commercial terms agreed with Openreach.<sup>282</sup> Openreach also stated its view that further regulatory support for exchange exit was necessary to achieve exits, which we cover later in this section.
- 3.47 We have decided that we will maintain our consultation position and Openreach will remain under its obligations to provide regulated products, unless we consent to disapply the requirement to meet reasonable requests for MPF or IEC (both DFX and actives) services at the relevant exchange in response to a request from Openreach. In the case of IEC (both DFX and actives), the requirement falls away when the exchange is fully exited.

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<sup>281</sup> Openreach also remains subject to its other SMP obligations, e.g. the requirement to provide advance notice to access seekers of changes to technical information such as locations of network access and the requirement for the terms and conditions of access to be fair and reasonable.

<sup>282</sup> [CityFibre](#) response to TAR26 March 2025 Consultation. Page 148-9; [INCA](#) response to TAR26 March 2025 Consultation. Pages 87; [PXC](#) response to TAR26 March 2025 Consultation. Page 11.

- 3.48 We cover issues around non-discrimination, the balance of power and incentives in commercial negotiations and appropriate engagements with providers in the following sub-sections.

### Non-discrimination obligations apply to the process of exchange exit

- 3.49 We note that respondents expressed concerns that Openreach may unduly discriminate through the exchange exit process and some requested further specific regulatory intervention by Ofcom to introduce a principle or regulations to ensure a non-discriminatory approach across the exchange exit programme.<sup>283</sup> The existing non-discrimination requirements on Openreach prohibit Openreach from unduly discriminating between its customers. These requirements apply to the process of exchange exit, insofar as it concerns access to regulated products. More generally, BT's Commitments mean Openreach should act independently and in the interests of all its customers.
- 3.50 We also consider that these requirements address the concern that Openreach could favour its own business divisions (Openreach or divisions downstream of Openreach) during the process of exchange exit, to the detriment of its competitors in the relevant wholesale and retail markets. Our existing obligations mean Openreach is prevented from unduly discriminating by favouring downstream divisions in matters such as space in enduring exchanges, prioritisation of products that BT uses, duct capacity,<sup>284</sup> charges and processes relating to exchange exit. It is also prevented from taking decisions that unduly favour users of Openreach's own wholesale access network over altnets that use IEC services.
- 3.51 We also expect that Openreach should be able to demonstrate that the process and the outcomes of exchange exit in this regard have not discriminated against non-BT providers, if we request such information as part of our ongoing monitoring of Openreach, including its running of the exchange exit programme. We note that the Openreach Monitoring Unit will continue to monitor whether Openreach complies with the Commitments, including in relation to exchange exit.

### Competition concerns around commercial negotiations

- 3.52 We understand that progress has been made with the commercial negotiations for the exit of the P108. Openreach has agreed commercial terms with ISPs representing [X]% of its Ethernet base in the P108 exchanges and has secured terms with a number of ISPs for broadband.<sup>285</sup> In its response, Vodafone said that it still regards the terms as imposing a disproportionate burden on providers.<sup>286</sup> Furthermore, we understand that negotiations are ongoing.
- 3.53 Where Openreach is under a requirement to supply services pursuant to SMP regulation, we believe this gives providers leverage to negotiate reasonable terms for exchange exit. PXC suggested our approach was effective, citing as evidence that it helped industry negotiations regarding Openreach plans for completely exiting 108 exchanges, with

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<sup>283</sup> [BUUK](#) response to TAR26 March 2025 Consultation. Page 5; [Hyperoptic](#) response to TAR26 March 2025 Consultation. Page 13; [PXC](#) response to TAR26 March 2025 Consultation. Page 12; [VodafoneThree](#) response to TAR26 March 2025 Consultation. Page 52.

<sup>284</sup> We explore PIA below at 3.108

<sup>285</sup> [Openreach](#) response to TAR26 March 2025 Consultation. Volume 3. Paragraph 222; Openreach response dated 13 February 2026 to s135 notice dated 03 Feb 2026, question 8.

<sup>286</sup> [VodafoneThree](#) response to TAR26 March 2025 Consultation. Page 51.

Openreach offering terms to industry in November 2024.<sup>287</sup> Openreach expressed concern that some providers could hold out for a better deal – which supports the view that providers with a presence in the exchange have negotiating power.<sup>288</sup>

- 3.54 In response to concerns that Openreach has less incentive to negotiate with altnets as they are direct competitors, we recognise that this may be the case for some providers but still consider altnets have negotiating power where they have an exchange presence. Indeed, the points made above still apply to altnets – where Openreach is under a requirement to supply services to altnets pursuant to SMP regulation, it has an incentive to reach commercial agreement with altnets in order to realise the benefits of closing a given exchange.
- 3.55 In response to concerns from BUUK and other altnets who are purchasing from resellers in the exchange, we consider that given the complexity of exchange exit it is not practicable for Openreach to engage beyond its direct customers on the commercial terms of exchange exit. However, we recognise the concern raised and we would expect direct customers to reflect the views of their customers in the commercial negotiations.
- 3.56 More generally, we consider that the non-discrimination requirements on Openreach help address the concern that Openreach could favour one group of non-BT customers (for example, those that purchase access to compete using Openreach’s network) over another (for example, those that purchase access to compete using their own network).
- 3.57 Where Openreach is not under a requirement to supply services under SMP regulation, we expect that its requirements under the Commitments should guide its approach to customers when negotiating terms of exchange exit. We note that providers have several routes open to them when agreement cannot be reached. Providers can explore independent alternative dispute resolution services, and, in certain circumstances they may be able to refer a dispute for resolution by Ofcom.

## Costs to providers, including reconfigurations

- 3.58 The process of exiting exchanges involves cost for providers. These costs can range from rerouting costs and purchasing new equipment to project management costs. In response to our consultation, we received responses articulating concern that these costs can be significant, particularly where there is a need to reroute existing networks to enduring exchanges and that Openreach is not contributing appropriately to these costs.
- 3.59 We recognise the potential costs that providers could incur as a result of exchange exit, and that individual providers will have specific impacts depending on their business models. We think there is a balance to be struck on costs:
- a) Given that exchange exit is driven by Openreach strategy and its decisions have significant scope to affect the type and scale of costs for providers, we think it is likely to be appropriate in most cases for Openreach to bear a share of the resulting costs.
  - b) However, Openreach should not necessarily bear all the costs incurred by providers in exchange exit. While other providers will incur costs, they will also benefit from a streamlined and more reliable network. Openreach also expects to pass through cost savings to its customers.<sup>289</sup> Openreach's consultations with industry and notice of

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<sup>287</sup> [PXC](#) response to TAR26 March 2025 Consultation. Page 12.

<sup>288</sup> [Openreach](#) response to TAR26 March 2025 Consultation. Volume 3. Paragraphs 29-33, 198-204.

<sup>289</sup> [Openreach](#) response to TAR26 March 2025 Consultation. Volume 3. Paragraph 181.

exchange exits should also give providers scope to take account of the impact of exchange exit on their investment strategies and network planning going forward. Where providers have sufficient notice and transparency that an exchange is closing, and subsequently invest at that exchange, we do not think Openreach can be held financially responsible for the providers' costs of reconfiguring its network. More widely modernisations of technologies and networks are business costs that should be anticipated to some extent.

- 3.60 In line with our broader approach to exchange exit, we think Openreach and providers are best placed to negotiate a commercial agreement, including in relation to a balance of costs. Openreach and providers will have a better understanding of the likely costs, various impacts and strategic priorities of their respective businesses. In the first instance, we expect cost sharing to be resolved through commercial negotiation, given the incentives on both sides to reach agreement.
- 3.61 However, we acknowledge that this approach does not entirely remove the risk of inefficient or less competitive outcomes, particularly in light of BT's SMP position. If providers have concerns about the balance of costs incurred, they can explore independent alternative dispute resolution services, and in certain circumstances, refer a dispute to Ofcom for resolution.<sup>290</sup>
- 3.62 If Ofcom were to decide it was appropriate to accept a dispute referral on costs associated with exchange exit, establishing and applying an analytical framework would be a central element of our substantive approach for considering the dispute. While we would take a decision having considered the facts and circumstances of the dispute at the time, a possible starting point is our six principles of cost recovery. While not all of the principles are relevant for every dispute scenario, they have been applied in a variety of disputes (including subsequent appeals) and other settings,<sup>291</sup> are applicable to a broad range of circumstances, and appear relevant in a context where costs are being incurred and distributed based on the decisions of a network access provider.
- 3.63 Below, we underline the importance of Openreach providing transparency and certainty on the programme, which is key to help Openreach's customers plan effectively for the impact of exchange exit, to minimise disruption and migration costs.
- 3.64 We also note VodafoneThree's concerns about service continuity and resilience – our QoS standards, Resilience Guidance and Procedural guidance will continue to apply to Openreach during exchange exit.<sup>292</sup>
- 3.65 Finally, UKCTA also proposed we consider the depreciation of legacy equipment and the impact on BT's balance sheet.<sup>293</sup> In Volume 6 we explain that BT will confidentially provide us with estimates on an annual basis of any provisions and/or contingent liabilities BT has made in relation to exchange exit and closure in its statutory financial statements. This will

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<sup>290</sup> Ofcom can resolve certain disputes in the communications sector, where those disputes fulfil the criteria set out in section 185 of the Communications Act 2003 (the 2003 Act) and comply with Ofcom's [Dispute Resolution Guidelines](#).

<sup>291</sup> See for example [Dispute between Cable & Wireless and T-Mobile about termination rates](#) (2009), [Porting charges under General Condition 18](#) (2014), [Wholesale Local Access Review - recovering the costs of investment in network expansion](#) (2017).

<sup>292</sup> Ofcom. [Network and Service Resilience Guidance](#); Ofcom. [General policy on ensuring compliance with security duties](#).

<sup>293</sup> [UKCTA](#) response to TAR26 March 2025 Consultation. Paragraph 40.

allow us to monitor the impact on BT's finances and provide a starting point for future information gathering if appropriate.

## Transparency and reasonable notice

- 3.66 Where regulated products will be affected, or where there will be changes that impact the provision of regulated products to end-users, appropriate notice should be given of changes.<sup>294</sup> We agree with stakeholders who suggested that reasonable notice of exchange exit is important so that providers have appropriate and equal notice to plan for changes in their networks.
- 3.67 We note that in its June 2023 industry consultation document, Openreach proposed to provide formal notification of exchange exit within a target minimum of four years prior to exchange exit.<sup>295</sup> We note that Openreach has to date already provided a number of details regarding the P108 exchanges that it is exiting. This includes:
- a) A published list of the P108 exchanges that are due to be closed in the 2026-31 review period; and,<sup>296</sup>
  - b) phased deadlines for exit.<sup>297</sup>
- 3.68 We note that timings for phased deadlines and final exit dates were published in September 2024 for closures beginning in September 2028. We consider that it is important Openreach meet the expectation that it has set of providing notification a minimum of four years ahead of planned exit. Given it has indicated an intention to do so, we have decided not to introduce any additional requirements for advance notice of exchange exit in this review period.<sup>298</sup>

## Impact on end-users

- 3.69 Exchange closure carries the risk of temporary disruption for end-users. In some cases, Openreach will be migrating customers over to new lines to enable exchange exit. At the point of switch over, there may be a risk that there is some downtime for the end-user. This could particularly be impactful for critical national infrastructure, vulnerable consumers or for those who require round the clock connectivity. However, providers and Openreach have incentives to minimise such disruption.
- 3.70 We note for regulated products in the WLA, LLA and IEC markets, Openreach is generally required to include SLAs and SLGs in the contracts, and we are not altering the QoS standards to reflect exchange exit. Openreach will be required to meet the QoS standards we impose (see Volume 5 for our proposals in relation to QoS standards).
- 3.71 As the experience of PSTN switch off and customers migrations to all IP digital landlines has shown, these transitions require detailed end customer focused communications and

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<sup>294</sup> We note that existing SMP conditions already require Openreach to provide notice for some changes to their network, for example amendments to terms and conditions and changes to technical information (see Section 4 for details).

<sup>295</sup> Openreach. June 2023. [How we propose to exit the 103 priority exchanges consultation issue 4 - Published 22 June 2023](#). Page 5. Accessed 29 January 2026.

<sup>296</sup> Openreach. [Exchange Exit list](#). Accessed 29 January 2026.

<sup>297</sup> Openreach. [Exchange Exit list by Phase](#). Accessed 29 January 2026.

<sup>298</sup> We note that we have proposed to introduce a new requirement on Openreach to notify us after an exchange has been fully exited, to ensure that industry is clear when relevant regulation is no longer applicable to an exchange. Detail of this proposal is included at Section 4.

processes. As with other migration programmes, we expect the impact on vulnerable consumers and critical national infrastructure to be considered, managed and risks should be mitigated appropriately.<sup>299</sup> We expect industry as a whole to take all appropriate measures to minimise end-user disruption and ensure vulnerable consumers are migrated to alternative services before an exchange is exited.

- 3.72 Providers must remain compliant with General Conditions during the process of exchange exit. Where providers have failed to meet these standards in the past we have investigated this behaviour and are willing to do so again if appropriate.<sup>300</sup> We also expect that providers who sign any voluntary charters and checklists agreed between the Department of Science, Innovation and Technology (DSIT) and providers, explaining the necessary safeguards for vulnerable customers and critical national infrastructure (CNI) users during network modernisations and the transition to new digital services, comply with them.<sup>301</sup> We will monitor the programme following this statement and will continue to engage with providers on their plans for vulnerable consumers in the future.

## Requested withdrawal of MPF regulation in relation to exchange exit

- 3.73 In advance of our March 2025 Consultation, Openreach requested changes to regulation to support withdrawal of MPF at closing exchanges.<sup>302</sup> In our March 2025 Consultation we set out our view that further regulatory support for MPF withdrawal was unnecessary at this stage and that we should maintain our existing SMP regulation on MPF, but we noted our ability to give consent to withdraw regulation where appropriate. We have decided this remains the appropriate approach, and that changes to our SMP conditions in relation to MPF are not required.
- 3.74 As we set out in our March 2025 Consultation, our understanding is that the vast majority of the remaining MPF customers in the P108 exchanges are with major ISPs.<sup>303</sup> Therefore we continue to consider migrating these customers by commercial agreement to be a viable option. Openreach considered our concerns about undermining commercial negotiations to be out of date, given *“agreement had been reached with most of the large ISPs”*, and sought clarity on our proposed case-by-case approach to considering a request for consent from Openreach.<sup>304</sup> We understand that negotiations are ongoing between Openreach and certain telecoms providers, so removing Openreach’s current requirement to supply MPF on charge-controlled terms and giving Openreach the option to unilaterally switch off service at specified dates could reduce providers’ bargaining power in these negotiations, with the risk that this could lead to worse outcomes overall.

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<sup>299</sup> Ofcom. 2019. [The future of fixed telephone services](#).

<sup>300</sup> For example, in December 2025 Ofcom fined Virgin Media £23.8 million following an investigation into its compliance with its obligation under the General Conditions in relation to treatment of vulnerable consumers. Ofcom. 2025. [Investigation into Virgin Media’s compliance with rules relating to vulnerable consumers and access to emergency organisations](#).

<sup>301</sup> Ofcom. 2019. [The future of fixed telephone services statement](#). Ofcom Guidance on GC A3.2(b) - [protecting access to emergency organisations when there is a power cut](#) (mainly the Final guidance annex). DSIT: [Public Switched Telephone Network charter](#), August 2024. Accessed 05 March 2026. DSIT: [Network Operator Charter](#), March 2024. DSIT: [Critical National Infrastructure Charter](#), November 2024. Accessed 5 March 2026.

<sup>302</sup> [Openreach](#) response to TAR26 March 2025 Consultation. Volume 3. Paragraph 210.

<sup>303</sup> Openreach response dated 21 February 2025 to s135 notice dated 10 February 2025, question 6.

<sup>304</sup> [Openreach](#) response to TAR26 March 2025 Consultation. Volume 3. Paragraph 222-224.

- 3.75 We also recognised in our March 2025 Consultation that a ‘tail’ of customers<sup>305</sup> might remain on MPF products as an exchange exit nears and in theory, this ‘tail’ of customers on MPF risks blocking the exit of an exchange, even if it consists of only a small number of customers. We explained that while SMP conditions 1.1 and 2.1 require the provision of network access where this is reasonably requested by a provider,<sup>306</sup> the access requirements in SMP conditions 1.1 and 2.1 may be disapplied in circumstances where Ofcom provides consent.
- 3.76 In response to our March 2025 Consultation, Openreach sought clarity on the process by which we would reach consent decisions and the factors we will take into account.<sup>307</sup> Openreach asked us to clarify the circumstances under which ongoing requests for certain forms of network access, such as MPF access, would not be considered reasonable.<sup>308</sup> It also suggested that Ofcom work with Openreach on a scale ‘pathfinder’ to identify and resolve any remaining issues on the route to exchange exit, and trial the process.<sup>309</sup>
- 3.77 We note that Hyperoptic thought the criteria for granting consent should be defined in the regulations, rather than managed on a case-by-case basis, and these criteria should place a clear burden on Openreach to demonstrate that all reasonable commercial and technical options for migration have been exhausted or refused by the relevant provider.<sup>310</sup> Similarly, PXC said that BT should only be allowed to withdraw legacy copper products and/or terminate a provider’s licence to use a BT exchange, where certain prescribed circumstances have been met.<sup>311</sup>
- 3.78 While we do not consider it appropriate to withdraw SMP regulation on MPF now, we think explaining the process that we intend to follow to consider any requests for consent to disapply SMP conditions 1.1 and 2.1 at closing exchanges would be useful for both Openreach and industry more widely.

### Approach to considering a request to disapply SMP regulations

- 3.79 We think it is likely to be most practicable if Openreach were to request consent to withdraw regulation for one or more phases of exchange exits at the same time. Compared to a case-by-case individual exchange approach, this strikes a balance between reflecting the circumstances at the time (including reflecting any learnings from any previous consent decisions) and having a practicable process that does not require numerous consent consultations and decisions.
- 3.80 For example, we consider that it would likely be more practicable for any request for Ofcom to give consent for exchanges in Phases 1 and 2 to be considered together, well in advance of Openreach’s proposed timelines for product withdrawal in April 2028 for the Phase 1 exchanges and April 2029 for the Phase 2.<sup>312</sup>

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<sup>305</sup> These could be customers with large ISPs, but the customer has not engaged with its provider in relation to migration, or they could be customers with smaller ISPs where the provider has not engaged fully, or where the customer has not engaged and migrated.

<sup>306</sup> Subject to SMP Conditions 1.2 and 1.5

<sup>307</sup> [Openreach](#) response to TAR26 March 2025 Consultation. Volume 3. Paragraph 221.

<sup>308</sup> [Openreach](#) response to TAR26 March 2025 Consultation. Volume 3. Paragraph 226.

<sup>309</sup> [Openreach](#) response to TAR26 March 2025 Consultation. Volume 3. Paragraph 227.

<sup>310</sup> [Hyperoptic](#) response to TAR26 March 2025 Consultation. Page 15.

<sup>311</sup> [PXC](#) response to TAR26 March 2025 Consultation. Pages 11.

<sup>312</sup> Openreach. [Exchange Exit list by Phase](#). Accessed 29 January 2026.

- 3.81 When receiving the request for consent from Openreach, we would consider the circumstances at the time of the request. While we do not think it is appropriate to prescribe detailed conditions for consent at this stage, were we to propose to grant a consent to disapply any SMP condition in due course, we would need to consult and demonstrate that our proposals meet the required legal test. In accordance with section 49(2) of the Act, we must be satisfied that any consent or direction is:
- a) objectively justifiable in relation to the networks, services and facilities, apparatus or directories to which it relates;
  - b) not such as to discriminate unduly against particular persons or against a particular description of persons;
  - c) proportionate to what it is intended to achieve; and
  - d) in relation to what it is intended to achieve, transparent.
- 3.82 Our objective is to support Openreach exiting exchanges (given the benefits set out above), in a way that mitigates potential harm to consumers or competition. When considering whether it is objectively justifiable and proportionate to consent to a withdrawal, we will consider whether granting the consent would achieve this objective (and do so in a proportionate way). Our approach to any assessment will be informed by the circumstances at the time.
- 3.83 We note that under our approach to exchange exit, we expect Openreach and providers to negotiate a commercial agreement which allows the benefits of exchange exit to be realised while also delivering good outcomes for competition and consumers. We expect consents to play more of a backstop role. Where commercial agreements have not been reached, we may look to understand the reasons for this, including the extent to which there has been meaningful and reasonable engagement from Openreach and providers and whether the negotiations have been fully exhausted.
- 3.84 We would also need to consult on a draft legal instrument setting out the specifics of the consents being granted. Therefore, stakeholders will have a further opportunity to make representations on the criteria and circumstances applied through that process.
- 3.85 This approach would also allow the first two tranches of exits to be treated as a trial, which could be closely monitored, and lessons could be learned for future exchange exit phases.
- 3.86 We note that wholesale SMP regulation, which is designed to address wholesale level competition problems, is not an appropriate mechanism for carefully managing end consumer migrations from legacy services to modern fibre-based services. Openreach and retail providers will continue to be subject to other conditions and voluntary commitments, as we describe above (Impact on End Users). As the experience of PSTN switch off and customers migrations to all IP digital landlines has shown, the detailed rules for managing these transitions require detailed end customer focused communications and processes. The expectations set out by Ofcom and the voluntary Charters agreed between the Department of Science, Innovation and Technology (DSIT) and fixed line providers are examples of this, and they explain the necessary safeguards for vulnerable customers and critical national infrastructure (CNI) users during the transition to new digital services.<sup>313</sup>

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<sup>313</sup> For example, DSIT: [Public Switched Telephone Network charter](#), August 2024. Accessed 5 March 2026. DSIT. [Network Operator Charter](#), March 2024. Accessed 5 March 2026. DSIT. [Critical National Infrastructure Charter](#),

## IEC, backhaul markets and exchange exit

- 3.87 As explained in Section 8, inter-exchange connectivity (IEC) provides a service to backhaul aggregated end-user traffic between specific points of aggregation (BT exchanges). Given these products exist to enable the backhaul of traffic between exchanges, the exchange exit programme will have a direct impact, as IEC lines will no longer be available from or to an exchange after it has been exited.
- 3.88 We note that individual providers use IEC circuits – both active IEC lines and DFX lines - within their network differently. Some providers may use Openreach IEC lines to backhaul aggregated traffic from Openreach access lines, whereas others may use an Openreach IEC line to backhaul traffic from their own access network.
- 3.89 We understand that Openreach’s general approach to exchange exit for IEC services is to ensure connectivity to providers through migration to designated handover sites, and availability of alternative services. What this means in practice will vary by use case of IEC lines. For example:
- a) Where a provider (e.g. an ISP) is using an active or passive IEC service to backhaul aggregated traffic from Openreach access lines, Openreach intends to migrate the relevant access lines to the enduring exchange and charge them at local access pricing.<sup>314</sup> This alternative will make the need for the original IEC line redundant.
  - b) Where providers (e.g. an altnet) are using Openreach IEC lines, particularly DFX, to backhaul traffic from their own access networks, the altnet’s demand for connectivity remains after exchange closure. We understand that as part of the ongoing commercial negotiations between Openreach and providers, Openreach has offered to “grandfather” existing DFX lines in the P108 that have been installed before 1 April 2024.<sup>315</sup> This proposal is designed to ensure that alternative connectivity solutions are provided for existing circuits.
- 3.90 Where Openreach does agree commercial terms with providers and fully exits an exchange, we recognise that it is then appropriate to reflect the fact that the exchange has been exited and DFX and IEC actives are no longer required to be provided from that exchange. Therefore, our approach to the SMP conditions for DFX and active IEC products is detailed below.
- 3.91 As noted above, the obligation to provide IEC services is currently location-specific.<sup>316</sup> We have decided to maintain this approach in general, but with a mechanism for the obligations to provide DFX and active IEC services to cease upon written notice from

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November 2024. Accessed 5 March 2026. For a summary of our work, see Ofcom, [protecting consumers during the migration to digital landlines](#), 18 December 2023. Accessed 5 March 2026.

<sup>314</sup> Openreach response dated 21 February to s135 notice dated 10 February 2025, question 3b.

<sup>315</sup> We understand that grandfathering in this instance means maintaining the line via the DFX external termination product at no additional cost to the provider, but with a rearrangement of the existing DFX product to terminate outside the exchange. Openreach response dated 21 February 2025 to s135 notice dated 10 February 2025, question 3.

<sup>316</sup> Openreach is required to provide DFX from/to specific exchanges listed in Schedule 4 to the SMP conditions (SMP Condition 2.5) and to provide active IEC services (Ethernet and WDM) at BT only and BT+1 exchanges (SMP Condition 2.4 insofar as it relates to “IEC BT Only” and “IEC BT+1” markets; with those markets in turn defined by reference to the specific list of exchanges in Schedule 4).

Openreach that all telecoms providers have ceased to use network access at that exchange and have terminated their licences for space and power.<sup>317</sup>

- 3.92 This approach maintains the obligation to provide DFX and active IEC products (and their associated regulatory protections) at an exchange until all telecoms providers have exited under commercial terms agreed with Openreach. However, after that point has been reached, it ensures our regulatory obligations reflect that the exchange has been exited and IEC services are no longer required to be provided from that exchange. We discuss our legal powers and the proportionality of this decision in Section 8.
- 3.93 We recognise that this approach risks a ‘tail’ of remaining IEC customers blocking the exit of an exchange. However, as discussed above, the access requirements in SMP conditions 1 and 2 may be disapplied in circumstances where Ofcom provides consent. We would consider any request for consent by Openreach and take into account the particular circumstances at the relevant time, in accordance with our duties. As per our approach to requests to disapply MPF regulation above, if Openreach considers that consents are necessary, we think it would be most practicable if Openreach were to request consent to withdraw regulation for one or more phases of exchange exits at the same time.
- 3.94 We consider that an alternative approach of removing all of Openreach’s current requirement to supply IEC actives and DFX at all 108 exiting exchanges at specified dates could reduce some telecoms providers’ ongoing bargaining power in future negotiations, with the risk that this could lead to worse outcomes overall for consumers.
- 3.95 We note that some stakeholders raised concerns around exchange exit impacting the availability of competitive backhaul at closing exchanges. As outlined in Volume 2 based on the data provided to us by stakeholders, we understand that providers plan to exit at or around the same time as the planned exchange closures. Therefore, we do not expect a significant time period where the exchange remains operational but with fewer competitors.
- 3.96 Openreach said that Ofcom should state that if ISPs take DFX at non-enduring exchanges they do so at their own risk, and should be aware of the potential for future network disruption.<sup>318</sup> We recognise that the exchange exit programme will impact providers’ networks and this will be a factor for many providers, when they consider whether to take DFX. However, the exchange exit programme relies on a collaborative approach by Openreach and providers to enable exchanges to be exited to Openreach’s preferred timeframes. We consider that it is in Openreach’s interests to provide as much detail as possible about when exchanges are expected to close, to ensure providers are able to make informed decisions about future investments. As explained above, in considering any request from Openreach for consent to disapply regulation, we would consider the factors set out in the previous subsection. The extent of meaningful engagement and whether sufficient notice has been provided are likely to be relevant.
- 3.97 We also believe Openreach should consider and communicate what approach it will take to lines in exchanges that will close beyond the P108. For example, Openreach may need to consider how it might incentivise providers to leave exchanges in good time, for example by applying the ‘grandfathering’ of DFX lines beyond the P108.

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<sup>317</sup> See SMP conditions 2.4, 2.5, 2.11 and 2.12 and the definitions of “IEC BT Only” and “IEC BT+1”.

<sup>318</sup> [Openreach](#) response to TAR26 March 2025 Consultation. Document 3. Paragraph 431.

- 3.98 BUUK and INCA requested a requirement be established to ensure an ODF be installed at closing exchanges to establish dark fibre connectivity. At this point in time, we do not consider this is necessary, and we note that a number of providers already install their own street infrastructure. As set out above, we believe there is continued need for both Openreach and industry to engage and negotiate about the exchange exit programme.

## Arbitration and monitoring

- 3.99 We note comments from stakeholders about monitoring and arbitration roles for Ofcom. A number of stakeholders supported increased oversight or arbitration from Ofcom, with one stakeholder specifically requesting that Ofcom arbitrate disagreements around cost.<sup>319</sup>
- 3.100 If providers have concerns with the outcome of commercial negotiations, they can explore independent alternative dispute resolution services, and, in certain circumstances they may be able to refer a dispute for resolution by Ofcom. Providers can discuss issues with us on an informal basis. Where the concern relates to BT Commitments issues, the Openreach Monitoring Unit (OMU) remains the most appropriate Ofcom team to contact. Furthermore, Openreach must also comply with the Competition Act 1998, which continues to apply even in circumstances where there are no ex-ante obligations.
- 3.101 PXC suggested we engage with the OTA2, OMU and affected telecare groups. We already monitor the exchange exit programme and engage with relevant bodies such as the OTA2.<sup>320</sup> Facilitating discussions on exchange exit and monitoring the programme will be one of the OTA2's priorities during the next review period. We welcome ongoing engagement from industry on the exchange exit programme.

## The longer-term exchange exit programme

- 3.102 Exchange exit is a long-term programme that will run through to the end of the decade and for most of the 2030s. We can only apply regulation in each review period; therefore, we cannot impose rules beyond 2031 at this stage. However, we will monitor progress and outcomes in relation to the Priority 108 exchanges that are due to be exited by 2030, to identify lessons learnt and inform whether any changes are needed to the regulatory framework in the next review period.
- 3.103 We recognise that beyond the P108, Openreach plans to exit more exchanges in the early 2030s, and the process for this will need to begin in this review period. We would encourage Openreach and providers to begin to consider how they will approach these lines in the 4,500+ exchanges that are due to be exited as part of the wider exchange exit programme, and believe this should be done in line with the points set out in this Section with regard to transparency and providing sufficient notice, as well as minimising the risks to consumers and competition. Such an approach would also help to meet UKCTA and VodafoneThree's requests for Openreach to provide more detailed information now about its approach to post 2030 exits, which should be done as soon as is practicable to provide

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<sup>319</sup> [BUUK](#) response to TAR26 March 2025 Consultation. Page 5; [FCS](#). Response to TAR26 March 2025 Consultation. Page 5; [Hyperoptic](#) response to TAR26 March 2025 Consultation. Page 15; [INCA](#) response to TAR26 March 2025 Consultation. Pages 88-89; [VodafoneThree](#) response to TAR26 March 2025 Consultation. Pages 1-2.

<sup>320</sup> [PXC](#) response to TAR26 March 2025 Consultation. Page 11.

more certainty to industry. We will continue to engage with industry as appropriate as the programme develops.

- 3.104 As we have set out above, we also believe that network operators and other providers should factor into their plans and investment decisions that Openreach's network topology and exchange footprint will change. During a period of significant technology change brought about by deployment of FTTP and FTTC (SOGEA) services, we do not believe it is reasonable to assume that the network footprint of telephone exchanges from decades ago can be maintained without change, and over the longer-term significant changes should be expected.

## Other issues raised by stakeholders

### Our duties

- 3.105 We note VodafoneThree's comments that our approach is inconsistent with our duties under the Communications Act 2003 and with the Growth Duty.<sup>321</sup>
- 3.106 We consider our approach to be consistent with our duties and our overarching regulatory principles. Our approach aims to further the interest of citizens and consumers in relation to communication matters, and appropriately promotes competition. We are maintaining regulation to protect consumers and competition, and as explained above existing regulation requires Openreach to act in a manner that is not unduly discriminatory throughout the exchange exit process. Our approach also takes account of the benefits to consumers and citizens from the modernisation and increased efficiency of fixed line networks. Our approach is also in line with our regulatory principles to operate with a bias against intervention, but with a willingness to intervene firmly, promptly and effectively where required; to strive to ensure our interventions will be evidence-based, proportionate, consistent, accountable and transparent in both deliberation and outcome; and to seek the least intrusive regulatory mechanisms that achieve our policy objectives.
- 3.107 Furthermore, in relation to the Growth Duty, we consider that network modernisation (leading to a simpler and more reliable access network which will require less maintenance effort), the more efficient use of buildings and energy, and vacating exchange buildings so they can be put to more productive uses, to be supportive of economic growth, and consistent with our duty to have regard to the desirability of promoting UK economic growth.

### PIA

- 3.108 We note that some stakeholders have raised concerns relating to PIA, duct space and network capacity issues as a result of exchange exits. Openreach should seek to optimise the use of its existing infrastructure e.g. duct space, to avoid incurring unnecessary costs that could be passed on to its customers.<sup>322</sup> We would also expect that a provider's existing access to PIA be maintained by Openreach during and after exchange exit – i.e. providers should not lose existing access to PIA in a particular location because exchange exit has caused capacity constraints. We also note that our non-discrimination requirements will continue to apply to the allocation of duct space.

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<sup>321</sup> [VodafoneThree](#) response to TAR26 March 2025 Consultation. Page 52.

<sup>322</sup> [BUUK](#). Response to TAR26 March 2025 Consultation. Page 2; [FCS](#). Response to TAR26 March 2025 Consultation. Page 5.

### Migration products, ancillaries' charges and leased line dual running

3.109 As we have set out above, we consider the detail of exchange exit terms and migrations processes to be best addressed through commercial negotiations. Ancillaries to regulated products will continue to be charge controlled as is set out in Volume 4. In relation to UKCTA's comments around dual running of leased lines services, Openreach's current exchange exit offer terms include a provision for 90-day parallel running for leased lines that are migrated by placing a provide and cease order.

### Openreach's charges for left in jumpers

3.110 Industry agreed a process for the removal of jumper cables by Openreach when it was necessary to do so. This is known as the Left In Jumpers (LIJ) process. We would expect that Openreach would not undertake work that is not strictly necessary to allow it to manage its network efficiently. Where Sky has concerns about Openreach processes related to carrying out work that is not strictly necessary, it can raise these through the industry groups in the first instance and, where required, raise a Statement of Requirement (SOR) to explore changes to the process.

## Summary of decisions

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- 3.111 In summary we have decided to maintain our existing suite of regulation to mitigate risks to competition and consumers during the 2026-31 review period. In particular, we are maintaining our regulation in relation to MPF. In relation to IEC services, Openreach's obligations to provide DFX and active IEC services will be maintained until after an exchange has been exited. In both cases, we consider that Openreach and providers are best placed to commercially negotiate the terms of exchange exits.
- 3.112 We have also set out more detail in relation to the process we intend to follow to consider any requests for consent to disapply MPF and/or IEC regulations in closing exchanges.

# 4. General remedies

## Introduction

- 4.1 In this section, we set out the general remedies that we have decided to impose on Openreach, designed to address the competition concerns that we have identified in our market assessment (Volume 2) and in line with our approach to remedies (Section 1).
- 4.2 The general remedies require Openreach to provide network access and impose supporting obligations in the markets where we have identified BT as having SMP. These are the markets for physical infrastructure in the UK outside the Hull area, wholesale local access (WLA) in WLA Area 2 and WLA Area 3, leased line access (LLA) in LLA Area 2, LLA Area 3 and the High Network Reach (HNR) Area, and inter-exchange connectivity (IEC) in BT Only and BT+1 exchanges (which we refer to collectively as the “relevant fixed telecoms markets”). The general remedies are similar to those imposed in the WFTMR21.<sup>323</sup>

**Table 4.1: Summary of the general remedies**

Remedies
Requirement to provide network access on reasonable request
Requirement to publish and operate a process for requests for new forms of network access (SoR)
Requirements for equivalence of inputs (EOI) and no undue discrimination (NUD)
Requirement to publish a Reference Offer (RO)
Requirement to notify changes to charges, terms and conditions
Requirement to notify technical information
Requirement for quality of service (QoS)
Regulatory financial reporting

- 4.3 We describe below the form of remedy which we have decided to impose in each market. This includes how we have decided to apply the general remedies in the WLA market in view of our approach to supporting copper retirement, our approach to exemptions to the general remedies in each market, and our approach to certain commercial terms offered by Openreach.

<sup>323</sup> Ofcom. March 2021. [Promoting investment and competition in fibre networks – Wholesale Fixed Telecoms Market Review 2021-26](#).

## Overview of stakeholder responses

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- 4.4 A number of stakeholders set out their broad support for our proposals on general remedies.<sup>324</sup> However, stakeholders also provided comments about specific proposals within our general remedies. These comments are addressed below.

## Requirement to provide network access on reasonable request

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### Our proposals

- 4.5 For each of the relevant fixed telecoms markets, we proposed to retain the requirement on Openreach to offer network access where a third party reasonably requests it, and that it must do so on fair and reasonable terms and conditions, as soon as it is reasonably practicable.
- 4.6 We proposed to impose an obligation for network access charges to be fair and reasonable where there is no basis of charges obligation or a charge control. We interpreted this to mean:
- a) In the physical infrastructure market, Openreach should not set prices in relation to new forms of access that result in excessive pricing or equate to a price squeeze.<sup>325 326</sup>
  - b) In each of the WLA, LLA and IEC markets, Openreach should not set prices that would equate to a price squeeze.<sup>327</sup>
- 4.7 In addition, to address our concerns about a price squeeze between PIA prices and FTTP prices, we proposed a requirement for FTTP charges to be fair and reasonable at all times. We proposed to interpret this requirement for fair and reasonable charges to mean Openreach should not set prices that leave an insufficient margin between its weighted average FTTP price and PIA prices.
- 4.8 In our October 2025 Further Consultation,<sup>328</sup> we set out an alternative approach to regulating certain WLA products based on relying on Openreach's contracts. We referred to this as a Contract Focused Approach. In the event that we adopted the Contract Focused Approach, we proposed to modify the guidance for fair and reasonable pricing to include excessive pricing for the anchor products in the WLA market.

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<sup>324</sup> [Advisory Committee for Scotland](#) response to TAR26 March 2025 Consultation. Page 6. [CityFibre](#) response to TAR26 March 2025 Consultation. Page 149. [nxfibre](#) response to TAR26 March 2025 Consultation. Page 15. [Openreach](#) response to TAR26 March 2025 Consultation. Volume 3. Paragraphs 232-233. [TechUK](#) response to TAR26 March 2025 Consultation. Page 7. [Virgin Media O2](#) response to TAR26 March 2025 Consultation. Page 51-52. [VodafoneThree](#) response to TAR26 March 2025 Consultation. Section 3. Paragraph 132.

<sup>325</sup> A price squeeze is also known as "margin squeeze".

<sup>326</sup> We proposed that while we would assess any dispute on the relevant facts, our starting point for assessing a dispute would be that a sufficient margin should be based on the costs of a reasonably efficient operator.

<sup>327</sup> We proposed that while we would assess any dispute on the relevant facts, our starting point for evaluating cost and margins on individual services in this context would be to allow a LRIC retail margin on each service, assessed by reference to an equally efficient operator (EEO) standard.

<sup>328</sup> Ofcom. October 2025. [Consultation: Further consultation on WLA pricing remedies - Telecoms Access Review 2026-31](#).

- 4.9 We also proposed to retain a power for Ofcom to make directions in order that we can secure the supply of services and, where appropriate, fairness and reasonableness in the terms and conditions (and in certain circumstances, also the charges) of network access.

## Stakeholder responses

### Disapplication of the general network access obligation in relation to supporting copper retirement

- 4.10 We proposed that the requirement to provide network access on reasonable request should not apply in certain circumstances, in order to support copper retirement. nexfibre said that our proposals should clarify that the limitations on the requirement to provide network access apply both to external access seekers and downstream BT, ensuring there is a level playing field between BT and other operators.<sup>329</sup>

### Openreach network changes

- 4.11 Openreach was supportive of the proposal to require network access on reasonable request but sought further guidance on what ‘reasonable’ is in situations where a provider requests network access in areas where the local exchange is being closed.<sup>330</sup>
- 4.12 Openreach also suggested that there should be an exception from the network access obligation. It suggested that where there was a fault on its copper network, it should be able to withdraw access and move the customer onto an FTTP connection without their agreement should the following conditions be met: that FTTP is available, that the move to an FTTP connection is less costly than fixing the fault and that there is no negative impact on the customer.<sup>331</sup>

### Fair and reasonable pricing

- 4.13 BT Group said that as upstream competition grows and BT’s downstream competitors have an increasing choice of upstream provider, the necessity of downstream regulatory protections through price squeeze rules will diminish, and competition law will address adequately any residual concerns.
- 4.14 BT Group considered that Ofcom’s starting point for evaluating costs and margins on individual services to allow a LRIC retail margin on each service was an unnecessarily narrow starting point for any assessment of price squeeze in these markets. It said this position was at odds with Ofcom’s approach in previous investigations, such as its Wholesale Calls margin squeeze decision, as well as relevant EC case law in this area, all of which indicate that the appropriate starting point is to apply the test at a level of aggregation which corresponds to the relevant product market (i.e. a total product test). It said that an individual service test would typically result in an artificially narrow framework to assess the pricing and cost allocation of a complex, multi-product firm such as BT Group. Therefore, Ofcom should clearly set out that, whilst any assessment will turn on its facts, the appropriate starting point for any margin squeeze assessment is a total product test, rather than an individual services test.<sup>332</sup>

<sup>329</sup> [nexfibre](#) response to TAR26 March 2025 Consultation. Pages 15-16.

<sup>330</sup> [Openreach](#) response to TAR26 March 2025 Consultation. Volume 3. Paragraph 244.

<sup>331</sup> [Openreach](#) response to TAR26 March 2025 Consultation. Volume 3. Paragraphs 256-264.

<sup>332</sup> [BT Group](#) response to TAR26 March 2025 Consultation. Page 29.

- 4.15 We received stakeholder comments about how Ofcom should assess whether Openreach's FTTP pricing represents a price squeeze with PIA prices. We discuss these further in Volume 4 Section 1.

### ATI regulations

- 4.16 With respect to the proposed network access obligation in the physical infrastructure market, Openreach argued that Ofcom should focus on making the existing ATI Regulations<sup>333</sup> more effective. It said our proposals would risk distorting the physical infrastructure market as Openreach would be the preferred provider of physical infrastructure. Openreach argued that this 'crowding out' would result in unnecessary duplication of civil infrastructure and increase the cost of FTTP deployment. Further, Openreach argued that disincentivising the use of the ATI Regulations through imposing network access obligations is likely to distort the evidence informing future market reviews to falsely give the impression that other physical infrastructure is unsuitable for fibre network development.<sup>334</sup>

## Our reasoning and decisions

- 4.17 We have decided to proceed with the proposals outlined above, as we consider that our network access obligation is appropriate and proportionate in relation to BT's market power in each of the relevant fixed telecoms markets.
- 4.18 The level of investment required by a third party to replicate Openreach's physical infrastructure, WLA, LLA and/or IEC networks, and the time it would take to do this, are significant barriers to entry. As set out in the WFTMR21 and in the March 2025 Consultation, we remain of the view that the ATI regulations do not address these competition concerns sufficiently.<sup>335</sup>
- 4.19 Therefore, an obligation requiring Openreach to provide network access where a third party reasonably requests it is vital to promoting and protecting competition in downstream markets. Without such a requirement, Openreach would have the incentive and ability to refuse access at the level of each relevant fixed telecoms market or provide access on less favourable terms, thereby benefiting its own retail divisions and hindering downstream competition, ultimately against the interests of consumers.
- 4.20 Our network access obligation includes an obligation on Openreach to provide any ancillary services that are necessary to make effective that network access. Certain ancillary services, such as accommodation and Cablelink, may be used to support network access in multiple relevant fixed telecoms markets. To facilitate efficient use of the network, we have decided to retain the obligation to allow telecoms operators the flexibility to use ancillary services across multiple types of access, i.e. cross-market. In addition, to facilitate transparency, we continue to expect that Openreach's product pages provide clear signposting and clear naming of available ancillary services within a given market and, for clarity, of ancillary services that may be used to support multiple relevant fixed telecoms markets.

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<sup>333</sup> [The Communications \(Access to Infrastructure\) Regulations 2016](#). Accessed 3 February 2026.

<sup>334</sup> [Openreach](#) response to TAR26 March 2025 Consultation. Volume 3. Paragraphs 248-255.

<sup>335</sup> Ofcom. March 2021. [Promoting investment and competition in fibre networks – Wholesale Fixed Telecoms Market Review 2021-26](#). Volume 3, Paragraphs 3.12 – 3.18.

## Disapplication of the general network access obligation in relation to supporting copper retirement

- 4.21 In Section 2 we set out how we will support the copper retirement process through a framework to manage the regulatory transition from copper-based services to FTTP services in the WLA market. In particular, we have decided to maintain the phased removal of the current regulation of copper-based services. To implement this regulatory approach to supporting copper retirement, we have decided to retain the following limitations to the general network access obligation on Openreach in the WLA market when supplying both BT downstream and other external access seekers:
- a) We have decided that the general requirement to provide network access on reasonable request will not apply to new forms of network access using Openreach's copper network, unless to facilitate migration to ultrafast broadband.
  - b) In exchange areas where Openreach has made ultrafast broadband available to 75% of premises (the first threshold), we have decided that, in addition to a) above, for premises where FTTP is available, the general requirement to provide network access on reasonable request will not require Openreach to meet new requests for any network access which uses its copper network, including MPF, FTTC and G.fast services.
- 4.22 This continued limited application of the general remedies would allow Openreach to focus on the ongoing deployment of new FTTP services, while ensuring that telecoms providers can safely migrate customers that are currently using copper-based services.

### Openreach network changes

- 4.23 Our position on Openreach's comments concerning what a reasonable request is in the context of exchange exit is set out in Section 3.
- 4.24 In response to Openreach's request for an exception to repair some faults on copper-based services and require customers to install FTTP to resolve the fault, we are supportive of Openreach and ISPs taking appropriate steps to encourage customers to move to FTTP to avoid exceptionally costly repairs of the copper network. However, we do not consider it appropriate to specify any exception to the network access obligation at this time, which would effectively force customers to take an FTTP connection in certain circumstances. Our view is that for the 2026-31 review period an FTTP installation should require end customer consent. Openreach cited in its response examples where expensive repairs have, or could have, been avoided with customers agreement for FTTP installation. However, customer circumstances vary – an FTTP installation may not be right for them at that time. Where an ISP is unable to persuade a customer to accept FTTP as an alternative to repairing the copper-based network, we are concerned that forcing that customer to take an FTTP connection could lead to detriment. In addition, Openreach's proposed criteria could be subjective and its view on what is a negative impact to customers could be applied inappropriately. Our position does not prevent Openreach and ISPs agreeing an approach commercially (subject to wider regulatory obligations on all parties).

### Fair and reasonable pricing

- 4.25 We consider that for each relevant fixed telecoms market there is a risk that Openreach might fix or maintain some or all of its prices for network access at an excessively high level,

or impose a price squeeze in relation to such access so as to have adverse consequences for end-users of public electronic communications services.<sup>336</sup>

#### Risks of excessive pricing

- 4.26 To address the risk of excessive pricing in the physical infrastructure, WLA, LLA and IEC markets, we are imposing on Openreach:
- a) charge control obligations for most of our specific access obligations (PIA, MPF, VULA 80/20, specific types of leased lines,<sup>337</sup> specific types of dark fibre<sup>338</sup>) and certain ancillary services; and
  - b) a basis of charges obligation for existing PIA services not subject to a charge control, and for certain ancillary services including electricity (see Volume 4 Section 5).
- 4.27 We have considered whether further regulation, in the form of a fair and reasonable requirement, is required to address a risk of excessive pricing in these markets.
- 4.28 In the WLA, LLA and IEC markets, new forms of network access and some existing forms of network access will not be subject to any charge control or basis of charges obligation. However, we expect the charge controls and basis of charges obligation that we are imposing to act as a constraint, and so limit the risk of excessive pricing, on these forms of network access. Therefore, we do not consider that the residual risk of excessive pricing is sufficient to warrant further regulation.
- 4.29 In the physical infrastructure market, new forms of network access will not be subject to any charge control or basis of charges obligation. We are concerned that Openreach will have the incentive and ability to set excessive prices in relation to new forms of network access. This is because the existing PIA products (and any downstream services) may not be good substitutes to act as a constraint, and so limit the risk of excessive pricing, on these new forms of network access. Therefore, we consider that further regulation is required to address this specific risk.
- 4.30 In our October 2025 Further Consultation, we proposed to include excessive pricing when interpreting the fair and reasonable requirement for the anchor products in the WLA market, in the event we adopted the Contract Focused Approach. As explained in Volume 4, we have decided not to adopt the Contract Focused Approach. Accordingly, we do not consider that a fair and reasonable requirement is necessary to address the risk of excessive pricing in relation to these products.

#### Risks of price squeeze

- 4.31 We have considered whether regulation, in the form of a fair and reasonable requirement, is required to address the risk that Openreach imposes a price squeeze i.e. sets wholesale prices that leave insufficient margin for competitors to compete.

#### *Risk of a price squeeze harming downstream competition based on access to Openreach's network*

- 4.32 We have considered the risk of a price squeeze between forms of network access in the WLA, LLA and IEC markets, and the corresponding retail products. Such a price squeeze would harm downstream competition based on access to Openreach's network.

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<sup>336</sup> For the HNR Area, our view is that the greater degree of network competition means the risk of excessive pricing is low (given competing leased line networks are already present), but there is a risk of a price squeeze.

<sup>337</sup> Ethernet and WDM at all bandwidths in the LLA markets in Area 2 and Area 3, and in the IEC markets.

<sup>338</sup> Dark fibre access in the LLA Area 3 market and inter-exchange dark fibre in the IEC markets.

- 4.33 To the extent that a charge control or a basis of charges obligation applies, we do not consider that the residual risk of a price squeeze, between the relevant wholesale telecoms markets and the retail market, is sufficient to warrant further regulation. This is because a control on wholesale charges means BT could only impose a price squeeze by lowering the retail price, rather than by raising the wholesale price, which is likely to make a price squeeze more costly for BT and therefore less likely.
- 4.34 However, where a charge control or a basis of charges obligation does not apply in each of the WLA, LLA and IEC markets, we consider that there is a risk of a price squeeze given BT's vertical integration and our conclusion that it has significant market power. We consider that regulation is required to address this risk.

*Risk of a price squeeze harming network competition based on access to Openreach's physical infrastructure*

- 4.35 We have also considered the risk of a price squeeze between forms of network access in the physical infrastructure market, and the corresponding downstream products. Such a price squeeze would harm network competition, which is reliant on access to Openreach's physical infrastructure.
- 4.36 To the extent that a charge control or a basis of charges obligation applies to PIA prices, Openreach is unable to enact a price squeeze by raising PIA prices. However, stakeholders have raised concerns that there is a risk that Openreach could set FTTP prices in the WLA market that result in a price squeeze between Openreach's PIA prices and FTTP prices. That is, Openreach's FTTP prices leave insufficient margin for a reasonably efficient operator (which uses PIA) to compete.
- 4.37 Generally, we expect the risk of a price squeeze to be limited where a charge control or basis of charges obligation applies for the reasons set out above. However, we agree that there is still a risk of a price squeeze between PIA prices and FTTP prices even where PIA prices are charge controlled at cost.
- 4.38 This is because Openreach has scale and incumbency advantages that potentially allow it to reduce its downstream FTTP prices and squeeze the margin available to reasonably efficient competitors, while still recovering its costs.
- 4.39 In WLA Area 2, we are seeking to promote network competition. Network competition is still developing, and so if Openreach were to undermine the opportunity for reasonably efficient competitors to recover their costs, this is likely to discourage their future investment and expansion, and weaken the competitive constraint it might otherwise face in the longer term. As such, even though it is unable to enact a price squeeze by increasing PIA prices, it is still likely to have the incentive and ability to do so by reducing its downstream FTTP prices in WLA Area 2. We consider that regulation is required to address this risk.
- 4.40 In WLA Area 3, we are not seeking to promote network competition. However, we recognise that since 2021 some altnets have made commercial decisions to build networks against the backdrop of Openreach's WLA Area 3 pricing being subject to a cost-based charge control using a RAB approach. We consider that regulation is required to allow us to assess whether there is a sufficient margin in line with the opportunity for market entry that existed when they made that investment (rather than maintaining a sufficient margin to promote network competition in WLA Area 3).

- 4.41 Stakeholders made various submissions about how Ofcom should assess whether Openreach's FTTP pricing represents a price squeeze, including on the relevance of our Fibre Cost Model. We discuss these further in Volume 4 Section 1.
- 4.42 Separately, where a charge control or a basis of charges obligation does not apply in the physical infrastructure market (i.e. to new forms of network access), we consider that there is a risk of a price squeeze since it can enact it by raising PIA prices, given BT's vertical integration and our conclusion that it has significant market power. We consider that regulation is required to address this risk.

### Our decisions to require fair and reasonable pricing

- 4.43 In light of the above, we have decided to impose an obligation for network access charges to be fair and reasonable where there is no basis of charges obligation or a charge control. We interpret this to mean:
- a) In the physical infrastructure market, Openreach should not set prices in relation to new forms of access that result in excessive pricing or equate to a price squeeze.<sup>339</sup>
  - b) In each of the WLA, LLA and IEC markets, Openreach should not set prices that would equate to a price squeeze.
- 4.44 Our approach to assessing whether Openreach's prices equate to a price squeeze will depend on the relevant facts of the case.
- 4.45 In relation to the wholesale WLA, LLA and IEC markets and their corresponding retail markets ((b) above), we agree with BT Group that just assessing the LRIC margin on each service may be an overly narrow starting point given telecoms operators typically offer a range of services at different speeds and price points.<sup>340</sup> While we would assess any dispute or potential enforcement case on the relevant facts, we consider that a reasonable starting point is that BT should maintain a sufficient margin between its weighted average retail and wholesale services, and that our assessment of the margin would be based on the costs of an equally efficient operator (EEO).
- 4.46 In addition, to address our concerns about a price squeeze between PIA prices and FTTP prices, we have decided to impose a requirement for FTTP charges to be fair and reasonable at all times. We interpret this requirement for fair and reasonable charges to mean Openreach should not set prices that leave an insufficient margin between its weighted average FTTP price and PIA prices. While we would assess any dispute or potential enforcement case on the relevant facts, as explained in Volume 4 Section 1, our starting point is that a sufficient margin should be based on the costs of a reasonably efficient operator.<sup>341</sup>
- 4.47 As this requirement applies to all FTTP prices, it would apply to FTTP 80/20 including in instances where that product is subject to a charge control. We consider that both a charge

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<sup>339</sup> While we would assess any dispute on the relevant facts, our starting point for assessing a dispute is that a sufficient margin should be based on the costs of a reasonably efficient operator (REO).

<sup>340</sup> We recognised this in the WFTMR21. In the WLA markets we said that our starting point for evaluating cost and margins on individual services would be to allow a LRIC retail margin on each service. However, we made clear that BT is also required to cover its retail costs across a broader portfolio of broadband products, so that BT's rivals can supply a comparable range of products. March 2021 Statement, Volume 4, footnotes 25 and 98.

<sup>341</sup> The requirement for charges to be fair and reasonable applies to FTTP in general, regardless of where in the UK it is supplied. However, as explained in Volume 4 Section 1, our approach to assessing Openreach's charges in WLA Area 2 and WLA Area 3 reflects the different prospects for network competition in those two markets.

control and a fair and reasonable charges obligation are warranted in this case. While the risk of excessive pricing is addressed by the charge control, as discussed above, we consider there is a residual risk of a price squeeze with the PIA price if Openreach reduces its FTTP prices below the level at which a reasonably efficient operator can compete with it in the WLA market.

## Conclusion

- 4.48 We consider that our decision to retain the requirement in each relevant fixed telecoms market for Openreach to provide network access on reasonable request is proportionate in that it is targeted at addressing the market power we have found BT holds. We do not consider that a different type of obligation or a more limited network access requirement would be sufficient to address the competition concerns we have identified. We are implementing a phased removal of regulation on copper-based services, such that there is no unnecessary overlap of regulation.
- 4.49 For the reasons explained above, we also consider it is proportionate to require that, with the exception of FTTP 80/20 services, charges for network access should be fair and reasonable only where there is no charge control or basis of charges obligation. In relation to FTTP 80/20, we have explained above why it is proportionate to impose both a fair and reasonable charges obligation and a charge control in this case.
- 4.50 The conditions in relation to the fairness and reasonableness of network access will enable us to intervene more quickly where terms and conditions are not fair and reasonable than if we relied solely on ex post competition law. We consider that it is appropriate for this condition to include the power for Ofcom to make directions in order to secure the supply of services, and fair and reasonableness in the terms and conditions (and charges) of network access. We have therefore decided that the condition for each relevant fixed telecoms market includes a requirement for Openreach to comply with any such direction(s) as Ofcom may make.
- 4.51 In order to implement these decisions, we have decided to set SMP Condition 1 published in Volume 7. Section 87(1) of the Act, provides that, where we have made a determination that a person (here BT) has SMP in an identified services market, we shall set such SMP conditions authorised by that section as we consider appropriate to apply to that dominant provider in respect of the relevant network or relevant facilities and apply those conditions to that person. Specifically, section 87(3) of the Act authorises Ofcom to set SMP services conditions requiring the dominant provider to give such entitlements as Ofcom may from time to time direct as respects the provisions of network access to the relevant network, the use of the relevant network and the availability of relevant facilities.
- 4.52 Section 87(5) of the Act provides that SMP services conditions authorised under section 87(3) of the Act may include provision for securing fairness and reasonableness in the way in which requests for network access are made and responded to, and provision for securing that the obligations contained in the SMP services conditions are complied with within the periods and at the times required by or under the conditions.
- 4.53 In determining which conditions are authorised by section 87(3) to set in a particular case, we must take into account, in particular, the factors set out in section 87(4). In this case:
- the economic viability of building alternative access networks means that in the absence of regulatory intervention, it is unlikely that there will be significant network build by telecoms

providers other than Openreach in all areas of the country. Where we do see network build, it takes time for network competition to emerge;

- we consider that it is feasible for Openreach to provide the physical infrastructure access and the downstream remedies we have decided to require, and we have designed the scope of the requirements with this in mind;
- we do not consider that our decision will risk undermining investment made by Openreach in its network;
- we consider that the general network access requirement, including our decision in relation to fair and reasonable charges, is an important element of securing economically efficient network-based competition;
- we consider that the disapplication of the general network access requirement in relation to supporting copper retirement takes account of the technological developments that are likely to affect the design and management of the network;
- to the extent that the general network access requirement has the effect of favouring fibre based technology we consider that this is consistent with our duties in section 3(4)(d) and (e), and section 4(8) of the Act; and
- we consider that the general network access requirement is an important element in supporting innovative business models that support sustainable network-based competition.

4.54 We set out in Volume 4, how we consider our decisions to set SMP conditions requiring BT to provide network access on reasonable request on fair and reasonable terms, conditions and charges in the physical infrastructure, WLA, LLA and IEC markets satisfy the tests set out in section 88 of the Act.

## Requirement to publish and operate a process for requests for new forms of network access

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### Our proposals

4.55 We proposed to retain a condition in each relevant fixed telecoms market regarding the process by which Openreach must address requests for new forms of network access (known as the Statement of Requirements or SoR process). This condition would require Openreach to publish guidelines in relation to requests for new forms of network access (which must provide for Openreach to respond to these requests in a reasonable amount of time, have clear and transparent criteria to assess requests and to set out clear reasons for rejecting requests), deal with the request in accordance with those guidelines and would allow Ofcom to direct Openreach to make amendments to those guidelines.

### Stakeholder responses

4.56 Openreach supported our proposals and considered that the SoR process is working well.<sup>342</sup>

4.57 VodafoneThree stated that the SoR process is an important remedy. It argued that regulatory scrutiny and oversight is needed on an ongoing basis and said that it would like to see broader, ongoing involvement from the OTA2 and the OMU.<sup>343</sup>

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<sup>342</sup> [Openreach](#) response to TAR26 March 2025 Consultation. Volume 3. Paragraphs 265-269.

<sup>343</sup> [VodafoneThree](#) response to TAR26 March 2025 Consultation. Section 1. Paragraph 39.

- 4.58 Additionally, VodafoneThree argued that in LLA and IEC markets, there is a need for improvements in the SoR process to avoid Openreach delaying or diluting product development in ways which limit competitors' ability to respond to market demand. Specifically, it suggested that the SoR process requires clear timelines for providers to track progress; transparency around criteria for acceptance, rejection, or modification of requests; a formal escalation route for delayed or unresolved requests; and regular reporting to Ofcom on SoR volumes, outcomes and timelines.<sup>344</sup>

## Our reasoning and decisions

- 4.59 For the reasons set out below, we remain of the view that a requirement to have a process by which Openreach must address requests for new forms of network access is an appropriate and proportionate measure to complement the general network access requirement discussed above.
- 4.60 Vertically integrated telecoms providers have the ability and incentive to favour their own downstream business over third-party telecoms providers by differentiating on price or terms and conditions. Where a telecoms provider has SMP at the upstream level, such discrimination can harm competition in downstream markets. One form of discrimination is in relation to the handling of requests for new types of network access. This has the potential to distort competition at the retail level by placing third-party telecoms providers at a disadvantage compared with the downstream retail business of the vertically integrated provider with SMP. We consider BT is in this position in each of the relevant fixed telecoms markets in which we have found it to have SMP.
- 4.61 The requirement to publish guidelines, respond to requests and demonstrate clear reasoning for rejecting requests provides transparency to enable us, and telecoms providers, to hold Openreach to account. The requirements ensure that all requests for new forms of network access are dealt with to a reasonable and consistent standard. Absent regulation, Openreach would have the ability to delay decisions beyond a reasonable period and make decisions with no requirement for explanation.
- 4.62 In response to VodafoneThree's comments concerning its suggested improvements to the SoR process, at this point in time, we have not seen or heard sufficient evidence from stakeholders that the process is not working well. Therefore, we remain of the view that the requirement does not need to go further.
- 4.63 The form of requirement we have decided to retain only goes as far as we consider is necessary to address our concerns. Rather than specifying the exact process that Openreach must follow, the condition we have decided to retain for each relevant fixed telecoms market allows Openreach to implement its own process within certain parameters. In particular, we have decided to retain a condition requiring Openreach to publish guidelines in relation to requests for new forms of network access (which must provide for Openreach to respond to these requests in a reasonable amount of time, have clear and transparent criteria to assess requests and to set out clear reasons for rejecting requests), deal with the request in accordance with those guidelines and providing for power of direction to allow Ofcom to direct Openreach to make amendments to those guidelines.

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<sup>344</sup> [VodafoneThree](#) response to TAR26 March 2025 Consultation. Section 3. Paragraphs 136-140.

- 4.64 As set out in previous reviews,<sup>345</sup> we did not impose time restrictions on the SoR process, to allow for flexibility in the development of new products without conflicting demands on Openreach's resources. We retain the view that the current SoR process is fit for purpose when used for requests for new forms of network access and that time restrictions should not be implemented, beyond the requirement that timescales are reasonable (SMP Condition 3.2(b)). With regards to escalation and dispute resolution, we consider that the industry is best placed to agree in the first instance what is the most appropriate procedure for agreeing changes to the SoR process. Our regulation does not prevent Openreach and telecoms providers from agreeing a dispute resolution procedure for such purposes.
- 4.65 We note that across different regulated products, industry is now able to make use of an improved SoR tool introduced by Openreach in September 2024 to gather support for initiatives, as well as feedback to shape requests for new forms of access.
- 4.66 In order to implement these requirements, we have decided to set SMP Condition 3 published in Volume 7. Section 87(5) of the Act allows Ofcom to implement SMP services conditions that secure fairness and reasonableness in the way in which requests for network access are made and responded to by the dominant provider, and SMP services conditions that secure that the obligations imposed in the conditions are complied with within periods and at times required by or under the conditions.

## Requirements for equivalence of inputs (EOI) and no undue discrimination (NUD)

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### Our proposals

#### Equivalence of inputs (EOI)

- 4.67 In the WLA, LLA and IEC markets we proposed to retain a requirement on Openreach to provide network access on an Equivalence of Inputs basis (EOI). This requires Openreach to provide, in respect of a particular product or service, the same product or service to all telecoms providers (including its own downstream divisions) on the same timescales, terms and conditions (including price and service levels), by means of the same systems and processes,<sup>346</sup> and by providing the same information. We proposed the EOI condition will apply to all services in these markets except:
- services which are not already supplied on a EOI basis;
  - accommodation services other than in relation to the allocation of space and power;
  - sub-loop unbundling;
  - Openreach's use of dark fibre as an input to active services;
  - wholesale WDM circuits;

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<sup>345</sup> Ofcom. March 2021. [Promoting investment and competition in fibre networks – Wholesale Fixed Telecoms Market Review 2021-26](#). Volume 3. Paragraphs 3.44-45. Ofcom. 2019. [Promoting competition and investment in fibre networks: review of the physical infrastructure and business connectivity markets](#). Volume 1. Paragraphs 4.49 and 4.52. Ofcom. 2019. [Promoting competition and investment in fibre networks: review of the physical infrastructure and business connectivity markets](#). Volume 2. Paragraphs 11.37 to 11.39. Ofcom, 2018. [Wholesale Local Access Statement](#). Paragraphs 6.66 to 6.71.

<sup>346</sup> We include in this any sub-products, sub-systems, sub-processes and platforms.

- BT's core network; and
- such provision of network access as Ofcom may consent to in writing.

### No undue discrimination (NUD)

- 4.68 In all the relevant fixed telecoms markets, we also proposed to retain a requirement on Openreach not to unduly discriminate in relation to the provision of network access including specific forms of network access (NUD condition). In all of the relevant fixed telecoms markets aside from physical infrastructure, we proposed to retain our interpretation of undue discrimination to be when Openreach “does not reflect relevant differences between (or does not reflect relevant similarities) in the circumstances of customers in the transaction conditions it offers, and where such behaviour could harm competition”.<sup>347</sup>
- 4.69 In the WLA and LLA Area 2 markets, our proposed NUD condition retained a provision which expressly states that different prices in different geographic areas for certain rental charges may be deemed to constitute undue discrimination in breach of the prohibition. We proposed to extend this provision so that it also applies where different prices are charged in different areas in respect of certain connection charges. In the WLA Area 2 market, we proposed a similar NUD condition where Openreach makes a retail offer to consumers, which is intended to incentivise them to buy broadband services provided over Openreach's network, and the nature of the offer varies according to the location of the consumer or is only available to consumers within certain areas covered by Openreach's network.
- 4.70 In the physical infrastructure market, we proposed to retain a requirement on Openreach not to unduly discriminate in relation to the provision of the network access to its physical infrastructure. We proposed to continue to interpret this condition as requiring strict equivalence where possible with discrimination permitted only in cases where Openreach can demonstrate that a difference in respect of a specific service, system or process is justified. We also proposed to maintain a requirement on Openreach to publish such information on non-discrimination in relation to network access in the physical infrastructure market as we may direct.

## Stakeholder responses

### Physical infrastructure

- 4.71 A number of stakeholders referenced the importance of regulated access to Openreach's physical infrastructure to enable efficient market entry and support altnets to deploy networks at scale. INCA's submission noted altnets' support for Ofcom's continued commitment to PIA.<sup>348</sup> We discuss this further in the context of the specific PIA remedy in Section 5.

### Preference for an EOI requirement

- 4.72 Several respondents expressed a preference for an EOI obligation in the physical infrastructure market over the current NUD obligation.<sup>349</sup> These respondents differed in

<sup>347</sup> Ofcom. 2005. [Undue discrimination by SMP providers](#).

<sup>348</sup> [INCA](#) response to TAR26 March 2025 Consultation. Page 17.

<sup>349</sup> [INCA](#) response to TAR26 March 2025 Consultation. Page 103. [PIA Coalition](#) response to TAR26 March 2025 Consultation. Page 38. [CityFibre, Glide, Hyperoptic, Virgin Media O2, VitriFi and Vorboss](#) joint response to TAR26 March 2025 Consultation, Page 7. [nxfibre](#) response to TAR26 March 2025 Consultation. Main

their views of how Ofcom should approach imposing EOI, including whether it should be held in reserve as a remedy to address non-compliance with NUD, whether it should apply in the 2026-31 review period or be set out as a clear intention for the subsequent review period.

- 4.73 A joint response from several PIA users argued that many concerns around the introduction of EOI have now fallen away, and that there was no justification for why Openreach could not use the PIA product effectively alongside telecoms providers.<sup>350</sup>
- 4.74 Some respondents with a preference for an EOI obligation in the physical infrastructure market, expressed concern that they had not seen the progress towards EOI that they expected over the last review period. These respondents appeared to support our interpretation of the NUD obligation to require EOI for new and upgraded services, systems and processes, but argued that Openreach had not fully complied with this when developing the PIA product.<sup>351</sup>

#### **Cost and potential inefficiencies of strict EOI application**

- 4.75 Openreach supported our proposal to retain a NUD condition in the physical infrastructure market. It said that NUD is wholly sufficient and that imposing EOI was not necessary or proportionate, as it would increase costs and operational inefficiencies, diverting resources towards developing new systems to be compliant rather than towards the developments PIA customers wish to prioritise.<sup>352</sup>
- 4.76 Openreach also agreed with our view that imposing an EOI obligation in relation to PIA would require it to alter its organisational structure in a way that would be unduly disruptive.<sup>353</sup>

#### **System developments and transparency under current NUD obligations**

- 4.77 Openreach said that it took its NUD obligations seriously and indicated it considered system developments with PIA in mind. Openreach stated it was not currently easy to identify which new platforms or processes are likely to be designed and implemented from the outset on an EOI basis. It argued that some recent developments had not been designed in this way in part because of the requirements and priorities of PIA customers which are often more focussed than its own and may be justifiably different going forward.<sup>354</sup>
- 4.78 INCA argued for the gradual introduction of EOI in operational PIA systems and processes, alongside strengthened monitoring of BT's compliance with its obligation to provide new and upgraded systems and processes on an EOI basis. It asked Ofcom to expand the remit of the OTA2 to include validating Openreach decisions on such developments.<sup>355 356</sup>

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response. Page 17. [Community Fibre](#) response to TAR26 March 2025 Consultation. Page 8. [BUUK](#) response to TAR26 March 2025 Consultation. Page 2. [Vorboss](#) response to TAR26 March 2025 Consultation. Page 11.

<sup>350</sup> [CityFibre, Glide, Hyperoptic, Virgin Media O2, VitriFi and Vorboss](#) joint response to TAR26 March 2025 Consultation. Page 7.

<sup>351</sup> [INCA](#) response to TAR26 March 2025 Consultation. Page 20. [CityFibre, Glide, Hyperoptic, Virgin Media O2, VitriFi and Vorboss](#) joint response to TAR26 March 2025 Consultation. Page 6. [UKCTA](#) response to TAR26 March 2025 Consultation. Page 12.

<sup>352</sup> [Openreach response](#) to TAR26 March 2025 Consultation. Document 3. Page 63.

<sup>353</sup> [Openreach response](#) to TAR26 March 2025 Consultation. Document 3. Page 64.

<sup>354</sup> [Openreach response](#) to TAR26 March 2025 Consultation. Document 3. Page 65.

<sup>355</sup> [INCA](#) response to TAR26 March 2025 Consultation. Pages 20-21.

<sup>356</sup> Currently Openreach is responsible for compliance with our regulations, and the Chief Technology Officer oversees system developments.

- 4.79 The PIA Coalition said that Ofcom should retain the option of imposing EOI should BT fail to meet its transparency obligations.<sup>357</sup>
- 4.80 Community Fibre agreed with our view that imposing EOI at this time might cause unnecessary disruption to the market at an important build phase. It instead recommended that Ofcom set an ambition through the TAR26 statement that the PIA service should be ready for EOI by the time of the 2031 review. It recommended that Ofcom commission the OTA2 to facilitate a cross industry working group to determine processes that could be used for a future PIA remedy under EOI.<sup>358</sup>

#### Legal separation of BT infrastructure operations

- 4.81 Some respondents argued for Ofcom to explore some form of separation of Openreach's physical infrastructure functions from its other functions. nexfibre said that alongside EOI, separating these functions from Openreach's WLA activities would remove Openreach's incentive and ability to effect a margin squeeze, although it said it did not expect Ofcom to enact this through its market review.<sup>359</sup> Community Fibre questioned whether it was appropriate for BT Group to retain ownership of its physical infrastructure, as the largest user of shared physical infrastructure.<sup>360</sup> Vorboss proposed that a separate independent company should be established to own and run the duct and pole business.<sup>361</sup>

#### Ofcom scrutiny of PIA implementation and need for clarity on future regulatory oversight

- 4.82 Some respondents made comments about the importance that Ofcom's implementation and monitoring of NUD compliance is active and closely scrutinises Openreach's activities regarding PIA.<sup>362</sup>
- 4.83 CityFibre said it did not believe that the current voluntary KPIs, used to monitor NUD compliance, were sufficient.<sup>363</sup> It instead argued for SLAs/SLGs alongside performance targets specified in a binding Quality of Service direction from Ofcom. We discuss our decisions regarding Quality of Service further in Volume 5.

#### Other markets

- 4.84 BT supported our approach to EOI, specifically the exemptions. BT stated that these exemptions are fundamental to, among other things, BT's ability to preserve the integrity of its core network.<sup>364</sup>
- 4.85 FCS said that as FTTP-based products are more likely to be purchased from an intermediary, rather than Openreach, the benefits of EOI may be lost. It considered that Ofcom should keep these developments under review.<sup>365</sup>
- 4.86 VodafoneThree said that EOI and NUD obligations remain vital to protect downstream retail competition. It said that where retail providers are reliant on Openreach services to deliver services to their downstream customers, it is essential that these services are provided in

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<sup>357</sup> [PIA Coalition](#) response to TAR26 March 2025 Consultation. Foreword.

<sup>358</sup> [Community Fibre](#) response to TAR26 March 2025 Consultation. Page 8.

<sup>359</sup> [nexfibre](#) response to TAR26 March 2025 Consultation. Main response. Pages 16-17.

<sup>360</sup> [Community Fibre](#) response to TAR26 March 2025 Consultation. Page 5.

<sup>361</sup> [Vorboss](#) response to TAR26 March 2025 Consultation. Page 9.

<sup>362</sup> [CityFibre](#) additional response to TAR26 March 2025 Consultation. Page 2.

<sup>363</sup> [CityFibre](#) additional response to TAR26 March 2025 Consultation. Page 7.

<sup>364</sup> [BT Group](#) response to TAR26 March 2025 Consultation. Paragraph 1.2.

<sup>365</sup> [FCS](#) response to TAR26 March 2025 Consultation. Page 2.

an equivalent and non-discriminatory way. Where there is variation, it should be justified in practical terms and not result in an outcome that harms retail competition.<sup>366</sup>

## Our reasoning and decisions

- 4.87 We have decided to proceed with the proposals outlined above. BT is vertically integrated, combining ownership and operation of activities across the value chain. Through Openreach, it owns and operates the physical infrastructure and the network that delivers fixed-line communications services to UK consumers and business. BT also owns and operates retail businesses that sell services carried over that network.
- 4.88 It is important that Openreach does not unduly discriminate between different customers when supplying access services. Wherever possible, Openreach should provide access to itself, to BT downstream and to other telecoms providers on the same terms. Without this level playing field, Openreach could engage in practices that could distort downstream competition, negatively affecting consumer outcomes. For example, Openreach could distort downstream competition by offering access to its physical infrastructure on terms that favour Openreach's network business, or by offering access to its network on terms that favour BT's retail businesses.
- 4.89 A non-discrimination obligation is intended to prevent such discrimination in a way that may distort competition.
- 4.90 Of the various forms of non-discrimination obligation, we consider EOI to be the most effective. EOI does not require all providers to use exactly the same services, systems and processes. Rather, it requires all services,<sup>367</sup> systems and processes to be available on the same basis to all providers. This means that EOI does not prevent flexibility. However, there will clearly be a trade-off between the value of EOI and the amount of flexibility that providers want to use – in that if providers use a product more flexibly the value of EOI will be less.
- 4.91 While our strong preference is for EOI, we are conscious that applying EOI to existing arrangements can be very disruptive and costly, as it can require the re-engineering of existing systems and processes. Where such disruption and/or cost is high, imposing EOI would be disproportionate and so only NUD would apply.
- 4.92 Where we do not impose EOI, we generally interpret the NUD condition as requiring Openreach to build any new or upgraded services, systems and processes in a way that supports EOI where possible.<sup>368</sup> This gives us the option of imposing an EOI obligation in the future, while avoiding unnecessary disruption and cost.
- 4.93 As per our interpretation of undue discrimination outlined above, the NUD condition requires Openreach to supply equivalent services on equivalent terms, unless any non-equivalence reflects relevant differences (or does not reflect relevant similarities) in the circumstances of customers in the transaction conditions it offers, and where such behaviour could harm competition.

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<sup>366</sup> [VodafoneThree](#) response to TAR26 March 2025 Consultation. Section 1. Paragraph 40.

<sup>367</sup> We include in this any sub-products, sub-systems, sub-processes and platforms.

<sup>368</sup> Developing new and upgraded services, systems and processes would include for example, major platform rebuild/transformation utilising new hardware, operating systems or databases, regardless if the re-platformed system feels and behaves like the legacy system or otherwise.

- 4.94 Our requirements in relation to each of the relevant fixed telecoms markets are set out below. We consider that these requirements are appropriate and proportionate in relation to BT's market power in each of the relevant fixed telecoms markets.

### Physical infrastructure market

- 4.95 In the physical infrastructure market, we have decided to maintain the existing requirement on Openreach not to unduly discriminate in relation to the provision of network access including specific forms of network access (the NUD condition). We have also decided to maintain the existing interpretation of the NUD condition in the physical infrastructure market, as explained below.
- 4.96 While we are alert to the risk of undue discrimination in the future, we consider that the NUD requirement and our interpretation has been broadly effective in protecting competitors in the physical infrastructure market and has supported network build using Openreach's physical infrastructure. This risk will remain as competition develops, especially as consumers switch away from BT services to alternative wholesale and residential suppliers, meaning we cannot be complacent about potential barriers to entry developing or issues with access provision not being addressed in a timely way.
- 4.97 We consider that the ongoing increase in the use of PIA supports our view that our approach to PIA, including our NUD requirement, has been broadly effective. Data setting out the increase in PIA usage over the last five years is set out in Section 5.
- 4.98 In addition to the continued increase in the use of PIA, we have also seen ongoing improvements being made to the PIA product as a result of positive industry engagement and use of our existing remedies such as the SoR process.<sup>369</sup> Some of these changes have led to greater equivalence between Openreach's operations and those of PIA users.<sup>370</sup>

### Equivalence of inputs

- 4.99 We consider that imposing an EOI requirement in this review period would not be proportionate. Openreach has been extensively using its physical infrastructure to supply a broad range of services over many decades. Contrary to the submissions made by some respondents, we consider that to implement full EOI today would require extensive re-engineering with the associated disruption and cost. We note that, in some cases, respondents that expressed a preference for EOI recognised the potential for disruption and did not recommend EOI be imposed immediately.
- 4.100 In addition, imposing an EOI obligation on Openreach in relation to PIA would require it to alter its organisational structure to separate the part which uses PIA as an input from that which supplies and manages PIA. We note that some stakeholders have suggested there is need for a form of separation, and that Ofcom should explore this. We consider that this would be disruptive – impacting on the availability of key services at what is still an important time for network rollout, including connecting customers to the new networks

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<sup>369</sup> We explore some of these developments in our annual OMU update for 2025, including the significant growth in PIA users being able to undertake network adjustments themselves, removing delays and speeding up build. Ofcom. September 2025. [Openreach Monitoring Report](#). Pages 11-13.

<sup>370</sup> An example of such a change is the drop wire removal process, which allows PIA users to relieve pole-top capacity issues directly in some circumstances rather than issue a network adjustment request to Openreach, increasing levels of equivalence with Openreach's build processes when dealing with similar capacity issues.

that have been built. It would likely also increase Openreach's costs and therefore the costs of downstream regulated services.

- 4.101 We also consider that imposing full EOI now would give rise to a risk that future developments of the PIA product in the short term could be driven by Openreach and its need to comply with full EOI, rather than third party users of PIA. Although EOI would not prevent flexibility in the way Openreach and third parties use PIA, as explained above, there is a trade-off between flexibility and the value of EOI.
- 4.102 We recognise that many respondents would like to see the provision of physical infrastructure move towards EOI in the future, and for PIA systems and processes to evolve over the 2026-31 period, to allow for the transition. Our interpretation of the NUD condition, discussed below, requires EOI for new or upgraded services, systems and processes. This is in part designed to ensure that it would be less disruptive to transition to EOI, should Ofcom decide to require this in future. Our decisions in this review cannot fetter our discretion for decisions future market reviews might make, and stakeholders should be clear our NUD interpretation does not commit Ofcom to adopting EOI in future. We will, however, carefully consider the case for moving to EOI as we near the 2031-36 review period.
- 4.103 For the reasons above, we have decided not to impose an EOI requirement in the physical infrastructure market.

#### No undue discrimination

- 4.104 We have decided to maintain our interpretation of NUD in the physical infrastructure market as requiring strict equivalence where possible in respect of all processes and sub-products that contribute to the supply and consumption of network access, with discrimination permitted only in cases where Openreach can demonstrate that a difference in respect of a specific process step or sub-product is justified. Where Openreach can justify any processes or systems used by PIA users as being different from those used by Openreach, the condition still requires these to be broadly equivalent. This means that any difference must not put PIA users at a disadvantage, particularly in terms of extra cost, time or uncertainty, compared to the processes Openreach follows internally.
- 4.105 In practice, we consider this requires:
- a) **Openreach to supply equivalent services** unless any non-equivalence reflects relevant differences between (or does not reflect relevant similarities) in the circumstances of customers in the transaction conditions it offers, and where such behaviour could harm competition. In the context of the physical infrastructure market this means that any difference must not put network users at a disadvantage, particularly in terms of extra cost, time or uncertainty, compared to Openreach. Hence, it would not be justifiable for Openreach to impose PIA systems or engineering constraints on PIA users that it did not consider necessary for itself.<sup>371</sup>
  - b) **EOI for new or upgraded services and systems and processes.** We would require a strong justification for Openreach not doing so and consider such circumstances should be exceptional. We consider that making new or upgraded services, systems and

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<sup>371</sup> We would expect that unless otherwise justified the processes associated with the raising, validation, execution and auditing of PIA network adjustments offer telecoms providers the same degree of discretion, timeliness and flexibility as Openreach's direct labour force or their third-party contract partners have in addressing physical infrastructure remedial works for their full-fibre deployment programmes.

processes equivalent from the outset will not involve the same level of disruption and cost as re-engineering existing ones.

- 4.106 With regards to our view that the NUD obligation requires Openreach to provide new or upgraded services, systems or processes on an EOI basis, we note that some respondents said they were concerned that Openreach had not fully complied with this guidance and they had not seen the progress towards EOI that they expected over the last review period. We expect Openreach to review all potential developments early to determine how they will be delivered in compliance with our guidance on this matter. We welcome Openreach's commitment to this in its response, and will hold it to account. Specifically, where concerns are identified, we will challenge Openreach to justify why any relevant developments are not being developed on an EOI basis.
- 4.107 We reiterate that the requirement on Openreach to provide new or upgraded services, systems or processes on an EOI basis applies whether they are built for Openreach's own use of physical infrastructure or built solely for third parties' use of physical infrastructure.
- 4.108 For the avoidance of doubt, where we refer to Openreach's own use of physical infrastructure, we are referring to systems, processes or services that relate to the supply of physical infrastructure access to itself. This does not include systems, processes or services that relate solely to its activities downstream as a network builder.<sup>372</sup> However, it does include systems, processes or services that relate to Openreach's activities downstream as a network builder, and relate to the supply of physical infrastructure access to itself. For instance, in 2022 Ofcom identified certain survey activities linked to Openreach's activities downstream as a network builder - specifically, planning for fibre deployment - which appeared to generate information about its physical infrastructure. While this information was useful for network build, we also considered it relevant information for provision of access to physical infrastructure. We engaged with Openreach and formed the view that such survey information was not solely for its activities downstream, and we requested Openreach to remedy these concerns by sharing the relevant information with PIA users.<sup>373</sup>
- 4.109 Where Openreach develops new or upgraded systems, processes or services that relate to the supply of physical infrastructure access to third parties, we expect it to justify why it is not applying them to itself. This means that Openreach should not be developing PIA as a product without bringing its own use of physical infrastructure in line with how third parties use PIA. Therefore, we expect to see a natural convergence of Openreach's use of physical infrastructure with third parties' use of physical infrastructure as Openreach moves away from the legacy internal products to new and upgraded systems, processes and services.<sup>374</sup>
- 4.110 In order to ensure that changes to systems, services or processes that impact the use of physical infrastructure do not lead to a material, competitive disadvantage for PIA users, Openreach should consider how any new or upgraded services, systems or processes impacts the level playing field. Similarly, when Openreach is considering a request from

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<sup>372</sup> By way of illustration, where Openreach improves internal systems that relate to infrastructure quality and damage reporting, we would require a strong justification for Openreach not making these systems available on an EOI basis. However, Openreach will also have internal systems that coordinate fibre network design, as well as engineering workload management and quality assurance processes related to its fibre network deployment. Competing providers will have their own systems and processes for such activities.

<sup>373</sup> Ofcom. June 2023. [Openreach monitoring report](#). Paragraph 3.25-3.27.

<sup>374</sup> Notwithstanding the point made above that there is flexibility for users of PIA to use it in different ways.

third parties for changes to systems, services or processes, it must consider how its response impacts the level playing field.

- 4.111 We expect Openreach to be able to demonstrate how it has considered these impacts and demonstrate that it is not putting PIA users at a material competitive disadvantage as a result of any physical infrastructure developments. Openreach should be able to set out why any developments that introduce or maintain non-equivalent systems, services or processes are necessary, justified and comply with our NUD requirement. We encourage Openreach to continue to make use of the industry forum to share details of any developments under consideration in advance, and gather industry feedback, so it can better consider impacts on the level playing field.
- 4.112 In relation to where Openreach supplies PIA to BT downstream, we consider our NUD condition would require Openreach to supply PIA to BT downstream divisions on an equivalent basis to how third parties use PIA.<sup>375</sup> As mentioned above, this does not prevent BT's downstream divisions and other providers using PIA, using PIA flexibly which could result in them using slightly different services, system and processes.

#### **Transparency measures**

- 4.113 Given the importance of NUD in creating an environment in which competing providers have the confidence to make very substantial capital investments relying on access to Openreach's physical infrastructure network, we have decided to retain the requirement on Openreach to publish such information on non-discrimination in relation to network access as we may direct.
- 4.114 We note that industry has defined and implemented a set of KPIs to provide transparency to PIA users, the OTA2 and Ofcom. Openreach publishes these KPIs on a quarterly basis. In our view, these have been a useful tool to monitor aspects of Openreach's NUD compliance. Furthermore, there is a process for identifying comparator metrics as demand for PIA changes and new forms of access are pursued by PIA users over time.
- 4.115 We have decided not to prescribe and impose non-discrimination KPIs through the SMP conditions at this stage. We recognise that the industry-agreed KPIs that are provided voluntarily may need to be refined, and further KPIs may be identified and developed, but we are not in a position to specify these now. KPIs continue to be discussed at an industry level and we expect there to be ongoing development as to the exact KPIs/metrics reported. As use of PIA evolves, away from build activities and towards customer connections and network maintenance, we expect existing KPIs and metrics to evolve so that they continue to provide transparency in the areas that PIA users, the OTA2 and Ofcom consider necessary. If we see that this is not happening, we can direct Openreach to develop and publish KPIs.

#### **Compliance**

- 4.116 We recognise points made by a number of respondents about the importance of Ofcom closely scrutinising Openreach's compliance with the NUD condition. We discuss how compliance monitoring remains essential to support PIA provision and product developments, including the roles of Ofcom and the OTA2 in Section 5 on specific remedies for PIA.

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<sup>375</sup> That is, we do not expect differences between BT downstream and third-party PIA users to be justified.

**NUD guidance for PIA pricing**

4.117 In Annex 7, we provide guidance on how we will interpret the no undue discrimination condition with respect to PIA pricing.

**WLA, LLA and IEC markets****Equivalence of inputs**

4.118 In the WLA, LLA and IEC markets, we consider that EOI is likely to continue to be the most effective approach to limit the ability of Openreach to discriminate in respect of network access. This is because Openreach is already providing most services in these markets on EOI basis and we expect it to continue doing so in future. Therefore, we have decided to retain an EOI requirement covering all WLA, LLA and IEC services (including all future requests for network access), except where exemptions are specifically identified (see “exemptions to EOI” below).

4.119 We note that EOI does not prevent Openreach from innovating or tailoring its services to meet telecoms provider needs. It simply means that any service must be made available to all telecoms providers on the same basis. So, if Openreach offers a particular commercial access arrangement, this must be made available on the same terms to all telecoms providers. We also note that one EOI exemption is that Ofcom is able to consent in writing to the provision of network access on a non-EOI basis where circumstances warrant (this is set out in the following sub-section).

4.120 FCS stated that the benefits of EOI may be lost when FTTP-based products are purchased from an intermediary rather than directly from Openreach. Where we find a provider to have SMP we directly regulate that entity. In the TAR26 we have not found any provider, other than BT, to have SMP. Therefore, we have imposed EOI obligations on Openreach only.

**Exemptions to EOI**

4.121 We consider that EOI is not appropriate for all products in these markets. Where we consider an EOI obligation to be inappropriate or disproportionate, the risk of discriminatory behaviour still arises. Therefore, services that are not subject to EOI would still need to be protected by the NUD condition. Below, we set out a number of services that we have decided to exempt from an EOI obligation.

**Table 4.2: Exemptions to the EOI condition in the WLA, LLA and IEC markets**

Market	Exemptions to the EOI condition
WLA, LLA and IEC	Existing network access not required to be provided on an EOI basis
	Accommodation services, other than in relation to the allocation of space and power
	Such provision of network access as Ofcom may consent in writing
WLA	Sub loop unbundling (SLU)
LLA and IEC	Dark fibre as an input to active services

Market	Exemptions to the EOI condition
	Wholesale WDM circuits
	BT's core network

#### Existing network access not required to be provided on an EOI basis

4.122 We have decided to retain the position that where network access in the WLA, LLA and IEC markets is currently provided on non-EOI terms, the EOI obligation will not apply. This would ensure that where investment has already taken place because of previous deregulation, Openreach is not required to identify and re-engineer existing network infrastructure, a process that is likely to involve significant costs, time and be disruptive for Openreach. This is consistent with the approach we have taken in previous market reviews.<sup>376</sup>

#### Accommodation services, other than in relation to allocation of space and power

4.123 The availability of accommodation services in BT exchanges is an important enabler of competition in the WLA, LLA and IEC markets as well as the physical infrastructure market. It allows telecoms providers to connect to access products such as FTTP and EAD Local Access and facilitates competition in downstream markets.

4.124 Space and power in BT's exchanges are particularly limited, and in the absence of regulation BT would have the incentive and ability to discriminate in favour of its own needs in allocating such space and power. Therefore, we have decided to retain the EOI requirement on the allocation of space and power in the WLA, LLA and IEC markets. For clarity, in relation to space and power, we have decided that it continues to be allocated on first come first serve (FCFS) basis which we see as a fair and reasonable approach.

4.125 However, BT's requirements for accommodation services are likely to be different to those of other telecoms providers because of the scale of its equipment deployment. BT's downstream divisions are likely to use different accommodation products from those used by other telecoms providers, even if those divisions were required to obtain these products from Openreach.

4.126 Given this, we have decided to retain the exemption from the EOI requirement on BT for accommodation services other than the allocation of space and power in all relevant fixed telecoms markets (except the physical infrastructure market where we have decided EOI does not apply).

#### Ofcom discretion to consent in writing to provision on a non-EOI basis

4.127 In previous reviews, stakeholders have raised concerns about the effect the imposition of an EOI obligation could have on Openreach's ability to respond in a competitive or innovative way to customer requirements in markets where customers have options to use other network operators. In the WFTMR21 we decided that Ofcom should be able to

<sup>376</sup> For WLA services see Ofcom. March 2021. [Promoting investment and competition in fibre networks – Wholesale Fixed Telecoms Market Review 2021-26](#). Volume 3. Paragraph 3.93. Ofcom. 2018. [Wholesale Local Access Statement](#). Paragraph 6.97. For leased lines see Ofcom. 2019. [Promoting competition and investment in fibre networks: review of the physical infrastructure and business connectivity markets](#). Paragraphs 11.60 and 11.61, and Ofcom. 2013. Business Connectivity Market Review Statement, Paragraph 12.201.

consent in writing to the provision of network access on a non-EOI basis where circumstances warrant, in an effort to provide greater flexibility. We have decided to retain this option in the next review period.

#### Sub loop unbundling (SLU)

- 4.128 We have decided to retain an exemption on Openreach from the application of the EOI obligation to SLU services in the WLA market. It is likely that an EOI obligation in respect of SLU would require Openreach to re-engineer existing services and processes, which would be costly. We consider that this cost would be disproportionate given the current and projected low level of use of SLU services.<sup>377</sup>

#### Dark fibre as an input to active services

- 4.129 We have decided to retain an exemption on Openreach from the application of the EOI obligation to our dark fibre remedies (dark fibre access and dark fibre inter-exchange) in the LLA and IEC markets where dark fibre is used by Openreach as an input to its active services.
- 4.130 We continue to believe that imposing an EOI obligation in this specific case would be disproportionate.
- 4.131 In practice, imposing an EOI obligation on Openreach would require Openreach to alter its organisational structure to separate the part which uses dark fibre as an input (into the supply of actives) from that which supplies and manages dark fibre, which would be costly and disruptive. Altering Openreach's organisational structure (and implementing the associated systems changes) would also likely increase Openreach's overall cost for the provision of active and dark fibre circuits.
- 4.132 We continue to believe that the NUD condition addresses our competition concern, without incurring any of the disadvantages that would result from Openreach being obliged to provide dark fibre to itself under an EOI obligation.
- 4.133 We have also decided to retain the interpretation of the NUD condition to mean that Openreach should not favour its own active products over the provision of dark fibre to other telecoms providers. For example, the allocation of available dark fibre between Openreach's active products and provisioning of dark fibre circuits to other telecoms providers should not be unduly discriminatory. Accordingly, if there is a limited amount of dark fibre available on a given route, Openreach should not unduly prioritise the provisioning of active services over the provisioning of dark fibre to other telecoms providers.
- 4.134 The exemption outlined above applies only where Openreach is providing dark fibre to itself as an input to active products. Where Openreach supplies dark fibre downstream to BT or non-BT customers, we have decided that an EOI obligation should apply.

#### Wholesale WDM services

- 4.135 In the LLA and IEC markets, telecoms providers may wish to provide leased lines using a combination of their own networks and WDM services from Openreach, using non-standard WDM interfaces to facilitate interconnection. BT's downstream operations, however, may be more likely to use WDM services from Openreach to deliver end-to-end services without interconnection, and would therefore use WDM services with standard interfaces.

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<sup>377</sup> For discussion of SLU volumes, see Section 6.

- 4.136 Where Openreach provides WDM services to other telecoms providers which differ from those it provides to itself only in relation to the interfaces used, we have decided to retain an exemption from the EOI obligation in relation to the prices Openreach charges for these services. Openreach would be required not to discriminate unduly between the prices it charges for these services, which we would interpret to mean that the difference in price between the variants of the same product should be no greater than the difference between their long run incremental costs. All other aspects of providing such services would be on EOI basis.
- 4.137 We believe this requirement is proportionate because Openreach may have no need to consume WDM services with non-standard interfaces and an EOI requirement is therefore likely to have limited effect. This requirement is consistent with our previous regulation of WDM services.<sup>378</sup>
- 4.138 In addition, in previous business connectivity reviews we have exempted Openreach from the EOI obligation in relation to WDM services that are longer than 70km.<sup>379</sup> This exemption is related to BT's Wavestream National services. To deliver these services, Openreach uses a fibre splice to interconnect the LLA fibre to the IEC fibre without any active equipment (point-to-point solution), or uses proprietary interfaces for the Network Termination Equipment (NTE) and core WDM equipment (shared solution). BT has previously submitted that, if Openreach is required to provide the Wavestream National services on an EOI basis, it would need to upgrade its equipment and systems which would significantly increase the cost of delivering these services. We therefore have decided to maintain this exemption.

#### BT's core network

- 4.139 BT's core network is based on its 21CN network and includes core nodes located in 106 exchanges.<sup>380</sup>
- 4.140 In Volume 2, Section 6, we have found BT to have SMP in the IEC markets at BT Only and BT+1 exchanges. There are 16 BT exchanges captured by our SMP finding where BT has deployed both backhaul and core nodes. We have considered whether the EOI obligation in the IEC markets should apply to connections to the exchanges where BT has deployed both backhaul and core nodes, and have decided to retain an exemption on BT from its EOI obligation in relation to its core network.<sup>381</sup>
- 4.141 Requiring Openreach to provide network access on an EOI basis at the 16 BT core exchanges would mean that BT would, in addition, need to self-consume active leased lines and/or dark fibre in order to run its core network. As part of the WFTMR21, BT informed us that, if EOI is imposed on BT core exchanges, this would create uncertainty in the way BT plans its investments in the core network and would impose disproportionate costs on BT in terms of network resilience and the cost of providing core network services.<sup>382</sup> We considered that this represents an unacceptable level of cost and disruption, and was not

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<sup>378</sup> Ofcom. 2016. Business Connectivity Market Review Statement. Paragraphs 11.66-11.68 and Ofcom. 2016. Business Connectivity Market Review Statement. Paragraphs 8.90-8.92.

<sup>379</sup> Ofcom. 2013. Business Connectivity Market Review Statement. Paragraph 13.73 and Ofcom, 2011. Business Connectivity Market Review Consultation. Annex 10.

<sup>380</sup> BT response dated 27 November 2024 to s135 notice dated 23 October 2024, question C1.

<sup>381</sup> We have decided to retain an exemption on BT from its EOI obligation in relation to its core network, rather than specifically on the 16 BT core exchanges.

<sup>382</sup> Ofcom. March 2021. [Promoting investment and competition in fibre networks – Wholesale Fixed Telecoms Market Review 2021-26](#), Volume 3, Page 66.

needed to address our competition concerns in the IEC market in addition to the specific access remedies we imposed.

- 4.142 Given this, in the WFTMR21 we applied an EOI exemption to the BT core nodes sited at regulated BT exchanges. We have decided to retain this exemption in the next review period for the 16 BT core exchanges we have identified. BT supported this approach.<sup>383</sup>
- 4.143 The number of core nodes has been relatively stable over time and so we are not expecting significant changes in the size of BT’s core network in this review period. However, in light of the exchange exit programme (discussed in Section 3) BT has advised us that in a very small number of instances, existing core nodes will need to be relocated from closing to enduring exchanges.<sup>384</sup> It will be open to BT to apply to Ofcom for consent for the disapplication of the EOI obligation in relation to any relocated core node should this be required during the review period. Where a core node moves from one regulated BT exchange to a competitive and deregulated BT exchange, the EOI obligation will cease to apply.

#### No undue discrimination

- 4.144 As explained earlier in this section, in the WLA, LLA and IEC markets, we have decided to retain a requirement on Openreach not to unduly discriminate in relation to the provision of network access including specific forms of network access (NUD condition). We have decided to retain our interpretation of undue discrimination to be when Openreach “does not reflect relevant differences between (or does not reflect relevant similarities) in the circumstances of customers in the transaction conditions it offers, and where such behaviour could harm competition”.<sup>385</sup>
- 4.145 We have decided to retain the requirement on Openreach to provide all services on a basis that is not unduly discriminatory. Where we consider an EOI obligation to be inappropriate or disproportionate, the risk of discriminatory behaviour still arises. Therefore, services that are not subject to EOI still need to be protected by the no undue discrimination obligation. Where an EOI obligation does apply, we consider that it may not be effective in preventing discriminatory behaviour in all circumstances, and therefore we apply both an EOI and NUD requirement.<sup>386</sup> This applies to all markets where we have identified BT as having SMP. Our interpretation of the no undue discrimination obligation would vary depending on the specific characteristics of each market.

## Conclusion

- 4.146 We consider the non-discrimination conditions as detailed above are proportionate in that they seek to prevent discrimination that would adversely affect competition and ultimately cause detriment to citizens and consumers. Furthermore, we consider that these requirements represent the minimum required to address our competition concerns.

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<sup>383</sup> [BT Group](#) response to TAR26 March Consultation. Paragraph 1.2.

<sup>384</sup> [X] core nodes are expected to be relocated in the 2026-31 review period due to exchange exit, and two core nodes are expected to be closed without relocating. BT response dated 27 November 2024 to s135 notice dated 23 October 2024, question C2.

<sup>385</sup> Ofcom. 2005. [Undue discrimination by SMP providers](#). Paragraph 3.5.

<sup>386</sup> For example, where BT may not consume certain Openreach products or product variants, there is a risk that Openreach could favour the products or variants that BT consumes over those it does not. In this case, EOI would not be, or would be less, effective.

- 4.147 To implement these decisions, we have decided to set SMP Conditions 4 and 5 in Volume 5. Section 87(6)(a) of the Act authorises the setting of an SMP services condition requiring the dominant provider not to discriminate unduly against particular persons, or against a particular description of persons, in relation to matters connected with network access to the relevant network or with the availability of relevant facilities. Section 87(6)(b) of the Act authorises the setting of an SMP services condition requiring the dominant provider to publish, in such manner as we may direct, all such information as they may direct for the purpose of securing transparency in relation to such matters.

## Requirement to publish a Reference Offer (RO)

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### Our proposals

- 4.148 We proposed to retain the requirement on Openreach to publish a Reference Offer (RO) in relation to the provision of network access in each relevant fixed telecoms market. The RO must include terms and conditions for provisioning, technical information, Service Level Agreements (SLAs) and Service Level Guarantees (SLGs), and availability of co-location. We also proposed to retain a requirement on Openreach to publish an Internal Reference Offer (IRO) where supplying services to itself on a non-EOI basis (e.g. physical infrastructure and dark fibre).

### Stakeholder responses

- 4.149 Some stakeholders commented on our RO proposals specifically in relation to the PIA and IEC markets. We respond to these comments in Sections 5 and 8 respectively.
- 4.150 VodafoneThree said that “a published and enforceable RO provides transparency and legal certainty”.<sup>387</sup> It made specific comments relating to the LLA and IEC markets which are set out in Sections 7 and 8. VodafoneThree also suggested that BT should be required to publish a Reference Offer for ancillary services, setting out clear definitions of what is included and what constitutes a chargeable extra.<sup>388</sup>
- 4.151 UKCTA noted that prior to 2024, any breaches of the Reference Offer resulted in suspension or termination. Following industry engagement, Openreach has introduced a ‘graduated response process’ which UKCTA welcomes. It requested further extension of the graduated response process to cover a broader range of breaches.<sup>389</sup>

### Our reasoning and decisions

- 4.152 A requirement to publish a RO has two main purposes:
- a) to assist transparency for the monitoring of potential anti-competitive behaviour; and
  - b) to give visibility to the terms and conditions on which other providers will purchase wholesale services.
- 4.153 The RO helps ensure stability (in regard to investment and promoting market entry) in the relevant fixed telecoms markets, allowing for speedier negotiations, avoiding possible disputes and giving confidence to those purchasing wholesale services that they are being

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<sup>387</sup> [VodafoneThree](#) response to TAR26 March 2025 Consultation. Section 3. Paragraph 147.

<sup>388</sup> [VodafoneThree](#) response to TAR26 March 2025 Consultation. Section 1. Paragraph 79.

<sup>389</sup> [UKCTA](#) response to TAR26 March 2025 Consultation. Paragraph 36 (c).

provided on non-discriminatory terms. Without this, market entry might be deterred to the detriment of long-term competition and hence consumers.

- 4.154 The existing RO obligation specifies the information to be included in the RO and how the RO should be published. We consider that this comprises the minimum information necessary to achieve the purposes set out above.
- 4.155 We have decided to retain the existing RO obligation and the requirement for the RO to set out (as a minimum):
- a) a clear description of the services on offer, including technical characteristics and operational processes for service establishment, ordering and repair;
  - b) the locations of points of network access and the technical standards for network access;
  - c) conditions for access to ancillary and supplementary services associated with the network access, including operational support systems and databases, etc.;
  - d) contractual terms and conditions, including dispute resolution and contract negotiation/renegotiation arrangements;
  - e) charges, terms and payment procedures;
  - f) service level agreements and service level guarantees (see “SLAs and SLGs obligations” below); and
  - g) to the extent that Openreach uses the service in a different manner to other telecoms providers or uses similar services, Openreach is required to publish an Internal Reference Offer in relation to those services (see “Internal Reference Offer” below).
- 4.156 With regard to VodafoneThree’s comments on a Reference Offer for ancillary services, we note that SMP Condition 7.2 requires that a Reference Offer relating to the provision of network access includes the conditions for access to ancillary services. We consider that a combination of published Reference Offers in relation to regulated services, the Openreach price list and the Wholesale catalogue provide stakeholders with adequate information.
- 4.157 UKCTA requested a further extension of the graduated response process. The graduated response framework was developed by Openreach, in collaboration with industry and the OTA2. Ofcom has welcomed the introduction of the graduated response framework; however, this is not set out in our regulation. Should industry want changes to the framework they should engage with Openreach through existing industry working groups.
- 4.158 Across Volume 3, we set out the RO requirements that specifically relate to the specific forms of network access (PIA, MPF, SLU, VULA, VULA 80/20, specific types of leased lines and specific types of dark fibre) in the relevant fixed telecoms markets.

### Internal Reference Offer

- 4.159 Where Openreach is supplying services to itself on a non-EOI basis (i.e. in cases of PIA and dark fibre), an Internal Reference Offer (IRO) allows us and stakeholders to identify any differences in the processes for internal use of network access compared to such use by third parties. We therefore have decided to retain that, to the extent that Openreach uses the services in a different manner to other telecoms providers or uses similar services, Openreach is continued to require to publish an IRO in relation to those services. The IRO

should at a minimum include the same detail as the published RO and in sufficient detail to allow Ofcom and telecoms providers to identify any differences in process.<sup>390 391</sup>

### SLAs and SLGs obligations

- 4.160 In order to be effective, it is important that the contractual arrangements for the supply of network access products and services that telecoms providers buy from Openreach in the relevant fixed telecoms markets are such that:
- they incentivise the efficient provision of reliable services to Openreach’s wholesale customers;
  - they set out fair and reasonable compensation payments for delays in delivery and repair of such services; and
  - they allow Openreach and its wholesale customers to monitor effectively the performance of Openreach’s provision and repair regulated wholesale services.
- 4.161 In order to achieve these objectives, contractual arrangements need to include:
- a set of SLAs which reflect the commercial SLAs provided to wholesale customers;
  - a set of SLGs which set out fair and reasonable compensation for delays in the provision and repair of such services;
  - a requirement that SLG payments are made on a proactive basis by Openreach; and
  - specific service level commitments on the availability of the relevant operational support systems (by which telecoms providers make requests for service provision, transfers and fault repair as applicable).
- 4.162 We therefore have decided to retain a requirement on Openreach to include in its contractual arrangements SLAs and SLGs as set out in the previous paragraph.

### SLAs and SLGs negotiations

- 4.163 In the WFTMR21<sup>392</sup> we retained a set of contract negotiation principles (see Table 4.3) and SLA/SLG assessment criteria (see Table 4.4) to be applied to future industry negotiations in relation to SLAs/SLGs facilitated by the OTA2. We consider that these same principles and criteria for negotiating SLAs and SLGs should continue to apply to future contract negotiations between Openreach and its customers in relation to the SLAs and SLGs for the provision of wholesale fixed telecoms products and services.

**Table 4.3: Principles for the contract negotiation process**

Principle	Description
<b>Principle 1</b>	The OTA2 should facilitate all negotiations to create or change an SLA/SLG and that this negotiation will allow input from all affected parties.

<sup>390</sup> The scope of the NUD condition covers Openreach’s full product range, including those on the copper and leased line networks. Therefore, Openreach should consider its obligations in respect of all use of physical infrastructure. The IRO must include a comparison of all relevant services, systems and processes (including products or programmes) that use network access.

<sup>391</sup> We discuss the IRO further in Section 5.

<sup>392</sup> Ofcom. March 2021. [Promoting investment and competition in fibre networks – Wholesale Fixed Telecoms Market Review 2021-26](#).

Principle	Description
<b>Principle 2</b>	The OTA2 will, using stated criteria, assess whether a request for negotiations on a new SLA/SLG or change to an existing SLA/SLG (and related contract terms) should be facilitated through this negotiation process.
<b>Principle 3</b>	No negotiations over the content of an SLA/SLG should extend beyond six months, with regular reporting to Ofcom. If, in the opinion of the OTA2, negotiations cannot be successfully concluded or have not been concluded within six months, then the OTA2, as part of its final report to Ofcom, will set out its view on whether and on what basis Ofcom should initiate a review.
<b>Principle 4</b>	Provision should continue according to the terms of an appropriate, pre-existing SLA/SLG until such time as a new SLA/SLG can be agreed.

**Table 4.4: Criteria for the assessment of SLA/SLG requests**

Criterion	Description
<b>Criterion 1</b>	The request does not duplicate an existing request that is either being considered by the OTA2 or is under discussion within an existing industry forum.
<b>Criterion 2</b>	The request could provide an adequate material benefit for the telecoms provider or industry and that any negative impact of the request not being addressed cannot be easily mitigated without the reasonable support of Openreach.
<b>Criterion 3</b>	The request does not seek to address a telecoms provider's deficiency that should more appropriately be addressed by the telecoms provider(s) themselves.
<b>Criterion 4</b>	The request has adequate scale and support across industry or from those telecoms providers addressing a recognised end customer group to which the request relates.

- 4.164 In previous reviews we have also expressed our expectations of negotiating behaviours between parties.<sup>393</sup> Following concerns raised by some stakeholders in relation to recent negotiations, we reiterate our expectations on all parties to such negotiations (including Openreach) to make all reasonable efforts to exhibit the following behaviours:
- a) to approach negotiation of these matters with professional courtesy and an openness and willingness to consider the issues raised and any evidence presented;
  - b) to be responsive to requests for negotiation and dialogue in a timely manner;
  - c) to ensure that suitably empowered staff are available for meetings within a reasonable period following a request; and
  - d) to ensure that requests for information are responded to as quickly as reasonably possible.
- 4.165 We believe that these expectations on stakeholders, including Openreach, should be followed across all SLA and SLG negotiations.

<sup>393</sup> Ofcom. 2014. [Fixed Access Market Reviews Statement](#).

- 4.166 Where all parties have broadly similar negotiating strengths, commercial negotiation without the involvement of the industry regulator is the preferred method for reaching agreement on the terms of SLAs and SLGs. However, we recognise that negotiations between Openreach and its customers are unlikely to be balanced.
- 4.167 Therefore, we consider that there should be a defined, structured and open process for the negotiation of SLA/SLG terms which reserve a central role for the OTA2 and set a time limit for negotiations.
- 4.168 We believe that regulatory intervention should remain the last resort for negotiations, but where industry negotiations in relation to SLAs/SLGs do not result in an agreement, Openreach and its customers remain able to refer a dispute to Ofcom.
- 4.169 Where an issue is referred to us and we consider that it is appropriate to intervene, our starting point will be the respective proposals of each of the parties. While Ofcom is not limited to the remedies proposed by the parties in resolving a dispute, we would expect to first consider whether either of the proposals would secure an outcome that appropriately meets our statutory duties. This is intended to create the incentive for parties to set out their most reasonable final positions, rather than taking an extreme position in order to try to distort any eventual regulatory outcome in their favour.

## Conclusion

- 4.170 We consider that the requirement in each relevant fixed telecoms market for Openreach to publish a Reference Offer (and an IRO, where relevant) is proportionate in that it is targeted at addressing the market power that we have found BT holds. We consider that the information that we are requiring to be published in the Reference Offer continues to be the minimum that is necessary for providing transparency for monitoring potential anti-competitive behaviour and to give visibility on the terms and conditions of network access.
- 4.171 To give effect to the Reference Offer requirements, we have decided to set SMP Condition 7 in Volume 7. Section 87(6)(c) of the Act authorises the setting of SMP services conditions requiring the dominant provider to publish, in such a manner as Ofcom may direct, the terms and conditions on which it is willing to enter into an access contract. Section 87(6)(d) also permits the setting of SMP services conditions requiring the dominant provider to include specified terms and conditions in the Reference Offer. Finally, section 87(6)(e) permits the setting of SMP services conditions requiring the dominant provider to make such modifications to the Reference Offer as may be directed from time to time.
- 4.172 In terms of implementation of these Reference Offer requirements, for network access Openreach is providing as at the date the condition enters into force, we have decided to retain the requirement for Openreach to publish a Reference Offer on that same date. In most if not all cases, Openreach would already have a RO published for such network access. For any further network access provided after that date, Openreach would be required to update and publish the Reference Offer “as soon as reasonably practicable.” Therefore, the condition permits a Reference Offer for further network access to be published at a later date, allowing for review, engagement and amendment.

## Requirement to notify changes to charges, terms and conditions and other transparency measures

### Our proposals

- 4.173 We proposed to retain the requirement for Openreach to notify, in writing (known as an Access Change Notice, or ACN) changes to its charges, terms and conditions for network access products and services in each of the relevant fixed telecoms markets.
- 4.174 Regarding the notice period required for Openreach to inform its customers of changes, we proposed that the requirement for this period be:
- a) 90 days for prices, terms and conditions relating to existing services in the relevant fixed telecoms markets;
  - b) 28 days for prices, terms and conditions relating to new service introductions;
  - c) 28 days for price reductions and associated conditions (for example, conditions applied to Special Offer) and the end of temporary price reductions, and next working day for extensions of a Special Offer on current terms and conditions at the current Special Offer price or lower price; and
  - d) 120 days for any new or existing product where the price or other contractual conditions are conditional on the volume and/or range of services purchased.
- 4.175 We also proposed to require Openreach to publish any retail inducement offer and notify Ofcom a minimum of 28 days in advance of the offer taking effect.
- 4.176 Regarding our regulatory support for copper retirement, we proposed to retain four public notifications for Openreach customers and Ofcom:
- a) a 'First Threshold Notice': a notice that an exchange area has reached 75% coverage of ultrafast broadband;
  - b) a 12-month advance notice before an exchange area is expected to reach 75% coverage of ultrafast broadband;
  - c) a 'Second Threshold Notice': a notice that an exchange area has reached 100% coverage of ultrafast broadband, excluding any premises that Ofcom directs;<sup>394</sup> and
  - d) a 12-month advance notice before an exchange area is expected to reach 100% coverage of ultrafast broadband, excluding any premises that Ofcom directs.
- 4.177 Regarding exchange exit, we proposed to introduce a requirement on Openreach to publish a notification and provide this to Ofcom when an exchange has been fully exited.

### Stakeholder responses

- 4.178 Openreach said that it has established a robust process for notifying industry of changes to charges, terms and conditions that ensures all parties receive information in a timely fashion.<sup>395</sup>

<sup>394</sup> We are consulting on a proposed direction which would make exclusions from the requirement to cover 100% premises in an exchange area. Ofcom. March 2026. [Consultation: Approach to the copper retirement second threshold calculation – Telecoms Access Review 2026-31](#).

<sup>395</sup> [Openreach](#) response to TAR26 March 2025 Consultation. Document 3. Paragraph 302.

- 4.179 VodafoneThree said that advance notice of changes is vital for providers to manage risk and maintain service continuity, particularly in the LLA and IEC markets, where services underpin critical national infrastructure and enterprise connectivity.<sup>396</sup>
- 4.180 We also received specific comments on notifications where the terms are conditional on the volume and/or range of services purchased and a comment from Openreach on the notification period for the first threshold for copper retirement.<sup>397</sup> We respond to these comments in Sections 9 and 2, respectively. We did not receive any further comments on the proposed notifications.
- 4.181 However, PXC said it would be detrimental for its retail ISP customers if Openreach triggered the clause in the Equinox 2 Offer that allows it to increase FTTP prices between October 2026 and September 2027 by more than CPI. In relation to this, PXC said that a key constraining factor on retail ISPs is Ofcom's General Condition C1.5, in which retail providers are required to give customers advanced notice of any price increases with the figure (in pounds and pence) quoted in contract at the point of sale.
- 4.182 PXC suggested that Ofcom should review the Equinox Offers if Openreach increased FTTP prices in this period by more than inflation. It also suggested that we require Openreach to give 18 months' notice if it proceeds, to allow ISPs time to react and update consumer contracts as they are renewed.<sup>398</sup>

## Our reasoning and decisions

- 4.183 We have decided to proceed with the proposals outlined above. We consider that the requirement to notify charges, terms and conditions is appropriate and proportionate in relation to BT's market power in each of the relevant fixed telecoms markets.
- 4.184 Notification of changes to charges at the wholesale level has the joint purpose of improving transparency for monitoring possible anti-competitive behaviour and giving advance warning of price changes to competing providers who purchase wholesale access services. The latter purpose ensures that competing providers have sufficient time to plan for such changes, as they may want to restructure the prices of their downstream offerings in response to charge changes at the wholesale level. Notifying changes therefore helps to ensure stability in markets.
- 4.185 While price notification may have a 'chilling' effect (where other telecoms providers follow Openreach's prices rather than set prices of their own accord), the relevant fixed telecoms markets are characterised by a high level of reliance by downstream telecoms providers on Openreach's wholesale services. Therefore, we believe it is appropriate for Openreach to be subject to an obligation to notify changes to its charges for wholesale network access services in order to provide the transparency, time to plan for changes and stability needed to facilitate investment and entry.
- 4.186 We also consider it appropriate to retain the requirement that Openreach notifies changes to terms and conditions in order to ensure transparency and provide advance warning of changes to allow competing providers sufficient time to plan for them. For the same reasons as outlined above, we consider that notifying changes to terms and conditions will

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<sup>396</sup> [VodafoneThree](#) response to TAR26 March 2025 Consultation. Section 3. Paragraph 151.

<sup>397</sup> [Openreach](#) response to TAR26 March 2025 Consultation. Document 3. Paragraph 84.

<sup>398</sup> PXC also did not consider that a FTTP price increase was necessary. [PXC](#) response to TAR26 March 2025 Consultation. Pages 6-9. [PXC](#) response to TAR26 October 2025 Consultation. Page 6.

lead to greater market stability, without which incentives to invest might be undermined and market entry made more difficult.

- 4.187 Regarding the content of the ACN, we have decided that it should continue to include:
- a) a description of the network access in question;
  - b) a reference as to where the terms and conditions associated with the network access in question can be found in Openreach's Reference Offer;
  - c) the current and proposed new charge and/or current and proposed new terms and conditions (as the case may be); and
  - d) the date on which, or the period for which, the changes in the ACN will take effect (the "effective date").

### Changes to prices and price terms and conditions

- 4.188 Changes to prices, and related pricing terms and conditions (which we collectively refer to here as 'prices') for the provision of wholesale inputs in fixed telecoms markets could have material impacts on consumers. Thus, we have decided to retain the requirement for Openreach to give advance notice of price changes.
- 4.189 In regard to the timings of the notification, the notification period should allow sufficient time for downstream providers to make necessary changes to their downstream products and services. We consider that except for the special cases discussed below, Openreach should give 90 days' notice for changes to prices.
- 4.190 In the case where prices are being reduced (including where a Special Offer is being introduced), we recognise that customers benefit from shorter notification periods. For example, there may be advantages in having a shorter notification period for price reductions or a Special Offer that could encourage migration to newer or more efficient services. This shorter notification period enables flexibility to try new services and transition over to the newly priced service, which will benefit consumers through new services and greater availability of choice.
- 4.191 In response to stakeholder comments, and in the interests of clarity, where in connection with existing network access, Openreach combines a Special Offer with a price increase for services which are not subject to the Special Offer, a notice period of 90 days applies. We have amended the wording of SMP Condition 8 to remove any ambiguity on this point.<sup>399</sup>
- 4.192 We therefore retain the requirement that 28 days is an appropriate notification period for price reductions (including the sole introduction of Special Offers) for products and services in the relevant fixed telecoms markets. We discuss extensions and amendments to Special Offers below.
- 4.193 Where Openreach introduces a new product or service in the relevant fixed telecoms markets, we consider that the prior notification period should reflect the lesser need for advance notice, since there will not be existing customers for whom wholesale price changes might require revisions to their own pricing or other commercial decisions, and the existing service(s) provide the core set of input services for downstream telecoms providers, and are protected by the longer notification period. We therefore consider it appropriate to retain a 28 day notification period for new products and services.

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<sup>399</sup> [3].

### Terms that are conditional on the volume and/or range of services purchased

4.194 Notwithstanding the discussion above, as explained in Section 9, we remain of the view that Openreach could use certain commercial terms to undermine the development of network competition in the longer term. We are particularly concerned about terms such as loyalty discounts or pricing contingent on large volume commitments. For this reason, we have decided to retain a notification regime for commercial terms where the price or other contractual conditions are conditional on the volume and/or range of services purchased. To facilitate the monitoring of these commercial terms, we have decided to extend the notification period from 90 days to 120 days. Further detail on this is set out in Section 9.

### Changes to non-price terms and conditions

4.195 Changes to non-price terms and conditions for the provision of wholesale inputs in fixed telecoms markets could also have material impacts on consumers. We consider that 90 days is an appropriate notification period for existing and new products and services in the relevant fixed telecoms markets and so have decided to retain the obligation that, in general, at least 90 days' notification should be given for changes to non-price terms and conditions.

4.196 We do not consider that, where Openreach plans service development and service launches, the decision to retain the requirement to notify changes to terms and conditions would be problematic, as we believe there is sufficient time in the development cycle of a new service to inform its customers of changes to the terms and conditions.

### Extensions and amendments to Special Offers

4.197 A 90-day notification period has a potentially negative impact on Openreach's ability to amend Special Offer non-price terms and conditions, due to the misalignment of 28 days' notice for launching a Special Offer and/or changing prices, compared to 90 days' notice to change the terms and conditions of the Special Offer. This has the potential to make it difficult for Openreach to launch Special Offers or to amend Special Offers in their lifetimes, even when it might be beneficial to customers to do so. Therefore, we have decided to retain the requirement for Openreach to provide only 28 days' notice where it plans to amend the terms and conditions of a Special Offer.

4.198 We have also decided to retain the position that Openreach can, where it has notified its customers of the price that will apply at the end of the Special Offer, extend the Special Offer. Where the extension is at the current Special Offer price or below, Openreach must provide one working days' notice. Where Openreach extends the offer at another price that is below the one originally notified as the price to apply when the original Special Offer ended, we require 28 days' notice. We have outlined the notification periods that will apply for where Special Offers are extended or amended in Table 4.5.

**Table 4.5: Notification periods on Openreach for amending or extending Special Offers**

Amendment to Special Offer	Amendment concerns	Notification period
If Openreach wants to extend a Special Offer on current T&Cs at the current Special Offer price or lower price	Prices	Next working day

Amendment to Special Offer	Amendment concerns	Notification period
If Openreach wants to extend a Special Offer on current T&Cs at a price above the current Special Offer price but below the standard price	Prices	28 days
If Openreach wants to extend a Special Offer on updated T&Cs or amend T&Cs of an existing Special Offer, irrespective of price	T&Cs	28 days

4.199 For avoidance of doubt, the notification periods we have decided to retain on Openreach for amending or extending Special Offers cannot supersede the requirement in the WLA and LLA markets for Openreach to notify contract/pricing changes 120 days in advance specifically for commercial offers where the price or other contractual conditions are conditional on the volume and/or range of services purchased.

#### **Requirement to notify Ofcom of changes to charges, terms and conditions in relation to Openreach’s internal consumption of services in the relevant fixed telecoms markets**

4.200 For each relevant fixed telecoms market, we have decided to retain the requirement for Openreach to notify us of changes to charges, terms and conditions in relation to its internal consumption of any services in the relevant fixed telecoms markets.

4.201 In relation to passive remedies, while Openreach does not consume physical infrastructure and dark fibre services, we have decided to retain the requirement on Openreach to produce an Internal Reference Offer that sets out its internal processes (see Paragraph 4.159 above). In order to ensure transparency, we have decided to retain the requirement for Openreach to notify us when these internal processes change.

#### **Notification in relation to geographic retail inducements**

4.202 In Section 9, we explain our decision to amend the NUD condition to make explicit reference to retail inducements offered by Openreach on a geographic basis to encourage consumers to purchase its VULA products.

4.203 Alongside this requirement, to ensure transparency, we have also decided to make a direction requiring Openreach to publish any retail inducement offer, whether or not geographically based, and notify Ofcom a minimum of 28 days in advance of the offer taking effect.

#### **Notifications in relation to our regulatory support for copper retirement**

4.204 In Section 2, we outline our decision to retain the requirement that Openreach make four public notifications for its customers and provide these to Ofcom:

- a) A ‘First Threshold Notice’: a notice that an exchange area has reached 75% coverage of ultrafast broadband;
- b) a 12-month advance notice before an exchange area is expected to reach 75% coverage of ultrafast broadband;

- c) a 'Second Threshold Notice': a notice that an exchange area has been "completed"<sup>400</sup>;
- d) a 12-month advance notice before an exchange area is expected to be "completed".

4.205 We respond to Openreach's comments on this decision in Section 2.

### Notification in relation to exchange exit

4.206 In Section 3 we discuss Openreach's exchange exit programme. Exchange exit may trigger some of the general notification requirements that we have decided to maintain on Openreach, for example the requirement to provide advance notification of changes to technical information (including information on network configuration and locations of network access) and of changes to the terms and conditions of network access product and services.

4.207 We have also decided to set a further specific obligation on Openreach to publish and send to Ofcom a notification within a reasonable time period after an exchange has been fully exited. By this, we mean when all other providers have ceased to use network access in that exchange and have terminated all licences to use space and power in that exchange. We consider that this will provide transparency to industry that the exit process is complete at this exchange (see, in particular, the discussion of IEC, including DFX, at Section 3, as the network access obligations for this product are location-specific).

4.208 Following notification from Openreach that an exchange is fully exited, we will maintain an updated list of exited exchanges on the Ofcom website. This should provide a list to providers of exchanges where relevant regulatory requirements have fallen away.

### Increases in FTTP prices under the Equinox Offers

4.209 PXC raised concerns regarding the impact of allowing Openreach to exercise its contractual right under the Equinox 2 Offer to increase FTTP prices.<sup>401</sup>

4.210 Under the Equinox 2 Offer, Openreach is contractually required to give 12 months' notice in advance of enacting the £1 per month rental uplift and £20 connection uplift between October 2026 and September 2027.<sup>402</sup> These terms were commercially agreed with ISPs, and therefore we do not consider it appropriate to intervene further and require Openreach to give longer notice than required under the agreed Equinox 2 Offer terms.

4.211 We note that consumer broadband contracts are typically between 18 months and 24 months. However, these are a result of ISPs' own commercial decisions relating to the length of contracts offered to their customers.

4.212 We consider it is the responsibility of ISPs to manage their customer contracts given the terms they have agreed under the Equinox Offers, such that they comply with their obligations under the General Conditions.

## Conclusion

4.213 We consider that the requirements to notify charges, terms and conditions are proportionate in that they only require notification of information that other telecoms

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<sup>400</sup> i.e. Openreach has made ultrafast services available at 100% of the premises in the exchange area (excluding any premises that Ofcom directs).

<sup>401</sup> Such an increase is compatible with our charge controls on FTTP 80/20 services.

<sup>402</sup> Equinox 1 Offer, Schedule 1, clause 15.1 as amended by Equinox 2 Offer, Appendix 1, clause 4.1.

providers would need to know (in order to adjust for any changes) and that the notification periods are the minimum required to allow changes to be reflected in downstream offers.

- 4.214 We consider that the requirement to give advance notice of any offer of retail inducements by Openreach is proportionate in that it allows for the identification of any concerns that the offer may result in undue discrimination, ahead of implementation. The notification period is the minimum required to allow for this.
- 4.215 We consider that the requirement on Openreach to notify of exchange exit is proportionate given it is notification at the end of the process, and only requires information that other telecoms providers and Ofcom would need to know (in order to know where relevant regulation is applicable).
- 4.216 We consider that the decision to maintain the existing notifications in relation to copper retirement is proportionate as it goes no further than is necessary to ensure that the different stages of the regulatory transition from copper to FTTP services are transparent and that ISPs, competitors and customers have sufficient information to plan ahead.
- 4.217 To implement these decisions, we have set SMP Condition 8 and the direction that we have decided to issue under SMP Condition 8.1 in Volume 5. Section 87(6)(b) of the Act authorises the setting of SMP services conditions which require a dominant provider to publish, in such manner as Ofcom may direct, all such information for the purpose of securing transparency in relation to matters connected with network access. Section 87(6)(c) authorises the setting of SMP services conditions requiring the dominant provider to publish, in such a manner as Ofcom may direct, the terms and conditions on which it is willing to enter into an access contract.

## Requirement to notify technical information

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### Our proposals

- 4.218 We proposed to retain the requirement for Openreach to publish, in advance, changes to technical information in each relevant fixed telecoms market. We proposed that Openreach should notify its customers of changes to technical information not less than 90 days in advance of providing new services or amending existing technical terms and conditions.

### Stakeholder responses

- 4.219 Openreach agreed with the requirement to notify changes to technical information. It said that it is important to provide technical information to ISPs to enable them to utilise new functionality, to benefit end consumers and wider industry.<sup>403</sup>
- 4.220 VodafoneThree said that timely and detailed technical disclosures are essential to allow it to plan, integrate and deliver services. It pointed to specific upcoming transitions (e.g. moving from EAD to EAD2.0 and the exchange exit programme) where a lack of transparency could lead to stranded assets and increased costs. It said that the technical notification obligation must ensure that disclosures are made early enough to allow for meaningful planning and integration, that information is complete, consistent, and aligned

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<sup>403</sup> [Openreach](#) response to TAR26 March 2025 Consultation. Document 3. Paragraph 303.

with commercial and operational realities, and that providers have a formal route to raise concerns or request clarification where information is incomplete or ambiguous.<sup>404</sup>

## Our reasoning and decisions

- 4.221 We have decided to proceed with our proposal, as described above. We consider that the requirement to notify technical information in each market is appropriate and proportionate in relation to BT's market power in each of the relevant fixed telecoms markets.
- 4.222 The aim of this regulation is to provide advance notification of changes to technical characteristics to ensure that competing providers have sufficient time to respond to changes that may affect them. For example, a competing provider may need to introduce new equipment or modify existing equipment or systems to support a new or changed technical interface. Similarly, a competing provider may need to make changes to its network in order to support changes in the points of network access or configuration.
- 4.223 This remedy is important in the fixed telecoms markets to ensure that providers who compete in downstream markets are able to make effective use of existing or, where applicable, new wholesale services provided by Openreach. The technical information required by other providers includes:
- a) new or amended technical characteristics, including information on network configuration (e.g. information about the function and connectivity of points of access, such as the connectivity of exchanges to customers and other exchanges), locations of the points of network access, and technical standards (including any usage restrictions and other security issues);
  - b) the information provided currently in the Network Information Publication Principles (NIPP) and Access Network Facilities (ANF) agreement; and
  - c) any other additional information necessary to make use of the services provided in the relevant fixed telecoms markets.
- 4.224 The one exception to this is in relation to amendments to technical specifications that are developed and agreed through NICC Standards Limited.<sup>405</sup> NICC is a technical forum for the UK communications sector that develops interoperability standards for public communications networks and services in the UK. NICC specifications are developed by subject matter experts from Openreach and other telecoms providers and are adopted only with the approval of NICC members.
- 4.225 In view of these arrangements, we do not consider a 90-day notice period necessary where Openreach proposes to adopt an amended NICC specification, as telecoms providers are likely to already be aware of NICC specifications due to their participation in the forum (and will therefore be satisfied that they have been agreed by industry, and not imposed by Openreach unilaterally).
- 4.226 We do, however, consider that Openreach must provide notification of changes based on the NICC standard within a reasonable period of time, but without imposing a minimum notification period. This is to ensure that published technical information is up to date, as without an obligation to notify changes based on NICC standards, service descriptions for

<sup>404</sup> [VodafoneThree](#) response to TAR26 March 2025 Consultation. Section 3. Paragraphs 152-156.

<sup>405</sup> NICC. [Developing interoperability standards for the UK](#). Accessed 24 February 2026.

various wholesale services could be out of date or incomplete. Our SMP condition reflects this position.

- 4.227 We agree with VodafoneThree’s comments about the importance of notifications of changes to technical information. As set out above, we believe that our requirement for 90 days’ notice is appropriate to allow for planning and integration. The requirements outlined above also ensure that Openreach are providing complete and accurate information. Finally, should VodafoneThree or any other providers have any concerns about the information provided by Openreach, it should seek to engage with Openreach in the first instance, either directly or through the OTA2.

## Conclusion

- 4.228 We consider that the requirement to notify technical information is proportionate in that it only requires information that other telecoms providers would need to know and that the notification periods are the minimum required to allow changes to be reflected in downstream offers.
- 4.229 To give effect to these decisions, we have decided to set SMP Condition 9 at Volume 7. As set out above, section 87(6)(b) of the Act authorises the setting of SMP services conditions which require a dominant provider to publish, in such manner as Ofcom may direct, all such information for the purpose of securing transparency in relation to matters connected with network access.

## Requirement for quality of service

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- 4.230 We have decided to retain the SMP condition on Openreach that allows us to set directions specifying quality of service (QoS) standards and reporting requirements in relation to Openreach’s QoS performance for services in all relevant fixed telecoms markets. Our detailed reasoning and decisions on QoS requirements are set out in Volume 5.

## Regulatory financial reporting

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- 4.231 We have decided to retain accounting separation and cost accounting obligations on Openreach in each of the relevant fixed telecoms markets. We implement these obligations by way of a single SMP condition and associated directions (see Volume 6) which specify what information we require BT to prepare and provide for each market.
- 4.232 Further details of the accounting separation and cost accounting obligations, and our detailed regulatory financial reporting requirements, are set out in Volume 6.

# 5. Specific remedies: Physical infrastructure market

## Introduction

- 5.1 In this section, we set out our decision to impose a requirement on Openreach to provide specific network access in the form of physical infrastructure access (“PIA”) in order to address the competition concerns that we have identified in our market assessment (set out in Volume 2, Section 3) and in line with our approach to remedies set out in Section 1.
- 5.2 PIA is our primary remedy for promoting network competition and investment in WLA and LLA networks. Mandating access to Openreach’s physical infrastructure has been transformational in enabling investment and deployment of fibre networks across the UK, as it reduces the cost and increases the speed of network rollout by competitors. An effective PIA remedy is critical as it secures the access to Openreach’s physical infrastructure for existing altnet deployment, future expansion and connecting customers to networks.
- 5.3 We also set out our decisions to require Openreach to provide PIA ancillary services and publish a PIA reference offer.
- 5.4 Our regulation should ensure that other network providers have access to PIA services on terms that provide a level playing field with Openreach’s own use. We discuss the no undue discrimination (“NUD”) requirement in the physical infrastructure market in Section 4.

**Table 5.1: Summary of specific remedies in the physical infrastructure market**

Specific remedies: PIA
Specific access obligation to provide Physical Infrastructure Access (PIA), including network adjustments
Specific requirement to provide PIA ancillary services
Specific requirements for the publication of a Reference Offer (RO)

- 5.5 Our approach to setting cost-based PIA rental charges that telecoms providers other than Openreach will pay is set out in Volume 4, Section 4.
- 5.6 Our approach to Quality of Service standards in the physical infrastructure market is set out in Volume 5, Section 5.
- 5.7 Later in this section, we also discuss our approach to several other issues raised by stakeholders relating to PIA, and our approach to PIA supervision.

## Overview of stakeholder responses

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- 5.8 A number of respondents, including INCA, nexfibre, VMO2 and VodafoneThree set out their broad support for our proposals to retain specific access obligations to provide PIA.<sup>406</sup> Many respondents supported our view that this remedy had been effective in enabling alternative network deployment over the last review period.<sup>407</sup>
- 5.9 Openreach said that it recognised that PIA is an essential element that underpins the TAR regulatory framework, and that whilst it had concerns, it was able to support the majority of our PIA proposals.<sup>408</sup>
- 5.10 However, stakeholders also provided further comments about specific elements of our remedy proposals and related issues. These substantive comments are addressed below, in the relevant parts of this section.

## Specific access obligation to provide PIA

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### Our proposals

- 5.11 We proposed to retain a specific network access remedy in the form of PIA in the physical infrastructure market. We said that this allows other telecoms providers access to deploy and maintain their own networks in BT's underground ducts and chambers and/or overhead on its telegraph poles. We proposed that the PIA remedy should have no usage or geographic scope restrictions.

### Stakeholder responses

- 5.12 Several respondents agreed with the importance of a specific access obligation to provide PIA.<sup>409</sup> No respondents expressed disagreement with our proposed PIA specific access obligations.
- 5.13 Openreach asked Ofcom to clarify the scope of the PIA remedy. It asked for Ofcom to make it clear that PIA pole adjustments services do not apply to adjustments to make space on a pole for mobile equipment, or other types of equipment for other types of non-fixed

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<sup>406</sup> [AllPoints Fibre](#) response to TAR26 March 2025 Consultation. Page 5. Paragraph 26. [INCA](#) response to TAR26 March 2025 Consultation. Page 17. Paragraph 53. [nexfibre](#) response to TAR26 March 2025 Consultation. Main response. Page 19. [Virgin Media O2](#) response to TAR26 March 2025 Consultation. Page 36. [VodafoneThree](#) response to TAR26 March 2025 Consultation. Page 58. Paragraph 171. [Vorboss](#) response to TAR26 March 2025 Consultation. Page 9.

<sup>407</sup> [Communications Consumer Panel and ACOD](#) response to TAR26 March 2025 Consultation. Page 2. [Fibrus](#) response to TAR26 March 2025 Consultation. Page 5. [INCA](#) response to TAR26 March 2025 Consultation. Page 17. Paragraph 52. [nexfibre](#) response to TAR26 March 2025 Consultation. Main response. Page 19. [Scottish Government](#) response to TAR26 March 2025 Consultation. Page 4. [VodafoneThree](#) response to TAR26 March 2025 Consultation. Page 58. Paragraph 171. [Welsh Government](#) response to TAR26 March 2025 Consultation. Page 2.

<sup>408</sup> [Openreach](#) response to TAR26 March 2025 Consultation. Document 3. Page 73.

<sup>409</sup> [AllPoints Fibre](#) response to TAR26 March 2025 Consultation. Page 5. Paragraph 26. [INCA](#) response to TAR26 March 2025 Consultation. Page 17. Paragraph 53. [VodafoneThree](#) response to TAR26 March 2025 Consultation. Page 58. Paragraph 171. [Virgin Media O2](#) response to TAR26 March 2025 Consultation. Page 36. [nexfibre](#) response to TAR26 March 2025 Consultation. Main response. Page 19. [Vorboss](#) response to TAR26 March 2025 Consultation. Page 9.

telecoms services. It also asked for adjustments to the legal definition of Physical Infrastructure Access to make this clearer.<sup>410</sup>

## Our reasoning and decisions

5.14 We have decided to retain a requirement to provide network access in the form of PIA, as proposed in our consultation. For the reasons set out below, we consider this to be appropriate and proportionate in relation to BT's market power in the physical infrastructure market.

### **A specific network access remedy is necessary to address BT's SMP in the physical infrastructure market**

5.15 Given our finding that BT has SMP in the physical infrastructure market, we consider that absent regulation BT would have the incentive and ability to favour its own downstream businesses over competing telecoms providers in the relevant downstream markets, distorting competition in these markets, which is ultimately against the interests of consumers. BT could refuse access to its physical infrastructure, or it could provide access to its physical infrastructure on less favourable terms and conditions compared to those obtained by its own downstream businesses.

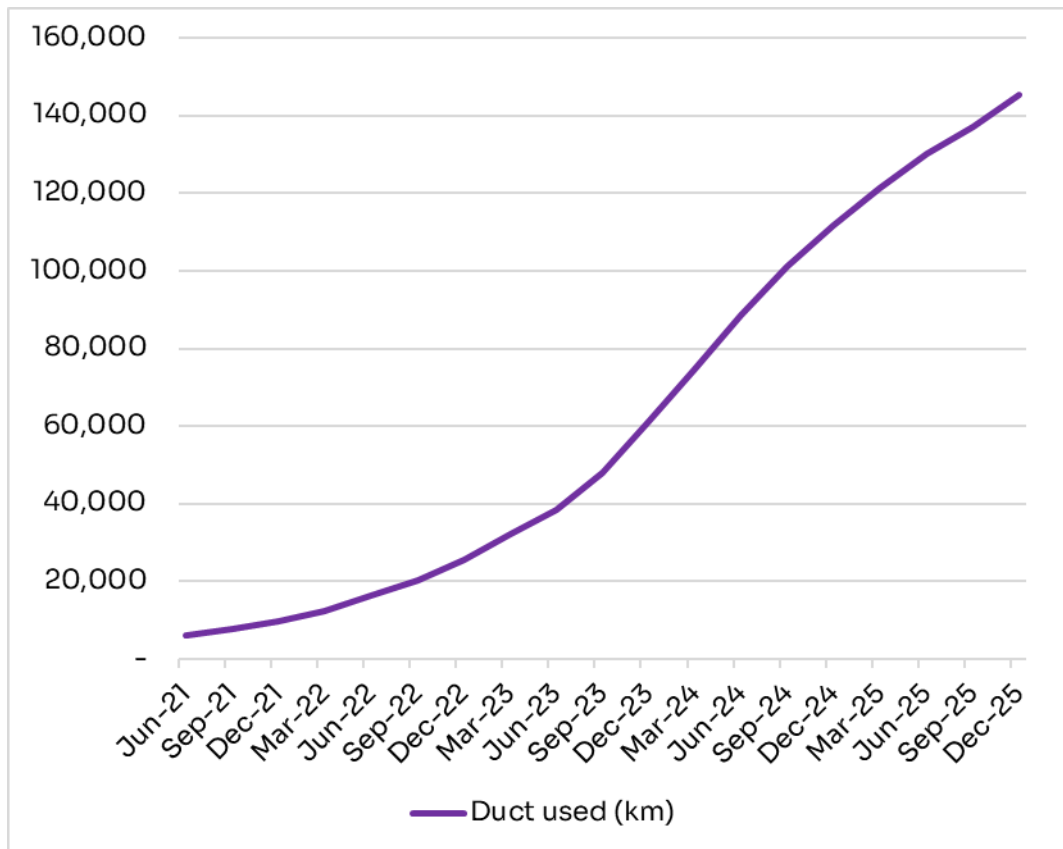
5.16 Although the general network access remedy set out in Section 4 is aimed at addressing these competition concerns, it does not provide telecoms providers with sufficient certainty as to the basis on which they have access. As explained in Volume 2, Section 3 and discussed above, our view is that BT's SMP in the physical infrastructure market is entrenched and enduring, leading to a significant competitive imbalance between BT and alternative telecoms providers.

5.17 As illustrated by the charts below, PIA has played an important role in promoting the deployment of competing networks by reducing the cost and increasing the speed of deployment. It is important that there is an effective remedy in place to sustain this network competition and support it in becoming established, as well as facilitating further competitive network deployment.

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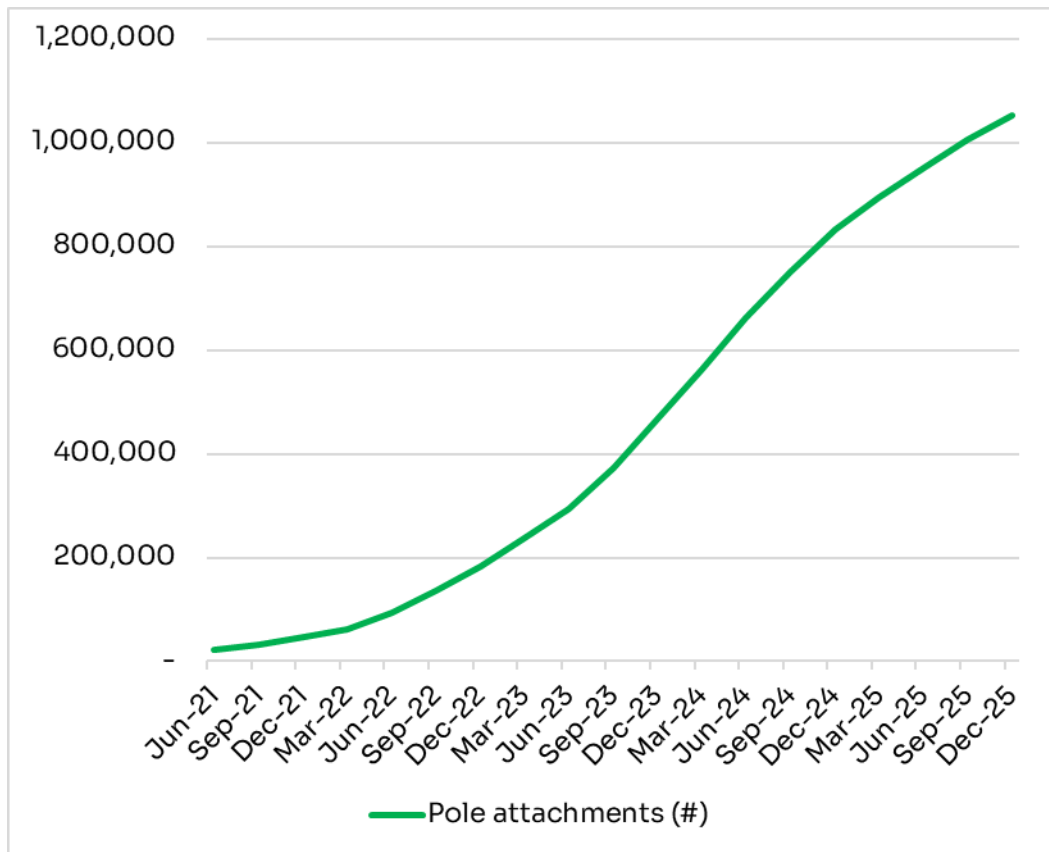
<sup>410</sup> [Openreach](#) response to TAR26 March 2025 Consultation. Document 3. Page 74.

**Figure 5.1: Network deployment using Openreach duct over the WFTMR period<sup>411</sup>**



<sup>411</sup> Source: *Openreach PIA Usage Reports* provided to Ofcom between 2021 and 2025. Most recent submission for Q3 2025/26 received 16 January 2026. This data does not include planned usage of PIA or network deployments which have not been finalised. Where multiple PIA users make use of the same duct or attach cables to the same pole, or a single PIA user installs multiple sub-ducts in the same duct or attaches multiple cables to a pole, this is counted multiple times in these figures. For example, if two providers each use the same kilometre of duct, this shows as two kilometres in the data; if two providers each attach two attachments to the same pole, this counts as four attachments. The total kilometres of unique duct and the number of unique poles that are used by PIA users are lower. As of December 2025, approximately 80,000km of unique duct and 940,000 unique poles were in use by PIA users. By way of context, there are approximately 509,000 km of duct and 4.2m poles in Openreach’s network. Note that providers might use the same duct or the same pole to serve different end users and/or compete for the same end user.

**Figure 5.2: Network deployment using Openreach poles over the WFTMR period<sup>412</sup>**



- 5.18 On that basis, we have decided that it remains appropriate and proportionate to go beyond the general network access obligation to address the above concerns and require Openreach to continue to provide a specific form of network access.
- 5.19 In general, when imposing network access obligations, restrictions on usage and geographic scope are unnecessary as the obligations are typically not expected to result in effects on products in other markets. In addition, restrictions present a risk of regulatory failure as they may limit a telecoms provider’s flexibility to use the remedy in ways not foreseen by the regulator but nevertheless consistent with the intended purpose, which may reduce its effectiveness. Therefore, in most cases, imposing an unrestricted network access obligation is both appropriate and proportionate.
- 5.20 However, to a greater extent than other forms of network access, a PIA obligation can be used as an upstream input into several downstream products; a PIA remedy without usage or geographic scope restrictions can be used in the deployment of any service in relevant fixed telecoms markets in any location and some of these uses and locations will impact on downstream markets. In particular, there might be a risk that a PIA remedy may impact competition in downstream markets that are already competitive, stifle dynamic and allocative efficiency, increase the cost of competition and Openreach’s costs and resource requirements, and cause some unintended effects related to network adjustments (NAs).

<sup>412</sup> Source: *Openreach PIA Usage Reports* provided to Ofcom between 2021 and 2025. Most recent submission for Q3 2025/26 received 16 January 2026. See footnote 411 for further clarifications concerning the data presented.

- 5.21 We considered these factors in WFTMR21 and did not impose usage or geographic restrictions because we were concerned it would undermine the effectiveness of the remedy and we did not identify any adverse effects on downstream markets which would be disproportionate to our overall aim.
- 5.22 We remain of the view that usage and geographic restrictions would undermine the effectiveness of the PIA remedy.
- 5.23 Usage restrictions would involve limiting the technological flexibility and/or limiting the scope of the PIA remedy. This is likely to materially increase the risk that a telecoms provider takes the view that it is not viable to invest in using PIA. Restrictions on geographic scope may put limitations on network architecture and design that may impede efficiency, innovation and investment.<sup>413</sup>
- 5.24 We do not consider it necessary or appropriate to change the legal definition of Physical Infrastructure Access, as suggested by Openreach. As set out in WFTMR21, we do not intend for the PIA remedy to be used outside the relevant fixed telecoms markets and we consider the purpose of the remedy is already clear. Placing restrictions based on characteristics of a fixed telecoms network could limit telecoms providers' flexibility to use the remedy in ways that we have not foreseen, but are nevertheless consistent with the intended purpose of the remedy.
- 5.25 Further, we note that significant network deployment has occurred since the first introduction of the current PIA remedy in 2019. The more than 150 PIA users<sup>414</sup> are made up of multi-service networks, leased line only providers and residential broadband providers. This diversity is in part due to PIA being available without usage or geographic restrictions. Any changes to the usage or geographic scope of the use of PIA would entail significant impacts on competition given the extensive network build using PIA which has already occurred.
- 5.26 We have also considered the potential adverse effects of our remedy and remain of the view that any adverse effects are not disproportionate to our overall aim.
- 5.27 We previously highlighted the following potential adverse effects:
- Impact on dynamic efficiency: the potential for the PIA remedy to adversely affect the investment incentives of BT and other telecoms operators.
  - Impact on Openreach's pricing structures: the potential for the PIA remedy to flatten the bandwidth price gradient which could lead to inefficient common cost recovery.
  - Cost of competition: competition could lead to some duplication of costs which could put upward pressure on industry average costs.
  - Impact on competitive markets: the effect of a PIA remedy on some markets which we already deem competitive.
  - Externalities caused by our approach to network adjustment costs: whether our approach to the recovery of network adjustment costs might give rise to adverse effects.

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<sup>413</sup> Further explanation and reasoning on why usage and geographic restrictions would limit the effectiveness of PIA can be found in Ofcom. March 2021. [Promoting investment and competition in fibre networks – Wholesale Fixed Telecoms Market Review 2021-26](#), Volume 3, Paragraphs 4.15 to 4.22.

<sup>414</sup> Source: *Openreach PIA Usage Report* for Q3 2025/26 received 16 January 2026.

- 5.28 Since introducing the specific PIA remedy in 2019, we have not seen any evidence of any such adverse effects.

## Network adjustments

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### Our proposals

- 5.29 We proposed that the PIA obligation should continue to include a requirement on Openreach to make adjustments to its physical infrastructure network (network adjustments) in certain specific circumstances.

### Stakeholder responses

- 5.30 Openreach said that it supported our proposed NA remedy in broad terms, due to the principles set out in our guidance. Openreach also highlighted the controls that are now embedded in the NA process which it considered were performing well. It also argued that its ducts, poles and chambers were not designed to have the required capacity for multiple full-fibre networks. It said that beyond a certain level of demand, adjustments will not be able to address capacity issues, and new parallel infrastructure will be required.<sup>415</sup>
- 5.31 VMO2 said that NAs have been an important component of the PIA product and were likely a material contributor to the successful adoption of PIA.<sup>416</sup>
- 5.32 Agreeing with our view, nexfibre said that the PIA remedy would be ineffective without an NA obligation and that there had been significant progress with self-provide NAs. It noted that the NA process can be complex and time-consuming, and that it would engage with Openreach on further improvements over the next review period.<sup>417</sup>

### Our reasoning and decisions

#### Openreach should be required to make adjustments to its infrastructure where it is unusable

- 5.33 We have decided to impose an obligation on Openreach to provide network access in the form of PIA. We consider that the concept of network access includes making adjustments in order to make available to another user facilities and/or services for the purpose of providing electronic communications services. We have therefore decided to retain the existing requirements on Openreach to provide NAs. Telecoms providers using PIA to deploy a competing network will encounter sections of infrastructure that they cannot use, either because the existing infrastructure is faulty or because there is insufficient capacity in that section. For the reasons set out below, our view is that the PIA remedy will be ineffective unless Openreach is required to adjust the physical infrastructure network to make it available for use in certain circumstances.
- 5.34 Our decision to continue to require Openreach to provide network access in the form of PIA is to promote competition by facilitating third-party investment in competing networks. We consider that the efficiencies arising out of deploying a network using PIA, instead of building a new physical infrastructure network, will facilitate investment which would not otherwise be viable. In particular, competing telecoms providers avoid the costs and time

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<sup>415</sup> [Openreach](#) response to TAR26 March 2025 Consultation. Document 3. Pages 74-78.

<sup>416</sup> [Virgin Media O2](#) response to TAR26 March 2025 Consultation. Page 36.

<sup>417</sup> [nexfibre](#) response to TAR26 March 2025 Consultation. Main response. Pages 20-21.

associated with duplicating the physical infrastructure network, and instead only pay a share of the costs of the existing physical infrastructure. Our objective in imposing PIA is to unlock these efficiencies to the greatest extent possible to help facilitate such investment.

- 5.35 When a telecoms provider encounters an unusable section of BT's physical infrastructure it will be necessary to overcome this. One approach would be for telecoms providers to install their own ducts or poles alongside BT's to circumvent the unusable section in BT's infrastructure. Another approach would be for Openreach to adjust the existing physical infrastructure to remedy the unusable section, for example, by repairing the faulty infrastructure or installing additional capacity where the existing capacity is full.
- 5.36 Given the range of options available to Openreach to overcome unusable sections of infrastructure, it will sometimes be more efficient (i.e. quicker, easier and/or cheaper) for Openreach to adjust the existing physical infrastructure than for a telecoms provider to install their own infrastructure alongside BT's. For example, it may cost less for Openreach to repair faulty infrastructure than for a telecoms provider to build new, parallel infrastructure.
- 5.37 Without a requirement on Openreach to adjust the existing physical infrastructure in these cases, telecoms providers deploying competing networks would need to incur additional cost and/or delay building their own infrastructure to overcome unusable sections of BT's physical infrastructure. The deployment of competing networks will therefore entail unnecessary duplication of the physical infrastructure network, and the benefits from sharing BT's existing physical infrastructure will not be fully realised. Ultimately, this will reduce the scope for competitive network investment and in general the remedy will be less effective.
- 5.38 Moreover, requiring telecoms providers to install their own infrastructure to bypass the unusable sections would not ensure a level playing field with Openreach in those cases where it can overcome unusable sections of infrastructure at lower cost in any competing network deployment of its own (for example, an FTTP deployment). Knowing that Openreach has this competitive advantage could undermine incentives to invest in competing networks in the first place, rendering the PIA remedy ineffective as a basis for scale rollout of competing networks.
- 5.39 Therefore, we have decided that the PIA access obligation should extend to requiring Openreach to make adjustments to its network where this is necessary for its physical infrastructure to be available to telecoms providers for the purpose of deploying their own networks. This will promote network competition by realising greater efficiency benefits from sharing BT's existing physical infrastructure and ensuring a level playing field with Openreach. Without such a requirement, the benefits resulting from other telecoms providers deploying gigabit-capable networks at scale are unlikely to be realised in full.
- 5.40 For the avoidance of doubt, we are clarifying that the requirement to make NAs applies irrespective of whether a telecoms provider is using the infrastructure for the first time (e.g. installing its first sub-duct), or a subsequent time (e.g. installing a second sub-duct to increase capacity in its network). For example, a telecoms provider attempting to install a second sub-duct may find that the duct has collapsed since installing the first sub-duct. The

obligation to make the physical infrastructure usable will still apply in these circumstances.<sup>418</sup>

- 5.41 Regarding nexfibre’s comments that the NA process can be complex and time-consuming, we expect the PIA product to be efficient and easy to use for PIA users. We note that there has been significant progress made in developing NA processes to enable faster deployments where NAs are required over the last review period. We encourage all users to continue to make use of industry forums and the SoR process to ensure the product meets their needs, and to ensure the product evolves as necessary. We expect Openreach to continue to engage constructively with these improvement processes.

### The requirement to make network adjustments is limited

- 5.42 We have considered the approach we should take to specifying the extent of the obligation on Openreach to make adjustments to its network. In our view, specifying the precise extent of this obligation in the SMP Condition would carry a risk of regulatory failure given that what is necessary is likely to depend on the specific circumstances of any case. Given the risk of regulatory failure, we do not believe that it is appropriate to set prescriptive rules about which types of adjustments should be included in the obligation. We have therefore decided to supplement the general and specific network access requirements with the same guidance as we previously issued on where this obligation applies.
- 5.43 We set out this guidance at Annex 7, in which we identify what criteria should be applied to determine whether a particular network adjustment falls within the scope of the PIA obligation. The three criteria are:
- **Is the requested adjustment necessary?** This criterion considers whether an alternative option exists which would render the requested adjustment unnecessary, provided this alternative allows for a reasonably equivalent outcome for the telecoms provider compared to making an adjustment.
  - **Is the requested adjustment feasible?** This criterion considers whether there are barriers that prevent Openreach from being able to make the required adjustment.
  - **Does the requested adjustment improve efficiency?** This criterion considers whether the requested adjustment promotes efficiency and is therefore consistent with the rationale for requiring Openreach to provide PIA (i.e. to unlock the efficiencies from sharing existing infrastructure).
- 5.44 The application of these criteria and guidance will determine whether a network adjustment request is valid and, therefore, which network adjustment requests Openreach will have to accept and/or how it should recover its costs as set out in Volume 4.
- 5.45 In response to Openreach’s comments around the capacity of its physical infrastructure and the potential need for new parallel infrastructure in future, we note that the provision of

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<sup>418</sup> To ensure PIA users are able to gain access to Openreach’s physical infrastructure effectively during, and subsequent to, the process of fibre deployment, PIA network adjustments, including the funds made available under these regulations, should not be time limited. This is because adjustments to lead-in duct, or adjustments to relieve capacity pinch-points in spine duct which connects to lead-in duct may only be discovered when a customer requests service, and not during the initial build phase. The network adjustment fund is also available to fund subsequent network adjustments for additional spine duct that fall within the allowable cross-sectional space budget of the duct in which it is being installed (and for which incremental spine rental charges are not payable).

additional capacity may be in scope of the NA obligation, depending on the circumstances. We discuss this in more detail as part of our guidance in Annex 7.

- 5.46 We consider that the package of measures we are imposing, including the three criteria and the guidance we provide in Annex 7 on their application, will ensure that Openreach has sufficient scope to implement any appropriate financial and budgetary controls and authority over any costs incurred (per job and in total).
- 5.47 We note that PIA users are able to undertake network adjustments themselves and, since the adoption of the current PIA remedy in 2019, significant progress has been made by industry to improve the way these ‘self-provide orders’ are undertaken and processed.

## Specific requirement to provide PIA ancillary services

### Our proposals

- 5.48 In support of the network access obligation, we proposed to maintain the requirement on Openreach to provide PIA ancillary services as may be reasonably necessary for the use of PIA.

### Stakeholder responses

- 5.49 VMO2 and nexfibre supported our proposals. VMO2 said the ancillary services we identified were important and necessary enablers for access seekers to use PIA.<sup>419</sup> nexfibre said that removing this specific remedy would be severely detrimental to PIA consumption.<sup>420</sup>
- 5.50 Openreach said it supported our proposals. It asked for support from Ofcom with respect to requests from alnets to provide wayleaves as a PIA ancillary service, saying this was an over extension of the scope of its obligations.<sup>421</sup>
- 5.51 The Scottish Government noted that Scotland has a greater proportion of poles on private land compared the rest of the UK, which can pose a challenge to alnet deployments. It said that Openreach should share detailed information about existing wayleaves to allow providers to assess whether current permissions support infrastructure sharing under the Electronic Communications Code (the Code) or Product Security and Telecommunications Infrastructure (PSTI) Act.<sup>422</sup>
- 5.52 Vorboss and a joint submission from a group of PIA users said that insufficient information was currently provided by Openreach in relation to wayleave data, and suggested this was preventing providers from benefiting from wayleave sharing rights in an efficient manner. Both suggested Ofcom should clarify Openreach’s obligations to provide more detailed information about BT wayleaves. The joint response cited specific functionality that the PIA users believed should be included in line with the existing PIA Database Access obligation.<sup>423</sup>

<sup>419</sup> [Virgin Media O2](#) response to TAR26 March 2025 Consultation. Page 36.

<sup>420</sup> [nexfibre](#) response to TAR26 March 2025 Consultation. Main response. Page 21.

<sup>421</sup> [Openreach](#) response to TAR26 March 2025 Consultation. Document 3. Page 81.

<sup>422</sup> [Scottish Government](#) response to TAR26 March 2025 Consultation. Page 4.

<sup>423</sup> [Vorboss](#) response to TAR26 March 2025 Consultation. Page 11. [CityFibre, Glide, Hyperoptic, Virgin Media O2, VitriFi and Vorboss](#) joint response to TAR26 March 2025 Consultation. Pages 11-12. Paragraphs 43-47.

## Our reasoning and decisions

- 5.53 We have decided to retain a requirement for Openreach to provide PIA ancillary services. We continue to believe that it is appropriate and proportionate. A requirement to offer access to ancillary services has the purpose of assisting in promoting competition in downstream markets. We consider that such ancillary services are necessary to support the provision and use of PIA.<sup>424</sup>
- 5.54 Our specific access remedy will require Openreach to provide these ancillary services, including as a minimum: power, accommodation services (including PIA Co-Location and PIA Co-Mingling),<sup>425</sup> site access, Cablelink<sup>426</sup> and PIA Database Access,<sup>427</sup> and any other services used to support or enable this specific PIA service.
- 5.55 We have also decided to regulate Openreach’s charges for PIA ancillaries. This is discussed in detail in Volume 4 Section 4.
- 5.56 In response to comments about PIA users’ access to wayleave information held by Openreach, we first note that whether wayleaves held by Openreach are shareable by PIA users is a function of the relevant legislation, and not of the SMP conditions we set in this review. While PIA users can seek to negotiate with a landlord or apply to a court for wayleaves relating to any relevant sites, it is more efficient and cost effective to rely on rights already extended under the Code, where possible. Openreach should provide relevant information that allows PIA users to identify or confirm existing rights of access where they are shareable. We understand Openreach currently does this.
- 5.57 With regard to the usability of the systems and processes for gaining information about shared wayleaves, Ofcom has not received evidence from PIA users that this issue is a significant barrier to scale use of PIA at this time. However, if PIA users consider that new systems and processes are required to facilitate their use of PIA, the SoR process provides a route to explore such product developments. Openreach must give fair consideration to any reasonable requests raised, and ensure that any new developments are made in compliance with the NUD condition. Additionally, as the Government and local authorities develop planning laws and regulations associated with rights of access, we expect Openreach to review how it is facilitating access to its network for all its customers, including PIA users.
- 5.58 For the reasons set out above, we consider that our PIA requirement (which includes network adjustments and other ancillary services) is proportionate.
- 5.59 In order to implement these measures, we have decided to set SMP Conditions 1 and 2 published in Volume 7. As set out in Section 4, Section 87(3) of the Act authorises Ofcom to

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<sup>424</sup> For example, having access to sites where a telecoms provider locates its electronic equipment for the purposes of deploying a network using PIA.

<sup>425</sup> These involve the provision of space and the ability to house equipment in a BT exchange or equivalent.

<sup>426</sup> Cablelink is a necessary PIA ancillary service because PIA provides a telecoms provider with access to a co-location space within an exchange where they can put their equipment, but if they want to connect between co-location spaces within the same exchange or connect to a third party network just outside the exchange, then Cablelink is necessary.

<sup>427</sup> PIA Database Access involves access to data that supports planning the deployment of a network over Openreach’s physical infrastructure. In support of this obligation, we consider that network records should be provided in a digital format where available.

impose network access requirements and we have taken into account the factors set out in section 87(4).<sup>428</sup>

## Specific requirements for the publication of a Reference Offer (RO)

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### Our proposals

- 5.60 We proposed to maintain the specific requirements for the publication of a Reference Offer (RO) in relation to PIA. As part of our proposed general remedies, we also proposed that Openreach be required to publish an “Internal Reference Offer” (IRO) detailing any differences, including in regard to processes and IT systems, between Openreach’s own use of its physical infrastructure for the deployment and operation of full-fibre networks, compared to the equivalent processes and systems for PIA.
- 5.61 As set out in Section 3, requirements for publication of a RO are particularly important in establishing transparency. Our proposals sought to equip both alternative network operators, who deploy fibre networks in order to compete with Openreach, and PIA users with information about the provision of PIA as a basis for supplying downstream services. This obligation is also important for establishing a legal framework for Openreach’s customers to agree appropriate Service Level Commitments and Service Level Guarantees (SLAs and SLGs) in support of the provision and use of PIA.

### Stakeholder responses

- 5.62 VMO2 said it supported our proposals and nexfibre said that the PIA market cannot function without the RO & IRO.<sup>429</sup>
- 5.63 VMO2 noted the inevitable information asymmetry between access seekers and Openreach about its internal processes for consuming physical infrastructure. It urged continued vigilance of the accuracy and completeness of the IRO from Ofcom and the OMU, including for new Openreach internal developments.<sup>430</sup>
- 5.64 UKTA, Cityfibre and a joint submission from a group of PIA users, encouraged Ofcom to require more detail to be captured in the IRO, to help users understand how recorded differences might benefit Openreach. These submissions also encouraged Ofcom to reconsider our proposal not to require Openreach to explain why identified differences exist, arguing that this would have benefits.<sup>431</sup>

### Our decisions and rationale

- 5.65 We have decided to retain a requirement for Openreach to publish a specific RO in relation to PIA.

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<sup>428</sup> Our commentary on the section 87(4) factors set out in Section 3 also applies, where relevant, to the specific network access remedies.

<sup>429</sup> [Virgin Media O2](#) response to TAR26 March 2025 Consultation. Page 37. [nexfibre](#) response to TAR26 March 2025 Consultation. Main response. Page 21.

<sup>430</sup> [Virgin Media O2](#) response to TAR26 March 2025 Consultation. Page 37.

<sup>431</sup> [UKCTA](#) response to TAR26 March 2025 Consultation. Paragraph 37. [CityFibre](#) additional response to TAR26 March 2025 Consultation. PIA Implementation Issues. Page 3. [CityFibre, Glide, Hyperoptic, Virgin Media O2, VitriFi and Vorboss](#) joint response to TAR26 March 2025 Consultation. Pages 4-5.

- 5.66 This requirement (and the requirement to publish an IRO, where there is non-equivalence between the processes and systems used for BT and those used for PIA users) has two main purposes:
- to assist transparency for the monitoring of potential anti-competitive behaviour; and
  - to give visibility to the terms and conditions on which telecoms providers will purchase wholesale services.
- 5.67 We believe that these purposes apply to PIA. We consider that this requirement is appropriate and proportionate in relation to BT’s market power in the physical infrastructure market.
- 5.68 We have decided to retain the requirement that the PIA RO must set out (as a minimum):
- conditions for telecoms providers to gain access to physical infrastructure including if appropriate training, certification and authorisation requirements for personnel to access and work in/on physical infrastructure.
  - conditions for the provision of forecasts by telecoms providers in respect of their future requirements for PIA.<sup>432</sup>
  - the location of Physical Infrastructure or the method by which telecoms providers may obtain information about the location of physical infrastructure.
  - procedures for the provision of information to telecoms providers about spare capacity, including arrangements for visual surveys of physical infrastructure to determine spare capacity.
  - conditions for the inspection of the physical infrastructure at which access is available or at which access has been refused on grounds of lack of capacity.
  - conditions for reserving capacity.
  - the methodology for calculating availability of spare capacity in physical infrastructure.
  - arrangements for relieving congested physical infrastructure, including the repair of existing faulty infrastructure and the construction of new physical infrastructure.
  - the information that a telecoms provider is required to provide to BT where that telecoms provider is requesting the repair of existing faulty infrastructure and/or the construction of new physical infrastructure necessary for SLAs and SLGs.
  - conditions on which telecoms providers may elect to undertake repair or build works on behalf of BT.

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<sup>432</sup> We have decided to require the PIA Reference Offer to include conditions for the provision of forecasts by telecoms providers in respect of their future requirements for PIA. We continue to consider that in principle, a requirement for telecoms providers to submit forecasts of their PIA usage will be important in assisting Openreach to plan its resources to respond to requests for adjustments to its network and meet its SLA targets where this PIA usage requires use of Openreach’s resources. However, previously we have said that we considered PIA to be a relatively immature product and therefore it was appropriate to contractually link forecasting and compensation arrangements (Wholesale Local Access Market Review: Statement – Volume 3 Paragraph 6.35). We now observe that some telecoms providers’ use of PIA has greatly increased and matured, although volumes are still volatile. As these volumes stabilise and become more predictable, we would expect the link between forecasting and compensation arrangements to be removed. The purpose of providing forecasts is to assist Openreach to plan its resources. In the situation where a telecoms provider is not extensively relying on Openreach’s engineer resource to make adjustments to infrastructure but is mostly making adjustments themselves (called self-provision), their use of PIA will likely have a minimal impact on Openreach’s resource plan. Therefore, we would expect that the required level of forecasting detail should be lower, or potentially not required at all.

- conditions for the installation and recovery of cables and associated equipment.
  - technical specifications for PIA, including:
    - technical specifications for permitted cables and associated equipment;
    - cable installation, attachment and recovery methods;
    - technical specifications relevant to the repair of existing faulty physical infrastructure; and,
    - technical specifications relevant to undertaking build works.
  - the arrangements for maintenance of cables and associated equipment installed by telecoms providers and of the physical infrastructure, including the provision for the temporary occupation of additional infrastructure capacity for the installation of replacement cables.
  - Service Level Commitments and Service Level Guarantees in relation to the timescales for BT to respond to a request by a telecoms provider for PIA including where relevant to relieve congested physical infrastructure other than a congested pole, where such a response confirms that the order has been accepted and includes how BT proposes to relieve that congestion.
  - Service Level Commitments and Service Level Guarantees in relation to the timescales for completion by BT of any works necessary to relieve congested physical infrastructure (including the repair of existing faulty infrastructure and the construction of new physical infrastructure) other than a congested pole.
  - Service Level Commitments and Service Level Guarantees in relation to the timescales for BT to respond to a request by a telecoms provider to undertake works itself to relieve congested physical infrastructure.
  - Service Level Commitments and Service Level Guarantees in relation to the timescales for BT to respond to a request by a telecoms provider to relieve a congested pole where such a response confirms that the order has been accepted and how BT proposes to relieve that congestion.
  - Service Level Commitments and Service Level Guarantees in relation to the timescales for completion by BT of any works necessary to relieve a congested pole.
- 5.69 We consider that these requirements comprise the minimum information necessary to achieve the purposes set out above in relation to PIA.
- 5.70 Our reasons for imposing each of the above requirements in the physical infrastructure market are to assist in areas that we understand are critical to, and valued by, telecoms providers who want to use PIA, as well as being required to ensure the PIA Reference Offer is effective – namely, issues regarding planning and surveying, maintenance and repair, connecting end customers and network deployment.
- 5.71 For the reasons set out above, we consider that our requirement for the publication of a Reference Offer in relation to PIA is proportionate. To give effect to the above decisions, we are setting SMP condition 7 in Volume 7, Legal Instruments. As set out in Section 4, sections 87(6)(c) to (e) authorise the setting of SMP services conditions in relation to the Reference Offer.

### Internal Reference Offer

- 5.72 As set out in Section 4, we have imposed a requirement on Openreach to publish an IRO to allow Ofcom and stakeholders to identify any differences in the processes for internal use of network access compared to such use by third parties.

- 5.73 The IRO should set out the services to facilitate access to BT's physical infrastructure that Openreach uses in a different manner to its customers, giving visibility to any justification for non-equivalence, as well as highlighting where processes, rules or systems (or similar) are the same. For example, where engineering rules are equivalent, this should be transparent. This will help to ensure that PIA users can have confidence that they are not at a disadvantage, particularly in terms of extra cost, time or uncertainty, where Openreach follows different processes.<sup>433</sup>
- 5.74 Regarding VMO2's comments, we will continue to scrutinise Openreach's approach to maintaining and updating the IRO. We note that the IRO has gone through a number of iterations since July 2021, including in response to scrutiny from Ofcom and industry. In the event the document is shown to be inaccurate or misrepresents the differences between internal processes and PIA, Ofcom would take the matter seriously and consider appropriate action in response.
- 5.75 In response to the proposals from stakeholders for Ofcom to require Openreach to explain upfront why identified differences exist within the IRO, we continue to believe this is disproportionate. The IRO is required to identify all differences, and where specific concerns about non-equivalence arise, Ofcom can use its formal information gathering and investigatory powers to scrutinise Openreach.
- 5.76 While we consider it would be disproportionate to require Openreach to explain all differences within the IRO, we consider that Openreach should do this on a forward-looking basis. Specifically, when Openreach makes changes to the systems or processes it follows to access the physical infrastructure, it should update the IRO. In doing so, where those changes lead to ongoing non-equivalence between the relevant internal and external systems or processes, the IRO should include some justification for the ongoing non-equivalence. This will support Ofcom and industry to monitor compliance with the NUD obligations. We have updated the guidance on compliance with the NUD obligation in the PIA market in Annex 7 to reflect this.

## Other stakeholder issues

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### Network build to new housing developments

- 5.77 Hyperoptic raised concerns about the timelines involved in making use of new physical infrastructure that is built for Openreach at and around new housing developments.<sup>434</sup> It argued that delays from Openreach in accepting and activating infrastructure can impact residents and businesses moving into new premises where they choose a provider reliant on PIA to reach them. It proposed that Ofcom impose an SLA of between 2 and 5 days from when Openreach is notified that the infrastructure has been completed, for it to make the infrastructure available on PIA systems, with a corresponding SLG in cases of failure. It also sought new rules to prevent installations prior to the site being officially live for all parties.

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<sup>433</sup> In the WFTMR21, we acknowledged that Openreach's own FTTP deployment programme processes and systems may in many cases be the most useful benchmark when considering process alignment and visibility of the systems and processes used by contractors accessing Openreach's physical infrastructure on its behalf. However, we also said that we expect Openreach to consider their obligations in respect of all use of duct when preparing the Internal Reference Offer allowing these differences in processes, systems or rules to be identified. Likewise, if processes, rules or systems vary by region these should also be considered.

<sup>434</sup> [Hyperoptic](#) response to TAR26 March 2025 Consultation. Page 12.

- 5.78 Hyperoptic said that our approach to this issue set out at consultation was inadequate to address their concerns because enforcement of the NUD requirement is necessarily after the fact.<sup>435</sup>
- 5.79 Openreach said that it recognised the importance of PIA working well for customers in all scenarios including new housing developments. It said it was not aware of any specific instances regarding undue delays in this area, but that it was willing to look at ways it can improve processes and timeliness should it be required.<sup>436</sup> Openreach also pointed to the fact that the current and proposed PIA requirements only relate to the provision of access to its existing infrastructure.<sup>437</sup>
- 5.80 As we set out in our March 2025 consultation, new housing developments pose an opportunity for competing fibre network providers to supply fibre connections to these new homes. Given the importance of new housing developments to the UK Government, and the potential for an increase in the rate of new housing being built, it is important that the PIA remedy works well in this context.
- 5.81 Our current requirements relate to the provision of access to Openreach’s existing physical infrastructure. This means that, unless and until Openreach chooses to build (or adopt) new physical infrastructure to/at the new development, other network operators would not be able to use the PIA product to supply downstream services to these new housing developments.
- 5.82 PIA users can only make use of new infrastructure at a new housing development once it has been ‘adopted’ by Openreach and is ‘live’ on the Openreach PIA system, which doesn’t happen immediately once the new infrastructure build has completed.
- 5.83 We do not consider that regulated SLAs and SLGs are necessary or appropriate to address this issue. Under the NUD requirement, we consider that Openreach must already ensure telecoms providers are able to access new physical infrastructure (and information about new infrastructure) on the same timelines as Openreach or BT downstream divisions. If there is a delay to the new infrastructure going ‘live’ on the PIA system versus when Openreach or BT downstream is able to see and/or access the new infrastructure, this may constitute undue discrimination. We expect Openreach to make new infrastructure available on PIA tools as soon as is reasonably practicable, and in any event at the same time as it becomes available to Openreach or downstream BT.
- 5.84 In response to Hyperoptic’s further proposal for new rules to prevent installations prior to the site being ‘live’ for all parties, we consider this is also unnecessary as the NUD requirement already addresses this. Further to our comments above, we would scrutinise closely any evidence that Openreach or BT downstream divisions had deployed a fibre network, using newly built physical infrastructure before that physical infrastructure was available to PIA users, in light of Openreach’s obligations. Openreach must ensure a level playing field for PIA users.
- 5.85 We acknowledge that any action Ofcom might take to ensure compliance with the NUD requirement would be retrospective. However, the potential use of our enforcement

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<sup>435</sup> [Hyperoptic](#) response to TAR26 March 2025 Consultation. Page 12.

<sup>436</sup> [Openreach](#) response to TAR26 March 2025 Consultation. Document 3. Pages 86-87. Paragraphs 349-350.

<sup>437</sup> [Openreach](#) response to TAR26 March 2025 Consultation. Document 3. Page 87. Paragraph 351.

powers provides a significant deterrent and incentive for Openreach to prevent and correct discriminatory behaviour.

### ‘Missing Inventory’

- 5.86 CityFibre raised an issue regarding the accuracy of Openreach’s records. It described a problem of physical infrastructure inventory that is missing from the PIA mapping tool, or is otherwise incorrect, and it attributed this to significant failings by Openreach in the maintenance of accurate records.<sup>438</sup> CityFibre argued that this issue results in delays for PIA users when building their networks. It said it had encountered examples where new build housing developments were only partially recorded, including whole streets where none of the infrastructure was recorded.
- 5.87 CityFibre also described significant administrative costs associated with discovering and correcting inaccurate records.<sup>439</sup> It argued that Openreach should bear the costs of remedying deficiencies in its records, rather than PIA users who identify them. To achieve this, it proposed an amendment to the SMP Condition 12A, which it said would ensure adjustments of such records would be considered a form of network adjustment that Openreach is required to undertake and fund.
- 5.88 A joint submission by a group of PIA users, including CityFibre, made similar points. It suggested that Ofcom should scrutinise what it called the imbalance of obligations and rights between telecoms providers and Openreach to recover costs for administrative shortcomings.<sup>440</sup>
- 5.89 We understand these stakeholders to be requesting that Openreach bears some or all of the costs incurred by PIA users in correcting network records. The basis for such an obligation is not clear, but in any event, we do not consider it necessary for us to impose any such an obligation in this review for the PIA remedy to be effective.<sup>441</sup>
- 5.90 When Ofcom imposed PIA in 2018, we recognised that BT can only provide the information it has available to it, and in some circumstances, this may contain inaccuracies.<sup>442</sup> Our regulations ensured that the mapping tool made available to PIA users contains exactly the same inventory data that Openreach relies on for its own fibre deployments. We recognised that this would mean records would be inaccurate in places, but that the difficulties (and associated costs) arising from this would apply equally to Openreach and to PIA users.
- 5.91 Where Openreach is provided with more accurate information, as a result of its own use of the infrastructure, or that of third parties, it is required to correct its records. If the systems or processes for providing corrected information can be improved to minimise the costs faced by PIA users, we encourage PIA users to request this through the SoR process. Moreover, if PIA users have concerns that these processes result in undue discrimination, Ofcom can consider these concerns.

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<sup>438</sup> [CityFibre](#) additional response to TAR26 March 2025 Consultation. PIA Implementation Issues. Page 4.

<sup>439</sup> [CityFibre](#) additional response to TAR26 March 2025 Consultation. PIA Implementation Issues. Page 4.

<sup>440</sup> [CityFibre, Glide, Hyperoptic, Virgin Media O2, Vitrifi and Vorboss](#) joint response to TAR26 March 2025 Consultation. Page 10. Paragraphs 35-38.

<sup>441</sup> CityFibre’s proposal to amend SMP Condition 12A suggests a view that correcting records should be regarded as a network adjustment and part of the network access obligation. However, amending this condition does not amount to requiring Openreach to reimburse access seekers for activities they carry out.

<sup>442</sup> Ofcom, 2018. [Wholesale Local Access Statement](#). Volume 3. Paragraph 7.51.

- 5.92 Regarding CityFibre’s experiences of missing inventory at new build development sites, as discussed above, Openreach must make new physical infrastructure accessible by PIA users at the same time as it is accessible internally or to BT downstream divisions. We also expect Openreach to provide accurate records of newly built physical infrastructure pursuant to its network access obligations. We will engage with PIA users that bring forward any evidence that Openreach’s behaviour surrounding such sites is affecting the level playing field.
- 5.93 We are aware of ongoing discussions on the ‘Missing Inventory’ issue within industry forums in conjunction with the OTA2’s ‘Beyond the Build’ initiative. We consider industry discussion through this route to be a more practical and effective approach to dealing with these issues at this stage.

## PIA supervision

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- 5.94 In our March 2025 Consultation, we considered a number of submissions that had already been made by stakeholders relating to PIA implementation, monitoring and compliance. We considered all of the points made, and set out some commentary on areas we considered particularly salient.
- 5.95 We have received further submissions on PIA implementation issues in response to our March 2025 Consultation. In this section, we set out our approach to PIA supervision and respond to the main areas that stakeholders commented on. Stakeholders made a number of other detailed comments with respect to implementation which we do not address below. However, we have noted and are aware of these concerns.

### Our approach to PIA supervision

- 5.96 PIA is our primary remedy for promoting network competition and investment in WLA and LLA networks. Ensuring that PIA works effectively remains a priority for Ofcom. We will continue to monitor whether Openreach is meeting the regulatory requirements and expectations we are imposing in relation to PIA.
- 5.97 We will do this as part of our new Competition Supervision Programme, set up specifically to oversee competition across telecoms markets, and ensure compliance with rules we set in our market reviews.
- 5.98 We will strengthen our approach to PIA supervision for the 2026-31 review period. This will involve enhancing Ofcom engagement with industry forums in the following ways:
- **PIA Executive meetings:** Senior Ofcom representatives will join PIA Executive meetings as observers, but able to participate as necessary. The meetings will continue to be chaired by the OTA2 convening the PIA community, with a focus on removing barriers to deployment using PIA and product developments. The meetings take place several times a year. This forum will become a more senior forum than it has been to date, considering strategic issues around implementation and development of the PIA remedy. This will enable us to have regular and senior oversight of PIA improvements to ensure it works well in the interests of all of industry.
  - **PIA Product and Commercial Group:** Representatives of Ofcom’s Competition Supervision function will continue to attend monthly meetings as observers. This forum will continue to be focused on PIA implementation issues, working through the issues fully and resolving them as far as possible, as it does now. Past engagement with these sessions has been valuable for Ofcom in supporting bi-lateral discussions with PIA users when implementation issues have arisen or new forms of access have been explored. Our intention is that

attendance and observer status at these sessions puts Ofcom in a position to effectively respond to any disputes that may arise.

- **CEO level roundtable meetings with Openreach and PIA users:** Chaired by Ofcom’s Chief Executive, these meetings continue to be an important feature of Ofcom’s work to hold Openreach to account for delivering PIA. Since the WFTMR in 2021, Ofcom has chaired nine of these roundtable meetings. We will retain this engagement on an annual basis going forward with a focus on strategic issues.

- 5.99 In addition to these forums, our work will continue to be informed by bilateral engagement with the OTA2, PIA users and Openreach, as well as any concerns that are raised with us. We will make use of our information gathering powers where appropriate.
- 5.100 Where we identify potential issues in relation to the effectiveness of PIA and/or Openreach’s compliance, we will intervene as appropriate. This could include informal engagement or formal intervention (including using our direction making powers to specify additional obligations on BT).
- 5.101 We are also ready to intervene, where appropriate, following receipt of complaints from telecoms providers. We will take forward any investigations appropriately, in line with our regulatory enforcement guidelines, following complaints.<sup>443</sup>

## Stakeholder submissions and our responses

### Product developments

- 5.102 INCA advocated for Ofcom to take a more proactive approach in ensuring the PIA product is fit for purpose. It asked Ofcom to set out a defined framework for improvements that BT should action, in line with issues that it had raised in its pre-consultation submissions. It asked Ofcom to specify that these improvements be made within the first 24 months of the TAR period.<sup>444</sup>
- 5.103 We have always considered industry best placed to identify and define areas for development. In previous market reviews, when PIA was less mature, Ofcom has used its statement to reflect the priority areas for development on which industry had found clarity and consensus. We note that PIA is now significantly more mature and that there is less consensus now amongst PIA users on the relative priority of specific product changes than there has been in the past.
- 5.104 Despite significant progress cited by many respondents, we recognise that stakeholders have concerns about the pace of change, and particularly the pace of product developments. When identifying a specific area of the product for development, it is important to consider that the speed at which action can be taken to advance specific changes is influenced significantly by: the clarity of the problem statement presented; the extent of consensus among PIA users on the right solution; and agreement on priorities across a series of product changes.
- 5.105 There is an SoR process in place to manage requests for new forms of access and for product developments. We note that the pace of SoR delivery accelerated in the year to April 2025, with over a third of all completed developments since 2018 delivered that

<sup>443</sup> Ofcom, 2025. [Regulatory Enforcement Guidelines for investigations](#).

<sup>444</sup> [INCA](#) response to TAR26 March 2025 Consultation. Pages 20-21. Paragraphs 66-70.

year.<sup>445</sup> We encourage PIA users to make full use of the SoR process, to pursue their priorities for product developments.

- 5.106 Ofcom is ready to convene industry discussions if consensus has been harder to reach in regular working groups and also is prepared to consider any evidence that Openreach is not engaging effectively with the agreed process.
- 5.107 We also welcome the work of the OTA2 in agreeing a new set of strategic priorities for the PIA product, through its ‘Beyond the Build’ programme of work. We expect Openreach to engage constructively with priorities expressed by PIA users through this initiative and to implement changes as appropriate.
- 5.108 INCA and Hyperoptic also stressed the importance of Openreach involving PIA users at a very early stage of product developments to ensure they meet their needs and do not unduly disrupt their operations.<sup>446</sup>
- 5.109 We agree with respondents that it is important that Openreach engage early with PIA users about their requirements in specific product developments, and in scenarios where internal Openreach developments will affect customers’ use of PIA. We expect Openreach to be able to demonstrate that it has sufficient controls in place to ensure this is the case, and that internal developments are assessed for their relevance to PIA at the earliest possible stage, including to ensure compliance with the NUD condition. In the case of SoRs, we encourage PIA users to actively engage with proposals raised via the SoR tool, to enable Openreach to gather feedback and consider different requirements.

### The role of the OTA2

- 5.110 INCA asked Ofcom to expand the role of the OTA2, suggesting that it play a role in validating whether Openreach’s new or improved systems should be provided on an Equivalence of Inputs (EOI) basis to PIA users in line with our guidance.<sup>447</sup>
- 5.111 We consider that responsibility for assessing compliance with our SMP conditions, and our interpretation of the NUD requirement should remain with the SMP provider and with Ofcom as the enforcer of the SMP conditions. We do not consider it appropriate for Ofcom to direct the OTA2 to take on a role in assessing whether individual systems developments are proceeding in accordance with the SMP conditions. However, Ofcom can, as appropriate, draw on the technical expertise within the OTA2.
- 5.112 Community Fibre said that Ofcom should commission the OTA2 to facilitate a cross industry working group that can map out the ‘To Be’ processes that could be used for a future EOI based PIA remedy. It said this would address a current barrier that was preventing an earlier move to EOI, which was the lack of transparency and agreement on the services, processes and systems that could be used equally.<sup>448</sup>
- 5.113 As we set out in Section 4, Ofcom will carefully consider the case for moving to EOI as we near the 2031-36 review period. We have not set out that we will adopt an EOI approach to PIA in 2031, nor can we fetter our discretion for future market reviews and so we do not consider it appropriate to require exploration of ‘To Be’ processes at this time.

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<sup>445</sup> Ofcom. September 2025. [Openreach Monitoring Report 2025](#). Page 13.

<sup>446</sup> [INCA](#) response to TAR26 March 2025 Consultation. Page 21. Paragraph 72.  
[Hyperoptic](#) response to TAR26 March 2025 Consultation. Page 18.

<sup>447</sup> [INCA](#) response to TAR26 March 2025 Consultation. Page 21. Paragraph 71.

<sup>448</sup> [Community Fibre](#) response to TAR26 March 2025 Consultation. Page 8. Paragraphs 3.29-3.33.

## Compliance monitoring

- 5.114 CityFibre and AllPoints Fibre believed Ofcom should do more to actively monitor Openreach’s compliance with the PIA remedy.<sup>449</sup> CityFibre said it had significant concerns about Ofcom’s overall monitoring of PIA implementation issues. It said there was little evidence that Ofcom was closely and proactively monitoring Openreach’s compliance with its NUD obligations, and that it was likely that discrimination was occurring given the significant disparity between the speed of altnets’ and Openreach’s network rollouts. Cityfibre made comments about the IRO in this context, which we address earlier in this section, and about quality of service (QoS) standards, which we address in Volume 5.<sup>450</sup>
- 5.115 In response to stakeholder’s comments on Ofcom’s compliance monitoring, we understand the importance of actively engaging with PIA issues and scrutinising Openreach’s conduct and performance in line with its obligations. We set out our approach to PIA supervision above. We acknowledge that much of our work in this space is not directly visible to PIA customers. However, we are committed to strengthening our PIA supervision approach for the forthcoming review period, including through the new industry engagement strategy outlined above.
- 5.116 While all PIA obligations are in scope of the Competition Supervision function, we understand that stakeholders are particularly concerned about compliance with the NUD requirements.
- 5.117 Openreach shares certain metrics, key performance indicators (‘KPIs’) and comparator data with Ofcom and with industry, in order to identify any discrepancies between Openreach’s internal performance when using physical infrastructure and that of PIA users. Ofcom’s Competition Supervision team will continue to meet with Openreach monthly to discuss and interrogate these data submissions. We encourage industry to consider where new or refined metrics are warranted to monitor NUD compliance. We discuss this further in Volume 5, Section 5.
- 5.118 Should we have any concerns that a lack of transparency from Openreach to industry is leading to a potential negative impact on the level playing field (in the form of a material competitive disadvantage) we may consider issuing a direction to require Openreach to make such reports demonstrating NUD compliance as we instruct. We note that we have decided to maintain this direction-making power for the 2026-31 period.
- 5.119 The Openreach Monitoring Unit (“OMU”) also plays a crucial role in monitoring and enforcing the NUD requirements, including publishing the annual Openreach Monitoring Report.

## Contract lengths

- 5.120 A number of respondents made comments in response to our consultation discussion of the contract lengths offered for PIA by Openreach.<sup>451</sup>

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<sup>449</sup> [CityFibre](#) additional response to TAR26 March 2025 Consultation. PIA Implementation Issues. Pages 2-4. [AllPoints Fibre](#) response to TAR26 March 2025 Consultation. Page 5. Paragraph 26.

<sup>450</sup> [CityFibre](#) additional response to TAR26 March 2025 Consultation. PIA Implementation Issues. Pages 2-4. [AllPoints Fibre](#) response to TAR26 March 2025 Consultation. Page 5. Paragraph 26.

<sup>451</sup> In our [March 2025 Consultation](#), we said that we understood that Openreach was considering offering a minimum contract length of longer than five years. We considered that this would be beneficial in cases where potential end-users of altnets place weight on the minimum contract length as an indicator of long-term

- 5.121 VMO2 and UKCTA welcomed Openreach’s consideration of contractual lengths longer than five years as a potential positive development.<sup>452</sup>
- 5.122 Community Fibre said that Ofcom should issue a direction to Openreach to provide the same contractual terms to its internal downstream customers as its PIA customers. It characterised the current situation as an instance of discrimination that puts PIA users at a disadvantage, as they face more uncertainty than Openreach’s internal customers.<sup>453</sup>
- 5.123 A joint submission from a group of PIA users welcomed our commentary on this issue but encouraged Ofcom to require Openreach to offer a range of longer licence term options. The submission cited Government contracts as an example where the current five year limitation was an impediment when bidding for business.<sup>454</sup>
- 5.124 Openreach said that the PIA licenses it issues have 60-month minimum periods but that so long as a PIA customer complies with the term of the license, there is no limit to its length. It said shorter 12-month minimum terms applied to lead-ins, at the request of PIA users, recognising customer churn.<sup>455</sup>
- 5.125 Openreach said Ofcom’s guidance on this matter was helpful and flexible enough to enable all parties to find a suitable way forward.<sup>456</sup> It set out the principles it saw a potential offer for longer-term contracts being based on, including that it saw existing five year and longer term options co-existing, and that there would be no price discount for longer offerings. Openreach said it was willing to discuss and consider the issue with industry but suggested that this implementation would not be trivial, and that it would likely be costly and conflict with other priority developments for resources.<sup>457</sup>
- 5.126 As we set out in our March 2025 consultation, in previous reviews we have set out our expectations that Openreach would establish contract lengths appropriate for the network access obligations. However, nothing in our regulation prevents Openreach from offering different contract lengths i.e. longer than five years for PIA. We note that Openreach’s offered contract lengths (along with all aspects of providing specific access to its physical infrastructure) must comply with the NUD requirements (set out in Section 4). We also note that Openreach is required to offer PIA on fair and reasonable terms.
- 5.127 In response to stakeholders who called for Ofcom to require Openreach to offer longer contractual terms, we welcome that Openreach has expressed a willingness to explore this with PIA users. We consider that these discussions should be allowed to play out, and we will continue to engage with Openreach on this issue to ensure that progress is made. We remain of the view that longer contractual terms would be beneficial in cases where potential end-users of altnets place weight on the minimum contract length as an indicator of long-term security of supply. We reiterate that we would not expect Openreach to set different PIA rental charges where this is offered.

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security of supply. We noted that we would not expect Openreach to set different PIA rental charges where this is offered.

<sup>452</sup> [Virgin Media O2](#) response to TAR26 March 2025 Consultation. Page 37. [UKCTA](#) response to TAR26 March 2025 Consultation. Paragraph 18.

<sup>453</sup> [Community Fibre](#) response to TAR26 March 2025 Consultation. Pages 16-17. Paragraphs 6.10-6.11.

<sup>454</sup> [CityFibre, Glide, Hyperoptic, Virgin Media O2, Vitrifi and Vorboss](#) joint response to TAR26 March 2025 Consultation. Pages 10-11. Paragraphs 39-42.

<sup>455</sup> [Openreach](#) response to TAR26 March 2025 Consultation. Document 3. Pages 83-85. Paragraphs 341-345.

<sup>456</sup> [Openreach](#) response to TAR26 March 2025 Consultation. Document 3. Pages 83-85. Paragraphs 341-345.

<sup>457</sup> [Openreach](#) response to TAR26 March 2025 Consultation. Document 3. Pages 83-85. Paragraphs 341-345.

## Market consolidation and PIA

- 5.128 VMO2 said it supported comments we made in our consultation that emphasised the importance of PIA processes and contractual requirements not acting as a barrier to any future market consolidation.<sup>458</sup>
- 5.129 VMO2 said that whilst Openreach likely had the incentive and ability to frustrate consolidation activities, it had not experienced this to date. It noted that good faith PIA product objectives might inadvertently pose challenges for consolidation, and cited ongoing discussions led by Openreach to address Unauthorised Use of PIA as one such example.<sup>459</sup>
- 5.130 VMO2 also said it would welcome Openreach reviewing its PIA novation process to make this more efficient, citing variable timeframes that have impacted transactions in the past.<sup>460</sup>
- 5.131 A joint submission from a group of PIA users also raised concerns about the current novation process for PIA, saying it was unlikely to satisfy expected increases in demand over the review period. The submission called for Ofcom to consider further proposals for how the process may be improved.<sup>461</sup>
- 5.132 Openreach said it recognised the importance of these processes working well in light of likely industry consolidation. Regarding novations, it noted that it had new developments in the pipeline, including in response to an industry SoR, to improve the novations process. This included the ability to novate open orders between altnets, and to support scenarios where an administrator is appointed in cases of financial distress.<sup>462</sup>
- 5.133 Openreach said that the biggest hurdle to successful and efficient novations was often the individual records of the altnets involved. It stressed that it should not bear the cost or liability for novation scenarios where accounting or recordkeeping had been neglected.<sup>463</sup>
- 5.134 As we have set out in Volume 2, it is likely that further industry consolidation takes place through mergers and acquisitions of FTTP networks over this review period (2026-31). PIA processes and contractual requirements will be part of this process. We reiterate that it is important that PIA processes and contractual requirements work smoothly and efficiently in these circumstances and do not act as a barrier to consolidation by unduly adding complexity or delay to the process. We expect there will be learnings for all of industry from early experiences of market consolidation involving PIA users. Openreach should work with industry and the OTA2 to improve processes where necessary to ensure they are ready for the scale of novation activity likely to take place in the near future.
- 5.135 Regarding stakeholders that expressed concern over Openreach’s novation process, we recognise the importance of this process and welcomed confirmation of improvements in progress from Openreach. We understand that the development Openreach referenced was delivered in November 2025.<sup>464</sup> We expect Openreach to ensure that it acts upon

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<sup>458</sup> [Virgin Media O2](#) response to TAR26 March 2025 Consultation. Page 39. Paragraphs 149-153.

<sup>459</sup> [Virgin Media O2](#) response to TAR26 March 2025 Consultation. Page 39. Paragraphs 149-153.

<sup>460</sup> [Virgin Media O2](#) response to TAR26 March 2025 Consultation. Page 39. Paragraphs 149-153.

<sup>461</sup> [CityFibre, Glide, Hyperoptic, Virgin Media O2, VitriFi and Vorboss](#) joint response to TAR26 March 2025 Consultation. Page 10. Paragraphs 48-50.

<sup>462</sup> [Openreach](#) response to TAR26 March 2025 Consultation. Document 3. Page 88. Paragraphs 356-361.

<sup>463</sup> [Openreach](#) response to TAR26 March 2025 Consultation. Document 3. Page 88. Paragraphs 356-361.

<sup>464</sup> Given market consolidation can occur during the network build phase, Openreach has implemented an SoR request for novation of open PIA orders, known as ‘Notice of Intent’ to build.

reasonable requests for further improvements from PIA users via the SoR process, and for these to be delivered in a timely manner.

- 5.136 We also recognise that all parties have a role to play in ensuring good record keeping that underpins successful novation activity.

### PIA billing systems

- 5.137 Community Fibre characterised the quality of billing data provided by Openreach to third parties as poor and noted difficulties in ingesting it into analytics tools and reconciling it back to individual assets. It said that this added significant administrative cost for PIA customers and recommended that Ofcom review, and where necessary update, its metering and billing direction to include PIA billing to third parties.<sup>465</sup>
- 5.138 A joint submission from a group of PIA users also suggested changes were needed to Openreach's billing platform to make it fit for purpose and sufficiently efficient for PIA. It cited billing accuracy issues, delays in remedying billing after issues had been identified, and Openreach's practice of billing in pence as issues that were leading to difficulties for PIA users.<sup>466</sup>
- 5.139 We agree with stakeholders that systems for billing, charges and payments are an important component of a well-functioning PIA product. Core systems like this are essential for PIA to be efficient and capable of meeting demand for large-scale fibre deployment.
- 5.140 In response to the specific suggestion from Community Fibre regarding incorporating PIA into our metering and billing direction, we note that the PIA context is not analogous to the markets in which we have set this direction. We consider that the current regulatory framework for PIA, which includes the NUD condition and SoR process, is sufficient to ensure that PIA systems and processes can evolve to meet the needs of customers.
- 5.141 We expect Openreach to work with PIA users to resolve issues that they encounter when interfacing with PIA billing systems. We consider that it is particularly important that these systems are fit for purpose given the continued growth in self-provided NAs for which Openreach must reimburse PIA users. We note Openreach has recently enabled bulk uploads for invoice requests through its billing system in response to an SoR request, which seeks to improve record keeping and review of the payments process.

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<sup>465</sup> [Community Fibre](#) response to TAR26 March 2025 Consultation. Page 17. Paragraphs 6.12-6.17.

<sup>466</sup> [CityFibre, Glide, Hyperoptic, Virgin Media O2, Vitrifi and Vorboss](#) joint response to TAR26 March 2025 Consultation. Pages 8-9. Paragraphs 28-30.

## 6. Specific remedies: Wholesale local access market

### Introduction

- 6.1 In this section we set out our decisions to retain specific remedies in the WLA market in WLA Area 2 and WLA Area 3. These requirements are designed to address the competition concerns identified in our SMP market assessment (Volume 2) and are in line with our approach to remedies (Section 1).
- 6.2 The specific access remedies require Openreach to provide network access to services in the relevant WLA markets, and any necessary ancillary services. These remedies are broadly in line with those imposed in the WFTMR21.

### Summary of decisions

- 6.3 This section sets out our decisions on MPF, VULA and SLU in the WLA markets. Our decisions in relation to charge controls on these services are set out in Volume 4, Section 1.

**Table 6.1: Summary of specific access remedies**

Market	Specific access remedies
WLA	<p><b>Metallic Path Facility (MPF):</b></p> <p>Retain an obligation on Openreach to provide network access in the form of MPF, including relevant ancillary services.</p>
	<p><b>Virtual Unbundled Local Access (VULA):</b></p> <p>Retain an obligation on Openreach to provide network access in the form of VULA, including relevant ancillary services. We have also decided to impose an obligation on Openreach to supply a VULA 80/20 service.</p> <p>Retain a limit of one month on minimum contract periods for all VULA services, including FTTC, G.fast and FTTP.</p>
	<p><b>Sub-loop Unbundling (SLU):</b></p> <p>Retain an obligation on Openreach to provide network access in the form of SLU.</p>
	<p><b>Charge controls:</b></p> <p>Our decisions on charge controls for these products are discussed in Volume 4.</p>

- 6.4 To support these network access remedies, we have decided that Openreach should include certain specific information in its Reference Offer on some of these specific access remedies.

- 6.5 We describe below the forms of remedy which we have decided to impose, and set out how we apply the specific remedies in view of our approach to supporting copper retirement. We also set out our decision on the minimum contract period for VULA services.

## Overview of stakeholder responses

- 6.6 A number of stakeholders noted general support for our proposed specific remedies in the WLA markets.<sup>467</sup> Openreach commented that it generally agreed with the proposed specific remedies in relation to non-pricing matters in the WLA markets with some exceptions which we discuss in the relevant sections below.
- 6.7 Stakeholders who commented on our proposed specific access remedies in WLA markets mostly focused their feedback on pricing remedies, which are covered in Volume 4.

## Requirement to provide Local Loop Unbundling (LLU) in the form of MPF

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### Background

- 6.8 LLU is a process by which Openreach offers access to its copper-based local access network to other telecoms providers. LLU enables other telecoms providers to deploy their own equipment in order to provide retail services (voice and/or standard broadband).
- 6.9 With LLU a telecoms provider can either use the entire local access connection, known as Metallic Path Facility (MPF), or they can share the local access connection, known as Shared Metallic Path Facility (SMPF).
- 6.10 Since its introduction in 2000, MPF has been imposed as a remedy in successive market reviews. However, in the 2018 WLA Statement we deregulated SMPF because we found that the vast majority of non-Openreach lines are provided using MPF and so the role of SMPF in supporting LLU based entry was no-longer important to downstream competition.<sup>468</sup>

### Our proposals

- 6.11 We proposed to retain the obligation on Openreach to provide network access in the form of MPF, including relevant ancillary services. In certain circumstances, this obligation would be disapplied as part of our support for copper retirement. We also proposed that MPF is subject to the following charge controls:<sup>469</sup>
- a) WLA Area 2 – charge control with prices indexed in line with inflation (CPI-0%); and
  - b) WLA Area 3 – charge control with prices indexed in line with inflation (CPI-0%).

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<sup>467</sup> [INCA](#) response to TAR26 March 2025 Consultation. Paragraph 201. [Openreach](#) response to TAR26 March 2025 Consultation. Document 3. Paragraph 362. [Advisory Committee for Scotland](#) response to TAR26 March 2025 Consultation. Page 7. [TechUK](#) response to TAR26 March 2025 Consultation. Page 8.

<sup>468</sup> Ofcom, 2018. [Wholesale Local Access Statement](#).

<sup>469</sup> We did not propose removing the charge control on MPF in the October 2025 Further Consultation.

## Stakeholder responses

- 6.12 VodafoneThree supported our proposals on the basis that MPF is a key input to products that are required during the transition from legacy products to FTTP.<sup>470</sup>
- 6.13 Openreach agreed that our proposed disapplication of network access obligations in relation to supporting copper retirement is appropriate and proportionate. However, it made specific comments on the relevant legal instrument, as covered in Volume 7.

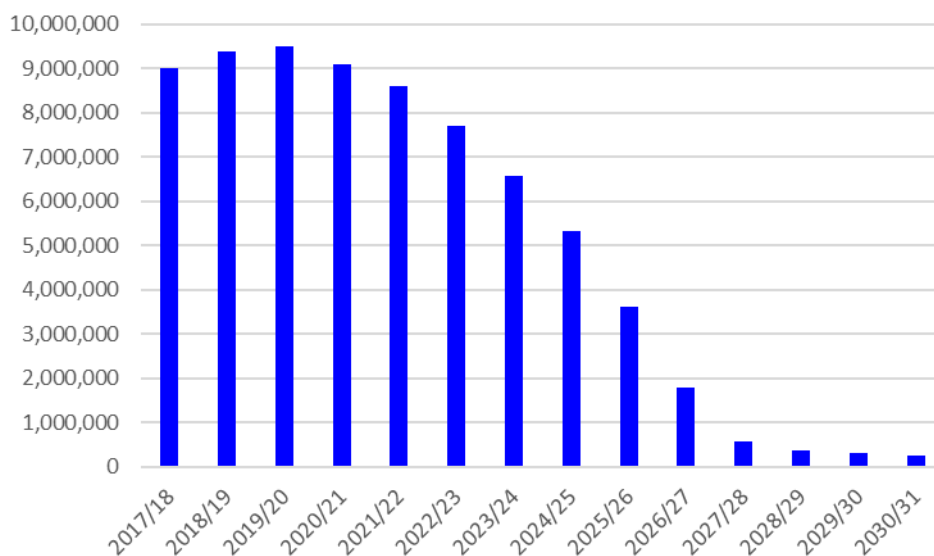
## Our reasoning and decisions

- 6.14 For the reasons set out below, we consider that the measures we are imposing are appropriate and proportionate in relation to BT’s market power in the WLA markets.

### Network access to MPF

- 6.15 MPF has played an important role in promoting and sustaining competition in the provision of retail voice and broadband services, with MPF actual volumes for 2024/25 at 5.3m.<sup>471</sup>
- 6.16 We have set out the MPF rentals purchased by non-BT telecoms providers and the historical movements in the volume of LLU services in Figure 6.1 and Figure 6.2 below.

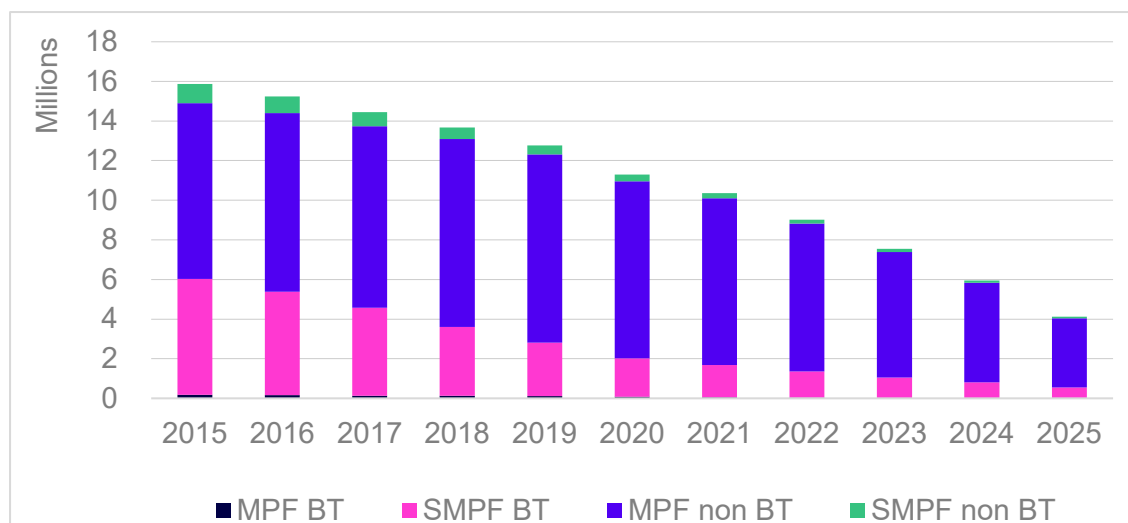
**Figure 6.1: MPF rentals purchased by non-BT telecoms providers**



Source: 2017/18 to 2024/25 are actuals from BT’s published Regulatory Financial Statements; 2025/26 to 2030/31 are Ofcom forecasts from the 2025 WLA Volumes Module.

<sup>470</sup> [VodafoneThree](#) response to TAR26 March 2025 Consultation. Section 1. Paragraph 44.

<sup>471</sup> Published year-average 2024/25 MPF volumes can be found on pages 39 and 47 of BT’s [Regulatory Financial Statements 2025](#).

**Figure 6.2: Volume of LLU services**

Source: Openreach reports to Ofcom. 299 Ofcom Supplement. December 2015 to December 2025. The data shown is year-end.

- 6.17 We continue to expect that the ongoing rollout of FTTP infrastructure will incentivise migration away from copper-based services to FTTP services. However, where there is no FTTP, third-party telecoms providers are likely to continue to rely on MPF for the provision of standard broadband services or as a support to superfast broadband using FTTC services. We also note VodafoneThree’s comments on MPF remaining important during the transition from legacy products to FTTP.
- 6.18 This is captured in our volume forecast – we expect external MPF lines to decrease to around 0.2m by 2030/31 (including those cases where MPF is used in conjunction with FTTC services).<sup>472</sup>
- 6.19 In the absence of regulation, Openreach would have the ability and incentive to put BT’s competitors at a disadvantage by not offering MPF services, or by doing so only on unfavourable or discriminatory terms and/or quality of service. This would result in consumer harm in the form of service degradation, restricted choice of provider and/or higher prices.
- 6.20 This risk is heightened since BT itself does not make significant use of MPF to support its retail customer base. Instead, BT’s broadband services are predominantly based on FTTP, on SOGEA, or on SMPF or FTTC services supported by a copper line in the form of wholesale line rental (WLR).
- 6.21 Although the general network access remedy we impose in Section 4 is aimed at addressing these competition concerns, it does not provide telecoms providers with appropriate certainty to the basis on which they have access. Although volumes are falling, significant numbers of consumers will continue to be reliant on MPF during the next market review period. We therefore consider it appropriate and proportionate to go beyond the general network access obligation to address the above concerns and ensure telecoms providers and consumers are sufficiently protected.

<sup>472</sup> Ofcom 2025 WLA Volumes Module.

- 6.22 Therefore, we have decided to retain the specific access obligation on Openreach in relation to MPF. We are satisfied that the form of specific access obligation on MPF we have decided to impose is the minimum necessary.
- 6.23 In addition to this specific access service, a number of ancillary services are necessary to enable and support the provision of MPF, including as a minimum space and power, site access, tie cables, and any other supporting services used for installation, maintenance, modification, and ceasing of this specific access service. We have therefore decided that our access remedies should require Openreach to provide these ancillary services.

### **Disapplication of the network access obligation in relation to supporting copper retirement**

- 6.24 In Section 2 we outline our approach to supporting the copper retirement process, i.e. the framework to manage the regulatory transition from copper-based services to FTTP services in the WLA market. We have decided to retain our staged approach to moving regulation from copper-based services to full fibre on an exchange-by-exchange basis, as set out in the WFTMR21 and our March 2025 Consultation.
- 6.25 To implement our approach to supporting copper retirement, we have decided to retain the current limits on the general network access obligation as it applies to Openreach’s copper network. In effect, this disapplies the specific requirement to meet new requests for MPF network access in exchange areas where ultrafast broadband is available to 75% of premises, for the premises where FTTP is available. This means that, if this requirement is met, and subject to its contractual obligations with the telecoms provider, Openreach would be able to refuse the provision of a new MPF service at those premises where FTTP is available (this allows the “stop sell” of copper-based services – see Section 2).

### **Reference Offer**

- 6.26 For the purposes of transparency, we have decided to retain the existing specific Reference Offer requirements for MPF services. These require Openreach to include in the Reference Offer details of accommodation arrangements<sup>473</sup> (e.g. the provision of space and power) and Service Level Agreements (SLAs) and Service Level Guarantees (SLGs), among other things.
- 6.27 We have decided to retain the existing specific requirement for Openreach to make an SLG payment for each day that it contractually fails to provide or repair an MPF service. These payments should continue until the situation is resolved, i.e. without a limit on the duration of the delay. These measures will address our concern that Openreach has the ability and incentive to focus on new MPF installation or repair requests at the expense of those cases that are already late. We consider that those customers that continue to use MPF are likely to experience significant detriment associated with delayed repairs and installations due to the importance of fixed voice and broadband services.

### **Charge controls**

- 6.28 In Volume 4 we set out our approach to pricing of wholesale services in the WLA markets. We also set out in detail our decisions relating to the design of each charge control and our justification for them, including for MPF.

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<sup>473</sup> For the purposes of this Statement, accommodation services include co-location and co-mingling.

## Disapplication of the charge controls in relation to supporting copper retirement

- 6.29 In view of our approach to supporting copper retirement and in line with the approach set out in the WFTMR21 and the March 2025 Consultation, we have decided to retain the disapplication of the charge control obligations in relation to MPF where relevant.
- 6.30 In particular, the disapplication will come into effect for those premises where FTTP is available, in exchange areas where Openreach has issued a Second Threshold Notification under the copper retirement regulatory framework. A Second Threshold Notification can be issued by Openreach when ultrafast services are available at 100% of the premises in the exchange area, excluding any premises that Ofcom directs,<sup>474</sup> and after Openreach meet certain notice periods. As discussed in Section 2, we have also decided that in these cases, the general requirement for fair and reasonable terms and conditions, including prices, does not apply.
- 6.31 As discussed in Section 2, we have also decided that in these cases, the general requirement for fair and reasonable prices does not apply. These disapplications mean that, if the requirements are met, and subject to its contractual obligations with the telecoms provider, Openreach would be able to increase the wholesale charges for its MPF services at premises where FTTP is available.
- 6.32 However, as set out in Section 2, the copper retirement framework should provide adequate levels of consumer protection, including in relation to vulnerable customers who may be slower to migrate or face additional risks associated with a complex migration. In all cases, we also expect Openreach and ISPs to give sufficient consideration to the particular needs of people with disabilities and people whose circumstances may make them vulnerable, in line with Ofcom’s guidance for treating vulnerable customers fairly.<sup>475</sup> We note that many providers have already started to implement their own programs for identifying and/or migrating their customers who are vulnerable or may need additional assistance in migration away from legacy technology.
- 6.33 For the reasons set out in Section 2, we consider that these measures are appropriate and proportionate.

## Conclusion

- 6.34 To give effect to the decisions outlined above, we set SMP Conditions 1, 2 and 7 published at Volume 7.<sup>476</sup> As set out in Section 3, Section 87(3) of the Act authorises Ofcom to impose network access requirements, we have taken into account the factors set out in Section 87(4)<sup>477</sup> and Sections 87(6)(c) to (e) authorise the setting of SMP services conditions in relation to the Reference Offer.

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<sup>474</sup> In parallel, we are consulting on a proposed direction which would make exclusions from the requirement to cover 100% premises in an exchange area. Ofcom. March 2026. [Consultation: Approach to the copper retirement second threshold calculation – Telecoms Access Review 2026-31](#).

<sup>475</sup> Ofcom. September 2022. [Treating vulnerable customers fairly: a guide for phone, broadband and pay-TV providers](#).

<sup>476</sup> The charge controls we are imposing are discussed in Volume 4 and are found in SMP Condition 12 in Volume 7. SMP Condition 12 includes the lifting of the charge controls in relation to MPF (Condition 12B.1).

<sup>477</sup> Our commentary on the Section 87(4) factors set out in Section 4 also applies, where relevant, to the specific network access remedies.

## Requirements to provide VULA

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### Background

- 6.35 Virtual Unbundled Local Access (VULA) is a virtual connection over a shared high-speed access network. Such a high-speed network could be a hybrid fibre/copper network (e.g. FTTC or G.fast) or a full-fibre network (FTTP). Openreach currently offers a number of services to fulfil its requirement to provide VULA. These include:
- a) **FTTC:** Generic Ethernet access over Fibre-to-the-Cabinet uses a fibre connection between the service exchange and the cabinet, and a copper connection between the cabinet and the premises to provide a superfast broadband connection. To deliver the service, it is necessary to purchase both the FTTC access product and the copper bearer (typically, MPF or WLR).
  - b) **SOGEA:** Single Order Generic Ethernet Access over FTTC is a standalone product variant that allows customers to buy a superfast broadband line without the need to buy the copper bearer separately.
  - c) **G.fast:** Generic Ethernet Access over Fibre-to-the-Distribution-point uses a fibre connection between the serving exchange and the distribution point, with a copper connection between the distribution point and the premises.<sup>478</sup> It provides higher broadband speeds than FTTC. Over short copper connections, G.fast is capable of delivering ultrafast speeds. As with FTTC, it is necessary to purchase both the G.fast access product and the copper bearer.
  - d) **SOG.fast:** Single Order G.fast is a standalone product variant that allows customers to buy a G.fast line without the need to buy the copper bearer separately.
  - e) **FTTP:** Generic Ethernet Access over Fibre-to-the-Premises uses fibre connections all the way to the customer premises to deliver a gigabit-capable broadband connection.

### Our proposals

- 6.36 We proposed to retain an obligation on Openreach to provide network access in the form of VULA, including relevant ancillary services. We also proposed to discontinue the obligation on Openreach to supply a VULA 40/10 service and to replace it with an obligation on Openreach to supply a VULA 80/20 service instead, as we proposed to classify this service as the 'anchor' product (see Volume 4 for more details on this).
- 6.37 In our March 2025 Consultation, we proposed a pricing continuity approach to regulating the price of VULA 80/20 services. More specifically, we proposed to set an inflation indexed charge control on FTTC 80/20 services (or FTTP 80/20 services where a copper-based service is not available). We refer to this as the Charge Control Approach.
- 6.38 In our October 2025 Further Consultation, we continued to propose a pricing continuity approach but set out an alternative approach based on relying on Openreach's contracts to achieve the same outcome. We refer to this as the Contract Focused Approach.
- 6.39 We discuss our approach to regulating the price of WLA services in Volume 4.

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<sup>478</sup> Distribution point normally refers to a pole, underground chamber or street cabinet placed close to the customers premises. G.fast may also be placed in the same more centralised street cabinet used for FTTC.

## Stakeholder responses

6.40 Openreach argued that the requirement to supply should be shifted from FTTC to SOGEA. This is because it expects SOGEA volumes to exceed FTTC volumes. It also considered that this change would support copper retirement, since FTTC is a legacy product. It said that maintaining the supply obligation on FTTC is unnecessary.<sup>479</sup>

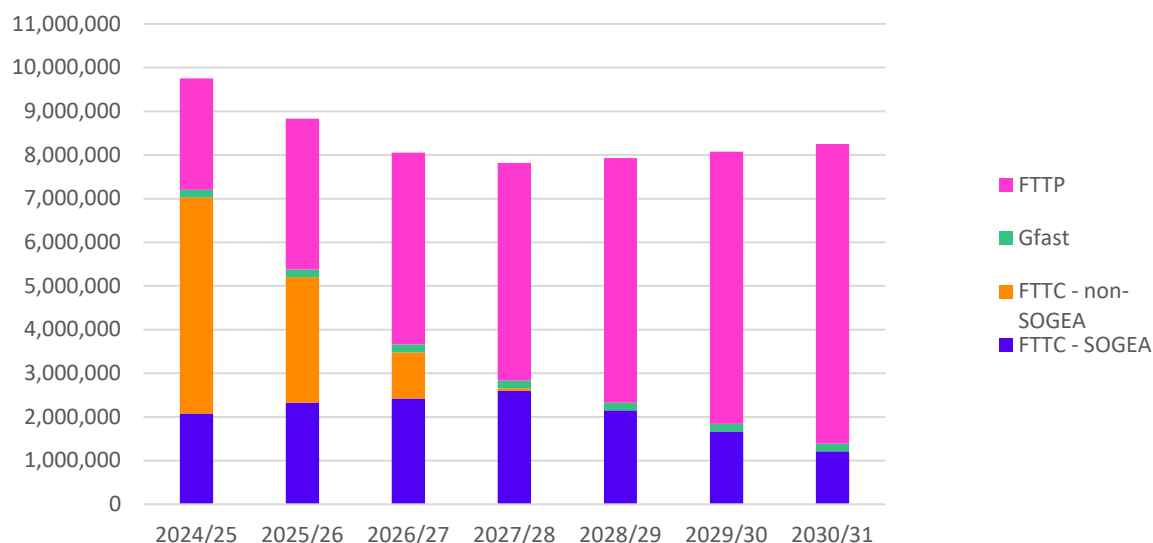
## Our reasoning and decisions

6.41 For the reasons set out below, we consider that our requirements are appropriate and proportionate in relation to BT’s market power in the WLA markets.

### Network access to VULA

6.42 As we continue to see an increase in full-fibre coverage and the retirement of Openreach’s copper network, FTTP services, and therefore VULA, will continue to be important for telecoms providers. Access to VULA is key to sustaining downstream competition in the provision of broadband. VULA volumes purchased by non-BT telecoms providers in 2024/25 were 9.8 million.<sup>480</sup> We expect that VULA will continue to be important throughout the market review period, even though we forecast that VULA volumes will decrease to 8.3 million in 2030/31.<sup>481</sup>

**Figure 6.3: VULA rentals purchased by non-BT telecoms providers**



Source: Ofcom. 2025 WLA Volumes Module; 2024/25 volumes are based on published volumes in BT’s Regulatory Financial Statements (RFS) (where non-BT volumes are published in Section 7) whilst volumes for 2025/26 onwards are Ofcom forecasts.

<sup>479</sup> [Openreach](#) response to TAR26 March 2025 Consultation. Document 3. Paragraphs 368 to 371.

<sup>480</sup> Published year-average 2024/25 VULA volumes can be found on pages 39 and 47 of BT’s [Regulatory Financial Statements 2025](#).

<sup>481</sup> Ofcom forecasts show the average number of rentals in each financial year (averaged over each year), which is consistent with how rentals are calculated in BT’s RFS.

- 6.43 In the absence of regulation, Openreach would have the ability and incentive to put BT's competitors at a disadvantage by not offering VULA services, or by doing so only on unfavourable or discriminatory terms and/or quality of service. This would result in consumer harm in the form of service degradation, restricted choice of provider and/or higher prices.
- 6.44 Although the general network access remedy we have decided to impose in Section 4 is aimed at addressing these competition concerns, it does not provide telecoms providers with appropriate certainty as to the basis on which they have access. Given the high number of consumers that are reliant on VULA services for the provision of broadband, we consider it appropriate and proportionate to go beyond the general network access obligation to address the above concerns and ensure telecoms providers and consumers are sufficiently protected. We have therefore decided to retain the obligation for Openreach to supply VULA. We are satisfied that the form of specific access obligation on VULA we have decided to impose is the minimum necessary.
- 6.45 We note Openreach's view that maintaining the supply obligation on FTTC is unnecessary and that it should be shifted to SOGEA. However, FTTC and MPF remain important products for ISPs, particularly early in the 2026-31 review period, with FTTC volumes expected to be just over 1 million in 2026/27. It therefore continues to be important that, where Openreach is required to provide MPF and FTTC/G.fast, telecoms providers should be able to combine these services for the purposes of VULA. Therefore, we have decided to retain the requirement for Openreach to provide either FTTC or G.fast in such cases. This does not prevent Openreach from continuing to offer SOGEA and SOG.fast, which are also regulated VULA products. However, if a telecoms provider requests new access to a non-single order product (either FTTC or G.fast), Openreach would have to meet that request through providing one of these variants at its discretion.
- 6.46 We continue to consider that there are five high-level characteristics that which VULA services need to adhere to:
- **Local access:** interconnection by the VULA user should occur locally, i.e. at the first feasible aggregation point. In practice this is likely to be in the serving exchange where the first Ethernet switch is located (fibre exchange).<sup>482</sup>
  - **Service agnostic access:** VULA, like LLU, should be a generic access service. That is, it should provide service agnostic connectivity, replicating one of the key features of LLU. This means the service should not be confined to supporting particular downstream services.
  - **Uncontended access:** the connection, or capacity, between the customer's premises and the serving exchange where interconnection takes place should be dedicated to the customer, i.e. the connection should be uncontended.<sup>483</sup>
  - **Control of access:** telecoms providers should be given flexibility to allow them to offer differentiated services to customers. In order to provide different types of services, this freedom of control could potentially involve varying quality of service parameters.

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<sup>482</sup> Note that the serving exchanges used for fibre access (FTTC and FTTP) are not necessarily the same as the local serving exchanges used for copper access. This is because fibre does not have the same distance limitations as copper and therefore a higher number of customers can be connected over a wider geographic area than is possible from a local serving exchange.

<sup>483</sup> An uncontended service is one in which the bandwidth to each user is dedicated. In other words, the bandwidth is not shared with other users.

- **Control of customer premises equipment (CPE):** like the control of access characteristic described above, competing telecoms providers should have the ability to control customer premises equipment, giving them the ability to differentiate how they deliver services to their customers.
- 6.47 Considering the limitations of non-physical layer access, these characteristics allow reasonable control and flexibility which enable telecoms providers to provide differentiated services. Therefore, we have decided that the above VULA characteristics remain appropriate without modification or additions. As with previous WLA market reviews, we have decided not to include the characteristics in the SMP condition itself.
- 6.48 In addition to this specific access service, a number of ancillary services are necessary to enable and support the provision of VULA, including as a minimum, space and power, site access, Cablelink, and any other supporting services used for installation, maintenance, and ceasing of this specific access service. We have decided to retain access remedies that require Openreach to provide these ancillary services.

### Network access to VULA (80/20)

- 6.49 As discussed in Volume 4, we have decided to adopt a Charge Control Approach for regulating Openreach’s VULA rental and connection charges on the basis of an 80/20 product. We have decided that where Openreach is required to provide VULA, it must provide an 80/20 variant. Specifically:
- a) Where Openreach is required to provide FTTC, it must provide an 80/20 version.
  - b) Where Openreach is not required to provide FTTC, it must provide a VULA (80/20) over whatever successor service is available, that is either FTTP, G.fast or SOG.fast.
  - c) Where fibre-based VULA<sup>484</sup> (80/20) is not available (and Openreach has deployed an appropriate network), Openreach is required to provide either an FTTC (80/20) or G.fast (80/20) service.

### Disapplication of the network access obligation in relation to supporting copper retirement

- 6.50 To implement our approach to supporting copper retirement, we have decided to retain the current limits on the general network access obligation in relation to copper-based network access. In effect, this disapplies the specific requirement to meet new requests for network access to copper-based VULA<sup>485</sup> in exchange areas where ultrafast broadband is available to 75% of premises, for premises where FTTP is available. This means that, if this requirement is met, and subject to its contractual obligations with the telecoms provider, Openreach would be able to refuse the provision of a new copper-based VULA service (this allows the “stop sell” of copper services as described in Volume 3, Section 2). Therefore, once the disapplication applies, Openreach are only required to sell VULA services over FTTP at premises where these services are available.

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<sup>484</sup> Fibre-based VULA refers to Virtual Unbundled Local Access provided using FTTP.

<sup>485</sup> The disapplication relates to copper-based Network Access which is defined as the wholesale provision of network access by the Dominant Provider over its electronic communications network where the physical connection between the local access node and the Network Termination Point comprises copper wires either in whole or in part. This includes Virtual Unbundled Local Access provided using FTTC, SOGEA, G.fast or SOG.fast.

## Reference Offer

- 6.51 We have decided to retain, for the purposes of transparency, the existing specific Reference Offer requirements for VULA services. These requires Openreach to, among other things, include in the Reference Offer details of accommodation arrangements (the provision of space and power) and SLAs and SLGs.
- 6.52 We have also decided to retain the requirement for Openreach to pay SLGs proactively. Openreach should make an SLG payment for each day that it contractually fails to provide or repair a VULA service. These payments should continue until the situation is resolved, i.e. without a limit on the duration. These measures address our concern that Openreach has the ability and incentive to focus on new VULA installation or repair requests at the expense of those cases that are already late. We consider that the customer detriment associated with delayed repairs and installations is particularly pertinent for VULA because of the importance of fixed telecoms to consumers and because VULA underpins the supply of superfast and ultrafast broadband using the Openreach network.

## Charge controls

- 6.53 In Volume 4 we set out our approach to pricing of wholesale services in the WLA market. We also set out in detail our decisions in relation to the design of each charge control and our justification for them, including for VULA services.

## Disapplication of the price controls in relation to supporting copper retirement

- 6.54 In view of our approach to supporting copper retirement and in line with the approach as set out in the 2021 WFTMR and the March 2025 Consultation, we have decided to disapply the charge control obligations in relation to copper-based VULA (80/20) where relevant.
- 6.55 In particular, the disapplication will come into effect for those premises where FTTP is available, in exchange areas where Openreach has issued a second threshold notification under the copper retirement regulatory framework. A second threshold notification can be issued by Openreach when ultrafast services are available at 100% of the premises in the exchange area, excluding any premises that Ofcom directs,<sup>486</sup> and after Openreach meet certain notice periods. In addition, as discussed in Section 2, in these cases we have decided to continue to disapply the general requirement for fair and reasonable terms and conditions including prices to any copper-based VULA services.
- 6.56 These disapplications mean that, if the proposed requirements are met, and subject to its contractual obligations with the telecoms provider, Openreach would be able to increase the wholesale charges for its copper-based VULA (80/20) services at premises where FTTP is available.
- 6.57 As set out in Section 2, the copper retirement framework should provide adequate levels of consumer protection, including in relation to vulnerable customers who may be slower to migrate or face additional risks associated with a complex migration. Furthermore, and as set out above, we also expect Openreach and ISPs to give sufficient consideration to the

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<sup>486</sup> In parallel, we are consulting on a proposed direction which would make exclusions from the requirement to cover 100% premises in an exchange area. Ofcom. March 2026. [Consultation: Approach to the copper retirement second threshold calculation – Telecoms Access Review 2026-31](#).

particular needs of people with disabilities and people whose circumstances may make them vulnerable, in line with Ofcom's guidance for treating vulnerable customers fairly.<sup>487</sup>

6.58 For the reasons set out in Volume 3, Section 2, we consider that these measures are appropriate and proportionate.

## Conclusion

6.59 To give effect to the decisions outlined above, we set SMP Conditions 1, 2 and 7 published at Volume 7.<sup>488</sup> As set out in Section 10, Sections 87(3), 87(6)(c) to (e) of the Act provide a basis for these SMP conditions. In Volume 4 Sections 1 and 6, we set out our decisions relating to the implementation of the charge controls mentioned above.

## Minimum contract period for VULA

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### Background

6.60 Openreach's VULA services are subject to minimum contract periods. Cancelling a service before the end of a minimum contract period causes a telecoms provider to incur a held-to-term charge from Openreach.

### Our proposals

6.61 We proposed to retain a limit of one month on minimum contract periods for all VULA services, including FTTC, G.fast and FTTP.

### Stakeholder responses

6.62 Openreach argued that the minimum contract period for FTTP should be one year in order to ensure that its costs are fully recovered. Openreach stated that ISPs generally contract with end-consumers for a longer period, so the impact of its proposal on switching is likely to be limited. It also noted that retail altnets generally set a two year minimum contract period at the retail level.<sup>489</sup>

### Our reasoning and decisions

6.63 For the reasons set out below, we consider that our decisions are appropriate and proportionate in relation to BT's market power in the WLA markets.

6.64 We consider that short minimum contract periods reduce barriers to switching. At a time when we are seeking to promote network competition, measures that reduce barriers to switching are desirable because they avoid the risk that Openreach locks out new competitors from gaining customers through contract prohibitions.

6.65 Openreach has not provided evidence to demonstrate that a one-month minimum wholesale contract period for FTTP is in practice significantly impacting its ability to recover its costs. We also expect the number of end customers who cease their FTTP services within

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<sup>487</sup> Ofcom. September 2022. [Treating vulnerable customers fairly: a guide for phone, broadband and pay-TV providers](#).

<sup>488</sup> The charge controls we are imposing are discussed in Volume 4 and are found in SMP Condition 12 in Volume 7. SMP Condition 12 includes the lifting of the charge controls in relation to VULA and other copper-based network access (Condition 12C.1).

<sup>489</sup> [Openreach](#) response to TAR26 March 2025 Consultation. Document 3. Paragraphs 372 to 374.

a year to be relatively limited, in part because retail customers will often take up contracts with minimum terms of a year or more.<sup>490</sup>

- 6.66 Openreach should apply its contractual provisions in relation to held-to-term charges in an equivalent manner for customers upgrading from Openreach legacy services to Openreach FTTP and for customers leaving the Openreach network. This also supports network competition by not unduly incentivising customers to remain on Openreach’s network.
- 6.67 In terms of the implementation of this requirement, SMP Condition 1 requires BT to provide VULA on such terms, conditions and charges as Ofcom may direct, and to comply with any direction Ofcom may make under that Condition. For the reasons set out above, we have decided to make a Direction (see Volume 7) limiting the length of the minimum contract period following VULA migrations and connections to no longer than one month for all VULA services.

## Requirement to provide SLU

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### Background

- 6.68 Sub-loop unbundling (SLU) is a service offered by Openreach that allows telecoms providers to deploy their own equipment at a network distribution point (usually the location of the cabinet) and to use Openreach’s lines from the cabinet to the customer. Telecoms providers can either rent the entire sub-loop (the connection between the cabinet and the customer) or share it with Openreach.

### Our proposals

- 6.69 We proposed to retain an obligation on Openreach to provide network access in the form of SLU. We did not propose to impose a charge control on SLU services.

### Stakeholder responses

- 6.70 Openreach asked Ofcom to specify that the obligation to supply SLU applies only to SLU MPF and not SLU SMPF.<sup>491</sup> Openreach said that SLU SMPF is a separate product that is provided as an overlay alongside a narrowband circuit (WLR) and already under stop sell with withdrawal planned for during the TAR period.

### Our reasoning and decisions

- 6.71 For the reasons set out below, we consider that the measures we are imposing are appropriate and proportionate in relation to BT’s market power in the WLA markets.

#### Network access to SLU

- 6.72 Historically, the use of SLU has been relatively low. We have collected data for this market review.<sup>492</sup> This data shows the following:
- As of August 2024, there were [ $\times$ ] SLU connections.

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<sup>490</sup> As noted in our March 2025 Consultation, major ISPs, including Sky and TalkTalk, offer minimum contract lengths of 12 months or more for higher speed services. Ofcom. March 2025. [Consultation: Promoting competition and investment in fibre networks: Telecoms Access Review 2026-31](#). Volume 2. Paragraph 2.22.

<sup>491</sup> [Openreach](#) response to TAR26 March 2025 Consultation. Document 3. Paragraph 375.

<sup>492</sup> Openreach response dated 23 August 2024 to s135 notice dated 29 July 2024, questions G1-G2.

- Between April 2021 and December 2021 there were [3<] SLU orders.
  - Between January 2022 and December 2022 there were [3<] SLU orders.
  - Between January 2023 and September 2023 there were [3<] SLU orders.
- 6.73 This data shows that SLU is being used successfully by a small number of telecoms providers that are providing services in those areas where Openreach has not rolled out superfast broadband and has not upgraded its local access connections to fibre.
- 6.74 Given that BT does not use SLU, in the absence of a specific obligation, there is a risk that Openreach would choose to withdraw its SLU services. Therefore, we have decided to retain the obligation for Openreach to offer a SLU service to all telecoms providers who reasonably request such services.
- 6.75 We have also decided to retain our policy on vectoring<sup>493</sup> as set out in the 2018 WLA Statement.<sup>494</sup> In summary, we have decided that:
- a) where Openreach has activated vectoring, it would be reasonable for Openreach to deny a request for SLU, if Openreach could demonstrate that it had taken all reasonable steps to co-ordinate SLU with the vectoring; and
  - b) where a telecoms provider is already buying SLU at a cabinet where Openreach wishes to deploy vectoring, it would be unlikely to be reasonable for Openreach to withdraw SLU.
- 6.76 In addition to this specific access service, we have decided to retain the requirement for Openreach to provide such ancillary services as may be reasonably necessary for the use of SLU (including backhaul from the cabinet).
- 6.77 In relation to the SLU access obligation applying to SLU MPF and not SLU SMPF, given that SLU SMPF relies on a WLR product being provided alongside the SLU SMPF we do not consider new orders of SLU SMPF to be a reasonable request for access over the 2026-31 review period.

### Disapplication of the network access obligation in relation to supporting copper retirement

- 6.78 To implement our approach to supporting copper retirement, we have decided to limit the general network access obligation as it applies to Openreach’s copper network. In effect, this would also disapply the specific requirement to meet new requests for SLU network access in exchange areas where ultrafast broadband is available to 75% of premises, for the premises where FTTP is available. This means that, if the proposed requirements are met, and subject to its contractual obligations with the telecoms provider, Openreach would be able to refuse the provision of a new SLU service at premises where FTTP is available (this allows the “stop sell” of copper-based services – see Section 2).

### No price controls

- 6.79 While we consider it appropriate and proportionate to retain the obligation for Openreach to offer a SLU service to all telecoms providers who reasonably request such services, given the limited usage of SLU and the availability of alternative infrastructure and services, we

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<sup>493</sup> Vectoring uses noise cancellation technology to mitigate the effect of the electromagnetic interference that occurs on copper access connections, also known as cross-talk. Cross-talk can have a significant detrimental effect on VDSL speeds.

<sup>494</sup> Ofcom. 2018. [Wholesale Local Access Statement](#). Paragraph 7.58.

have decided not to require SLU services to be subject to a specific form of price control. As discussed in Section 4, we have decided that SLU services would be subject to a requirement for charges to be fair and reasonable in both WLA Area 2 and WLA Area 3.

### Disapplication of the fair and reasonable prices obligation in relation to supporting copper retirement

- 6.80 As with MPF and VULA, we have decided to retain the disapplication of the general requirement for fair and reasonable SLU prices where relevant.
- 6.81 In particular, the disapplication will come into effect for those premises where FTTP is available, in exchange areas where Openreach has issued a second threshold notification under the copper retirement regulatory framework. A second threshold notification can be issued by Openreach when ultrafast services are available at 100% of the premises in the exchange area, excluding any premises that Ofcom directs),<sup>495</sup> and after Openreach meet certain notice periods.
- 6.82 For the reasons set out in Section 2, we consider that these measures are appropriate and proportionate.

## Conclusion

- 6.83 In order to implement these requirements, we have decided to set SMP Conditions 1 and 2 in Volume 7. As set out above, Section 87(3) of the Act provides a basis for these SMP conditions and we have taken into account the factors set out in Section 87(4).<sup>496</sup>

## Low bandwidth fibre products for narrowband services

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### Background

- 6.84 In our March 2021 Statement, we concluded that *ex ante* regulation was no longer appropriate for the WFAEL and ISDN markets. We noted that given Openreach's commitments in relation to WLR and its low bandwidth product to support existing voice-only and similar low bandwidth applications, no transitional regulation was required.<sup>497</sup>
- 6.85 At the time of our March 2021 Statement, Openreach had announced it would withdraw WLR by December 2025. This has since been changed to January 2027.<sup>498</sup> This withdrawal means that voice customers currently served by Openreach's WLR products (including ISDN) will need to migrate to an IP-based service or transitional products, such as the pre-digital phone line (PDPL), on or before that date. The PSTN switch-off will also impact specialist downstream services such as telecare devices, alarms, monitoring control systems used by the water, energy and transport industries and payment card services.

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<sup>495</sup> In parallel, we are consulting on a proposed direction which would make exclusions from the requirement to cover 100% premises in an exchange area. Ofcom. March 2026. [Consultation: Approach to the copper retirement second threshold calculation – Telecoms Access Review 2026-31](#).

<sup>496</sup> For more details on the rationale as to how we set out these factors, see Volume 3, Section 4.

<sup>497</sup> Ofcom. March 2021. [Promoting investment and competition in fibre networks – Wholesale Fixed Telecoms Market Review 2021-26](#). Volume 3. Paragraph 5.95.

<sup>498</sup> Openreach. [Wholesale Line Rental \(WLR\) Withdrawal](#). Accessed 24 February 2026.

- 6.86 Both Openreach and BT Wholesale are currently offering transitional products to bridge the gap between the closure of the PSTN and the adoption of IP products. Examples of these include SOTAP for Analogue and PDPL.<sup>499</sup>

## Stakeholder responses

- 6.87 Openreach considered that *ex ante* regulation is not necessary or proportionate for historical or transitional products in the WFAEL market which are impacted by WLR withdrawal. It argued that as SOTAP for Analogue replaces WLR lines for voice-only customers, it should form part of the WLR product market, and the rationale for deregulating WLR would also apply.<sup>500</sup>
- 6.88 Openreach noted it expected SOTAP for Analogue will only be adopted by BT Business which will use a Media Gateway solution to build WLR emulation products which would alleviate the risk of a retail margin squeeze. It said that SOTAP for Analogue is a short-term solution with a lifespan until 2030, and that Openreach will need to use pricing as a signal to encourage migration to IP over time.<sup>501</sup>
- 6.89 VodafoneThree raised concerns about how the WLR transition was being handled. It proposed that Ofcom should charge control the pre-digital phone line (PDPL) product offered by BT at fair and reasonable levels. It argued that it is uneconomic for other providers to consume the underlying wholesale product provided by Openreach and have sufficient exchange presence to supply a similar product to PDPL across the UK. It argued that this leaves downstream BT in a position of market power and that charge controls are needed to protect consumers.<sup>502</sup>

## Our reasoning and decisions

- 6.90 The WFAEL and ISDN markets (which included Openreach's WLR products) were deregulated in our March 2021 Statement.<sup>503</sup> We do not consider SOTAP for Analogue or PDPL to be part of the relevant markets we have assessed in this market review for the 2026-31 review period.
- 6.91 However, SOTAP for Analogue provided by Openreach and the PDPL product provided by BT will enable existing PSTN customers who are not engaged with migration to IP, and who will often be vulnerable, to maintain a voice service. This will help ensure telecare and other devices continue to work when the PSTN, which is beyond its intended life span and is becoming increasingly unreliable, is decommissioned.
- 6.92 BT's intention is that PDPL is a temporary product. The expectation is that numbers of customers on PDPL will reduce over time. The price of PDPL should also help incentivise ISPs to move customers to more modern products, including voice services provided over broadband.

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<sup>499</sup> Openreach. [Single Order Transitional Access Product \(SOTAP\)](#) Accessed 24 February 2026; BT Wholesale. July 2024. [PDPL - Wholesale FAQs](#).

<sup>500</sup> [Openreach](#) response to TAR26 March 2025 Consultation. Document 3. Paragraphs 376-379.

<sup>501</sup> [Openreach](#) response to TAR26 March 2025 Consultation. Document 3. Paragraphs 376-379.

<sup>502</sup> [VodafoneThree](#) response to TAR26 March 2025 Consultation. Section 1. Paragraphs 44-47.

<sup>503</sup> Ofcom. March 2025. [Consultation: Promoting competition and investment in fibre networks: Telecoms Access Review 2026-31](#). Volume 2, Section 9 and Volume 3, Paragraph 2.136.

# 7. Specific remedies: Leased line access market

## Introduction

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- 7.1 In this section, we set out our decisions to impose certain specific remedies in the leased line access (LLA) markets where we have found BT to have SMP. These markets are LLA Area 2, LLA Area 3 and the High Network Reach (HNR) Area.
- 7.2 Our remedies are designed to address the competition concerns we have identified in our SMP market assessment (Volume 2) and are in line with our approach to remedies (Section 1).
- 7.3 Our decisions in relation to charge controls on active leased lines in LLA Area 2, LLA Area 3 and the HNR Area and DFA in LLA Area 3 are set out in Volume 4. In addition to the remedies discussed in this section, we have decided to impose certain restrictions on Openreach's commercial flexibility (discussed in Section 9), and Quality of Service remedies (discussed in Volume 5).

## Summary of proposals

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- 7.4 In our March 2025 Consultation we proposed:
- Retaining the requirement for Openreach to offer active leased lines (Ethernet and WDM at all bandwidths) in LLA Area 2, LLA Area 3 and the HNR Area.
  - Retaining the requirement for Openreach to offer dark fibre access (DFA) in LLA Area 3, and maintaining our position that Openreach should not be required to offer DFA in LLA Area 2 or the HNR Area.
  - Retaining the requirement for Openreach to publish a Reference Offer for Ethernet and DFA services, and introducing a requirement for Openreach to publish a Reference Offer for WDM services.
  - Maintaining our position that we will not interpret a request for leased lines or DFA for the purpose of FTTP aggregation to be a reasonable request for network access.

## Summary of stakeholder responses

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- 7.5 TechUK broadly supported the direction of remedies in the LLA market.<sup>504</sup> A number of other stakeholders commented on specific aspects of our proposals, as set out below.<sup>505</sup>

## Requirement to provide leased lines at all bandwidths

- 7.6 VodafoneThree agreed with our proposal to retain the requirement for Openreach to offer active leased lines in LLA Area 2, LLA Area 3 and the HNR Area. It said that these services are

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<sup>504</sup> TechUK response to TAR26 March 2025 Consultation. Page 8.

<sup>505</sup> In Volume 4 we discuss stakeholder responses regarding the impact of our proposals on consolidation.

foundational to business connectivity and mobile backhaul and vital to sustaining competition.<sup>506</sup>

- 7.7 Openreach also supported our proposal to require it to offer active leased lines in LLA Area 2, LLA Area 3 and the HNR Area.<sup>507</sup>

## EAD2.0

- 7.8 Openreach confirmed a delay to the launch of its EAD2.0 product.<sup>508</sup> It also said that it is not reasonable to impose a requirement for parity between DFA and EAD2.0, given DFA does not have the same architecture as EAD2.0, and EAD2.0 is not yet being consumed. Openreach said it would not be possible for DFA to have parity with both EAD and EAD2.0.<sup>509</sup> PXC said that Ofcom should monitor industry discussions on EAD2.0 development and roll out to ensure it is fit for industry requirements.<sup>510</sup>

## Reference offer

- 7.9 Openreach recognised the purpose of the reference offer (RO) requirement, however it raised certain scenarios where it feels the requirement dampens competition. Specifically, Openreach highlighted that in “bidding markets” the requirement to publish a RO means that in areas that are tending to competition, competitors know its exact terms of supply, including pricing. It said that this diminishes the intensity of competition. It requested that Ofcom consider an exemption from the requirement for services that will be used to support bids. Openreach did not consider that this creates a risk of undue discrimination since it engages with industry and has suitable internal controls.<sup>511</sup>
- 7.10 VodafoneThree said that a published and enforceable RO provides transparency and legal certainty. However, it said that it must go beyond high-level commitments and include detailed specifications of the service scope, delivery standards and support functions.<sup>512 513</sup>

## Cross circuit boundaries

- 7.11 Openreach strongly disagreed with our proposal that all circuits should be classified based on the least competitive market that either end of the circuit sits in. It argued that access circuits connecting an end-user site to a network node, such as an exchange, should be classified based on only the market that the end-user site sits in.<sup>514</sup> It explained that where these circuits terminate has no bearing on the competitiveness of an end customer location. It said that our proposals meant that the regulated price for a circuit to an end customer could vary significantly depending on where Openreach aggregates the traffic. This could impact the price that customers pay, as well as offers available to them.<sup>515</sup>

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<sup>506</sup> [VodafoneThree](#) response to TAR26 March 2025 Consultation. Section 3. Paragraph 179.

<sup>507</sup> [Openreach](#) response to TAR26 March 2025 Consultation. Document 3. Paragraph 385.

<sup>508</sup> [Openreach](#) response to TAR26 March 2025 Consultation. Document 3. Paragraph 416.

<sup>509</sup> [Openreach](#) response to TAR26 March 2025 Consultation. Document 3. Paragraphs 414-415.

<sup>510</sup> [PXC](#) response to TAR26 March 2025 Consultation. Paragraphs 3.16-3.17.

<sup>511</sup> [Openreach](#) response to TAR26 March 2025 Consultation. Document 3. Paragraphs 398-402.

<sup>512</sup> VodafoneThree specifically recommended that the RO should clearly define minimum service components, specify performance expectations, include commitments on service continuity and commercial transparency during product transitions and be subject to regular review and consultation.

<sup>513</sup> [VodafoneThree](#) response to TAR26 March 2025 Consultation. Section 3. Paragraphs 179-182.

<sup>514</sup> Openreach did not object to access circuits between two end-user sites being classified based on the least competitive market that either end of the circuit sits in.

<sup>515</sup> [Openreach](#) response to TAR26 March 2025 Consultation. Document 2. Paragraphs 187-195. [Openreach](#) response to TAR26 November 2025 Consultation. Paragraphs 145-151.

Openreach also suggested that that our proposal may make it cheaper for providers to create a longer circuit that allows a competitive end customer site to connect to an exchange that is further away and sits in a less competitive market to unlock a lower price point.<sup>516</sup>

- 7.12 VodafoneThree strongly opposed Openreach’s suggestion that these circuits should be classified based on the market that the end-user site sits in. It highlighted that where providers provision circuits to non-home exchanges this is due to the economic infeasibility of co-locating at certain exchanges or resilience requirements in network design.<sup>517</sup>

## Requirement to provide dark fibre access

### LLA Area 2

- 7.13 VMO2 agreed with our proposal not to require DFA in LLA Area 2, noting that such a product would likely undermine the growth of material and sustainable competition.<sup>518</sup>
- 7.14 VodafoneThree urged us to reconsider our position on remedies. It asked us to consider introducing cost-based DFA in LLA Area 2 or introducing a cost-based charge control on active leased lines, to enable service-based competition. It said that DFA has proven effective in LLA Area 3 and should be extended to LLA Area 2 to protect consumers and ensure consistency and fairness. VodafoneThree said that for the vast majority of premises there is only a single provider within 50 meters, and where there is a second network it is often not commercially or technically viable to connect to the end customer site. In practice, it says this means Openreach faces little to no competitive constraint in large parts of LLA Area 2.<sup>519</sup>

### LLA Area 3

- 7.15 Openreach said that it does not object to the continued imposition of DFA within LLA Area 3.<sup>520</sup> UKCTA supported our targeted remedies for business services including the continued dark fibre obligations in LLA Area 3.<sup>521</sup> VodafoneThree also welcomed the continued availability of DFA at cost in LLA Area 3. It said that DFA is a critical enabler of access-based competition, particularly in areas where infrastructure build is uneconomic.<sup>522</sup> However, as set out in more detail in Volume 4, UKCTA and VodafoneThree also said there are significant barriers (particularly early termination charges) to switching existing active LLA circuits to DFA.<sup>523</sup>
- 7.16 INCA said that it does not agree with the continued obligation on BT to offer DFA in LLA Area 3. INCA believed this obligation discourages competing full-fibre network builders and operators entering the market.<sup>524</sup> INCA also said it harms the ability of investors to recoup

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<sup>516</sup> [Openreach](#) response to TAR26 March 2025 Consultation. Document 3. Paragraph 403.

<sup>517</sup> [VodafoneThree](#) further response to TAR26 March 2025 Consultation. Paragraphs 11-15.

<sup>518</sup> [Virgin Media O2](#) response to TAR26 March 2025 Consultation. Paragraph 154.

<sup>519</sup> [VodafoneThree](#) response to TAR26 March 2025 Consultation. Section 3. Paragraph 287-288.

<sup>520</sup> [Openreach](#) response to TAR26 March 2025 Consultation. Document 3. Paragraph 405.

<sup>521</sup> [UKCTA](#) response to TAR26 March 2025 Consultation. Paragraph 8.

<sup>522</sup> [VodafoneThree](#) response to TAR26 March 2025 Consultation. Section 3. Paragraph 183.

<sup>523</sup> [UKCTA](#) response to TAR26 March 2025 Consultation. Paragraph 29-32. [VodafoneThree](#) response to TAR26 March 2025 Consultation. Section 3. Paragraphs 217 and 278.

<sup>524</sup> [INCA](#) response to TAR26 March 2025 Consultation. Paragraph 294-295, 301.

their past investments since the DFA remedy devalues altnet assets in the same location.<sup>525</sup> INCA also suggested that the low take-up of DFA means that there would be limited downsides to withdrawing the remedy.<sup>526</sup> ITS said that the proposal to continue to mandate cost-based DFA (and the associated charge controls) is further threatening the viability of existing and new competitive network deployments.<sup>527</sup>

- 7.17 CityFibre also said that the proposed regulation in LLA Area 3, in particular DFA, significantly reduces the incentives for investment by rival networks, which means consumers in LLA Area 3 will be denied the benefits of competition.<sup>528</sup>
- 7.18 PXC said that DFA has not proved an effective remedy in the LLA market.<sup>529</sup> It [redacted].<sup>530</sup> PXC said these challenges hamper the potential for DFA to act as a constraint.<sup>531</sup>
- 7.19 Some stakeholders argued our remedies in LLA Area 3 were inappropriate, in light of their view that our proposed LLA Area 3 was too large.<sup>532</sup>

## Transitional arrangements

- 7.20 VodafoneThree strongly supported our proposal to introduce a five-year transitional period for DFA in locations where postcode sectors are reclassified from LLA Area 3 to LLA Area 2 or the HNR Area. It said that our proposal recognises the long-term nature of infrastructure planning and the strategic planning required to use DFA. VodafoneThree said this measure will help mitigate regulatory risk and avoid discouraging adoption of the DFA remedy.<sup>533</sup>
- 7.21 INCA did not agree with our proposal for transitional arrangements for DFA in postcode sectors that were previously LLA Area 3 and are now either LLA Area 2 or the HNR Area. It said it does not believe that DFA should be available in reclassified postcode sectors given the impact on altnet investment, but did not suggest an alternative transitional arrangement.<sup>534</sup>

## Leased lines and DFA for FTTP aggregation

- 7.22 Openreach welcomed our re-confirmation that it is not required to provide active leased lines or DFA for the purpose of FTTP aggregation. It noted that it currently offers EAD and optical services for the purpose of FTTP aggregation on a commercial basis.<sup>535</sup>

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<sup>525</sup> INCA also appeared to suggest that this hampers merger activity by making it harder for the parties to agree on the value of their businesses. [INCA](#) response to TAR26 March 2025 Consultation. Paragraph 298-299.

<sup>526</sup> [INCA](#) response to TAR26 March 2025 Consultation. Paragraph 300.

<sup>527</sup> [ITS](#) response to TAR26 March 2025 Consultation. Paragraph 6.

<sup>528</sup> [CityFibre](#) response to TAR26 November 2025 Consultation. Paragraph 1.2.

<sup>529</sup> In Volume 4 we set out in further detail PXC's support for our proposed charge controls on active LLA products, as a means to protect end customers from high Openreach prices.

<sup>530</sup> PXC, October 2024. Confidential submission on market analysis and remedies. [redacted].

<sup>531</sup> [PXC](#) response to TAR26 March 2025 Consultation. Paragraph 3.14.

<sup>532</sup> [Openreach](#) response to TAR26 March 2025 Consultation. Document 3. Paragraph 405. [Virgin Media O2](#) response to TAR26 March 2025 Consultation. Paragraph 155. [INCA](#) response to TAR26 March 2025 Consultation. Paragraph 296. [ITS](#) response to TAR26 March 2025 Consultation. Paragraph 30. [CityFibre](#) response to TAR26 March 2025 Consultation. Paragraph 3.44. [CityFibre](#) response to TAR26 November 2025 Consultation. Paragraph 1.2.

<sup>533</sup> [VodafoneThree](#) response to TAR26 March 2025 Consultation. Section 3. Paragraphs 190-194. [VodafoneThree](#) response to TAR26 November 2025 Consultation. Paragraph 36.

<sup>534</sup> [INCA](#) response to TAR26 March 2025 Consultation. Paragraph 294.

<sup>535</sup> [Openreach](#) response to TAR26 March 2025 Consultation. Document 3. Paragraph 387.

- 7.23 INCA raised strong concerns regarding the proposal not to interpret a request for leased lines or DFA for the purpose of FTTP aggregation to be a reasonable request for network access. Although it opposed the imposition of the DFA remedy, INCA considered that if Openreach is required to supply DFA then it should be available for FTTP aggregation. It said that the restrictions on EAD use means some rural communities get FTTP access much later than could otherwise be the case. It also said that altnets building in LLA Area 3 are impacted by Openreach not allowing its DFA product to be used for FTTP aggregation.<sup>536</sup>
- 7.24 Hyperoptic disagreed with our proposed interpretation of the network access obligations (namely, that the obligation does not require Openreach to provide active leased line circuits or DFA circuits where they would be used for FTTP aggregation). Hyperoptic expressed concerns with the current FTTP aggregation product, including issues with Openreach’s pricing, and the uncertainty and risk it presents as an unregulated product, as Openreach is free to raise charges at any point.<sup>537</sup>
- 7.25 Given Hyperoptic’s view that PIA is not a viable remedy in all cases, it said that Ofcom should look at other ways to impose a targeted remedy.<sup>538</sup> It proposed a targeted remedy for new housing developments only, to specifically address what it sees as a market failure in respect of provision of backhaul to new build development sites.<sup>539</sup> Hyperoptic said its targeted remedy would not undermine planned or existing build by other altnets that are deploying an access network using PIA or self-build. It believed that its targeted remedy would be consistent with our objectives and where appropriate, promote competition.<sup>540</sup>

## Requirement to provide leased lines at all bandwidths

### Summary of proposals

- 7.26 We proposed to continue to require Openreach to provide network access in the form of Ethernet<sup>541</sup> and WDM leased lines at all bandwidths in LLA Area 2, LLA Area 3 and the HNR Area. We also proposed to continue to require Openreach to offer the relevant ancillary services to support the provision of leased lines in those markets.
- 7.27 We proposed to require Openreach to publish a Reference Offer for both Ethernet and WDM services.
- 7.28 We also proposed that leased lines at all bandwidths in LLA Area 2 and LLA Area 3 will continue to be subject to a charge control.
- 7.29 We did not propose charge controls in the HNR Area, but instead proposed that charges in that market should be subject to a fair and reasonable requirement.

<sup>536</sup> [INCA](#) response to TAR26 March 2025 Consultation. Paragraphs 302-305.

<sup>537</sup> Hyperoptic confidential response to TAR26 March 2025 Consultation. Pages 7-9.

<sup>538</sup> Hyperoptic raised concerns about use of PIA at new housing developments. We discuss access to PIA at new housing developments, and specific concerns about when new physical infrastructure is available to be consumed in Section 5. [Hyperoptic](#) response to TAR26 March 2025 Consultation. Page 8.

<sup>539</sup> [Hyperoptic](#) response to TAR26 March 2025 Consultation. Pages 10-12.

<sup>540</sup> [Hyperoptic](#) response to TAR26 March 2025 Consultation. Pages 10-11.

<sup>541</sup> We consider that leased line equivalent services delivered over XGS-PON to fall within the definition of “Ethernet Services”, that is “services presented with the standard networking Ethernet protocol defined under that name in IEEE 802.3 and published by the Institute of electrical and Electronic Engineers”.

## Background

- 7.30 Openreach currently provides:
- a) Ethernet services, such as Openreach’s Ethernet Access Direct and Ethernet Backhaul Direct; and
  - b) Wavelength division multiplex (WDM) services, such as Openreach’s Optical Spectrum Access (OSA) and OSA Filter Connect.
- 7.31 Openreach has launched a pilot of a new variant of Ethernet, called EAD2.0. Openreach confirmed that the full launch of EAD2.0 has been delayed to December 2026.<sup>542</sup> While the product remains under development, based on Openreach’s current plans we consider that EAD2.0 is largely a development of the existing EAD product as the fundamentals of the product (delivering a point-to-point Ethernet service) will remain the same, although we recognise there are some technical differences.<sup>543</sup> Given this, unless otherwise stated the obligations set out in this section will apply to EAD2.0, as they do to the existing EAD product.

## Our reasoning and decision

### Network access to LLA services

- 7.32 In the LLA markets, competing telecoms providers extensively buy leased lines from Openreach to compete in the provision of downstream business connectivity services, particularly outside competitive areas. Currently, around 153,000 leased lines are purchased from Openreach by third-party telecoms providers (i.e. non-BT providers) across the current SMP LLA markets combined (Area 2, Area 3 and the HNR Area as defined in 2021).<sup>544</sup> Although reducing, we project volumes in these areas of the UK to remain significant by the end of the review period (reducing by around 14% to around 131,000 by 2030/31).<sup>545</sup>
- 7.33 Given our SMP findings in LLA Area 2, LLA Area 3 and the HNR Area, absent regulation, BT would have the incentive and ability to refuse access to its leased line access network or not provide access on terms that would secure efficient investment and innovation, both in the wholesale LLA markets and the related downstream services. This would result in consumer harm in the form of service degradation, restricted choice of provider and/or higher prices.<sup>546</sup>
- 7.34 Although the general network access remedy we impose in Section 4 is aimed at addressing these competition concerns, it does not provide telecoms providers with as much certainty as to the basis on which they have access. Given the importance of leased lines to support downstream services, we consider it appropriate and proportionate to go beyond the

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<sup>542</sup> [Openreach](#) response to TAR26 March 2025 Consultation. Document 3. Paragraph 416. Openreach response dated 13 February 2026 to s135 notice dated 3 February 2026, question 9.

<sup>543</sup> In particular, for EAD, the customer connects to the leased line electronics provided by Openreach sited at the end-user premises. For EAD2.0, the customer provides their own electronics and fibre to connect to the leased line Passive Demarcation Device (PDD).

<sup>544</sup> 2024/25 volumes are sourced from BT’s published 2025 Regulatory Financial Statements (RFS) (schedules 8.1.1, 8.2.1 and 8.3.1).

<sup>545</sup> 2030/31 volumes are sourced from Ofcom volumes forecasts and incorporate changes in the classifications of LLA postcode sectors by geographic market as set out in Schedule 3 of this Statement. Further explanation of our approach to LLA volumes forecasting is provided in Annex 10.

<sup>546</sup> See Volume 2.

general network access obligation to address the above concerns and ensure telecoms providers and consumers are sufficiently protected. We have therefore decided to require Openreach to provide specific forms of network access, namely Ethernet and WDM services. VodafoneThree and Openreach supported our proposals to retain the requirement on Openreach to provide active leased lines in LLA Area 2, LLA Area 3 and the HNR Area. We did not receive any comments from stakeholders disagreeing with our proposals.

- 7.35 In addition to the specific access services, a number of ancillary services are necessary to enable and support the provision of leased line access services, including as a minimum space and power, site access, Cablelink, interconnect, Time-Related Charges (TRCs), Excess Construction Charges (ECCs) and any other supporting services used for installation, maintenance, modification, and ceasing of this specific access service. We have decided to continue to require Openreach to provide these ancillary services, including as these services develop or get replaced over time.
- 7.36 We set out our charge controls for active leased lines, and the rationale for whether to impose these, in Volume 4. Specifically, we have decided:
- a) In LLA Area 2, to maintain pricing continuity (CPI-0%).
  - b) In LLA Area 3, to set a cost-based charge control on circuits of 1 Gbit/s and below, and maintain pricing continuity (a CPI-0% cap) for very high bandwidth (>1 Gbit/s) circuits.
  - c) In the HNR Area, we have decided not to impose a charge control, and that charges should instead be subject to a fair and reasonable requirement.

### Reference Offer

- 7.37 As noted in Section 4, a Reference Offer (RO) helps to assist transparency for the monitoring of potential anti-competitive behaviour, and gives visibility as to the terms and conditions on which other providers purchase wholesale services. This in turn helps to ensure stability (in regard to investment and promoting market entry) in the relevant fixed telecoms markets, allowing for faster negotiations, avoiding possible disputes and giving confidence to those purchasing wholesale services that they are being provided on non-discriminatory terms. We have therefore decided to retain the RO requirement for Ethernet services. This requires Openreach to include in the Reference Offer SLAs and SLGs for the completion of the provision of service and fault repair times.
- 7.38 VodafoneThree recommended that the RO requirements in the LLA market should go further. It highlighted specific examples of changes that it said demonstrated the risk of not defining RO requirements further.<sup>547</sup> We recognise the importance of an effective RO. However, we believe that VodafoneThree’s proposals are overly prescriptive. While VodafoneThree expressed concerns about the removal of job control from Ethernet provisioning and the increased use of “complex” order classifications, we have not heard concerns from other stakeholders about either of these issues or about the current RO more generally. We will continue to monitor the market to ensure effectiveness of the remedies.
- 7.39 We think that the standards and commitments currently required for the RO are sufficient and enable flexibility to meet the needs of industry. We would be concerned that overly prescriptive requirements for the RO could impact the development of new services. Instead, we believe that industry is better placed to agree the details of the RO rather than

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<sup>547</sup> [VodafoneThree](#) response to TAR26 March 2025 Consultation. Section 3. Paragraph 180.

them being imposed. Therefore, we expect Openreach and industry to engage where necessary. Should VodafoneThree or any other provider have an issue, including in relation to the examples set out in its response, it should engage with Openreach directly, or via the OTA2, to try to address its concerns in the first instance.

- 7.40 Openreach requested an exemption from the RO requirement for services that will be used to support bids. We do not think this is necessary or appropriate. Openreach has not explained how it envisages the scope of such an exemption would be defined.
- 7.41 In any event, as set out in Volume 2, we have found that Openreach possesses SMP in the supply of LLA outside the CLA. Insofar as there may be some customers who are better placed to select between competing LLA suppliers, we would be concerned if Openreach could selectively offer them better terms. We believe that such an exemption could lead to a risk of undue discrimination between providers. We do not agree with Openreach that this risk is addressed by its internal processes and its consultation with industry. Rather, we believe the current RO requirements provide appropriate transparency. If Openreach is concerned that its terms and/or prices are unappealing to those customers who have some choice over their LLA supplier then it is open to Openreach to improve those terms across the board.
- 7.42 We have also decided to introduce a requirement on Openreach to publish a Reference Offer for WDM services for the same reasons as noted above in relation to Ethernet services. We did not impose this requirement in the WFTMR21 as we considered that these services needed more time to mature.
- 7.43 As of 2024/25, there are over 5,000 external WDM circuits in use (both OSA and OSEA)<sup>548</sup> across the current SMP LLA markets combined (Area 2, Area 3 and HNR), representing around 3% of all external LLA circuits in those markets.<sup>549</sup> We forecast take-up to be similar at the end of this review period and to represent around 3% of all external LLA circuits in those areas of the UK.<sup>550</sup>
- 7.44 We consider that Openreach's WDM services have matured to the extent that it is appropriate and proportionate to impose a requirement to publish a Reference Offer. Openreach did not comment on this proposal.
- 7.45 The EAD2.0 product is due to be launched in December 2026.<sup>551</sup> We have decided that the existing requirement to provide an RO will apply immediately to the EAD2.0 product, when the product is launched. The current RO requirements apply to Ethernet Services, therefore following its launch, EAD2.0 will be captured by this. We believe that the RO provides necessary transparency and should therefore apply from the product launch. For the new EAD2.0 product, the RO will allow Ofcom and industry to monitor development and roll out of the product. We discuss Openreach's comments on EAD2.0 below at paragraph 7.112.

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<sup>548</sup> OSEA (Optical Spectrum Extended Access): Openreach WDM services supporting circuits over a longer distance than OSA.

<sup>549</sup> 2024/25 volumes are sourced from BT's published 2025 RFS (schedules 8.1.1, 8.2.1 and 8.3.1).

<sup>550</sup> 2030/31 volumes are sourced from Ofcom volumes forecasts and incorporate changes in the classifications of LLA postcode sectors by geographic market as set out in Schedule 3 of this Statement. Further explanation of our approach to LLA volumes forecasting is provided in Annex 10.

<sup>551</sup> Openreach response dated 21 February 2025 to s135 notice dated 10 February 2025, question 13.

## Conclusion

- 7.46 For the reasons set out above, we consider that the measures we are imposing are appropriate and proportionate in relation to BT's market power in the relevant LLA markets.
- 7.47 In order to implement these decisions, we have included the requirements outlined above in SMP Conditions 1, 2 and 7 published at Volume 7. As set out in Section 4, section 87(3) of the Act authorises Ofcom to impose network access requirements and we have taken into account the factors set out in section 87(4).<sup>552</sup> Sections 87(6)(c) to (e) authorise the setting of SMP conditions in relation to the Reference Offer.

## Classification of circuits that cross boundaries between LLA markets

- 7.48 In the March 2025 Consultation, we proposed that where circuits serve sites located in different geographic markets, the circuit should be classified as being in the least competitive market, where the Central London Area (CLA – which we defined and deregulated in the WFTMR21) is the most competitive, followed by the HNR Area, then LLA Area 2, and finally LLA Area 3. We also treat the Hull Area like the CLA for the purpose of this classification. This is because we review the Hull Area separately from the rest of the UK and have previously found another provider, KCOM, to have SMP there. This is the same approach as we took in WFTMR21.
- 7.49 While VodafoneThree said this current framework for classification of cross-boundary circuits was appropriate, Openreach raised concerns with our proposed approach to circuits between an end-user site and an exchange. It raised a concern that providers would create longer circuits with the goal of it ending in an exchange in a less competitive market to unlock lower price points. We do not expect that this is a common practice or outcome, given the incentives on providers to connect into the serving exchange. In particular, Openreach's "local access variant" pricing for leased lines offers an incentive to provision connectivity between a customer's site and the designated serving exchange. VodafoneThree explained that where providers provision circuits to a non-serving exchange, this is due to the economic infeasibility of co-locating at certain exchanges or resilience requirements in network design.<sup>553</sup> Providers pay more where the serving exchange is bypassed, incurring the main link per metre rental charge associated with the non-local access variant pricing.
- 7.50 Openreach raised another concern about circuits between an end-user site and an exchange. It said that where a circuit terminates (i.e. an exchange) has no bearing on the competitiveness of an end customer location, and therefore the exchange location should not be a consideration in the classification of the circuit. Openreach said our proposals meant the regulated price for a circuit to an end customer could vary significantly depending on where Openreach aggregates the traffic.
- 7.51 As set out in our market analysis, competitive conditions in LLA depend on the ability or potential of LLA providers to compete for customers and, in practice, provide a LLA circuit to the end customer location. Therefore, we have decided that it would be more consistent

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<sup>552</sup> Our commentary on the section 87(4) factors set out in Section 4 also applies, where relevant, to the specific network access remedies.

<sup>553</sup> [VodafoneThree](#) further response to TAR26 March 2025 Consultation. Paragraph 14.

with our market definition and our view of competitive conditions for cross-boundary circuits between an end-user site and an exchange to be classified as being in the geographic market corresponding to the end-user site. This is in line with our position set out in the BCMR19.<sup>554</sup>

- 7.52 We did not comment explicitly on circuits between an end-user site and an exchange in the WFTMR21. Openreach told us that since the WFTMR21, it has classified all cross-boundary circuits – including circuits between an end-user site and an exchange – based on the least competitive market, taking into account both ends of the circuit.<sup>555</sup> We expect some of these circuits will now be reclassified based on the geographic market in which the end-user site is located.
- 7.53 Our assessment is that reclassifying circuits in this way will not lead to any direct price increases for customers as list prices for active leased lines do not currently differ across geographic markets. Therefore, we do not expect that providers would pay higher prices for existing circuits following reclassification.<sup>556</sup> Given that we do not consider transitional arrangements for reclassified circuits are necessary.
- 7.54 In summary, we have decided that circuits between an end-user site and an exchange should be classified as being in the geographic market in which the end-user site is located. We have also decided that end-to-end services (e.g. access circuits between two end-user sites) should continue to be classified as set out in the table below.

**Table 7.1: Classification of circuits between two end-user sites that cross LLA market boundaries**

Classification of circuit	Location of circuit ends
CLA	Both ends are in the CLA
Hull Area	Both ends are in the Hull Area
HNR Area	One end is in the HNR Area and the other in the CLA or the Hull Area
	Both ends are in the HNR Area
LLA Area 2	One end is in LLA Area 2 and the other in the CLA, the Hull Area or the HNR Area
	Both ends are in LLA Area 2
LLA Area 3	One or both ends are in LLA Area 3

## Requirement to provide dark fibre access

- 7.55 Dark fibre access (DFA) is a form of passive network access. It allows telecoms providers to access the fibre element of leased lines from a supplier and attach equipment of their own

<sup>554</sup> Ofcom. 2019. [Promoting competition and investment in fibre networks: review of the physical infrastructure and business connectivity markets](#). Volume 2. Paragraph 13.67.

<sup>555</sup> Openreach response dated 13 February 2026 to s135 notice dated 3 February 2026, question 10.

<sup>556</sup> We recognise that following our March 2025 Consultation some providers with cross-boundary circuits currently classified as LLA Area 3 may have been anticipating access to the cost-based charge control we proposed on LBW services. Where circuits are reclassified based on the end-user site to something other than LLA Area 3, providers will not be able to access this in the 2026-31 review period. Given our market definition and our view of competitive conditions we think this is appropriate.

choosing at either end to ‘light’ the fibre and use it as the basis for offering a range of leased line products.

- 7.56 We consider that DFA has a number of potential benefits over active leased line services in promoting access-based competition.<sup>557</sup> While the DFA product relies on Openreach’s network, it sits further upstream than active leased lines and therefore exposes more of the value chain to competition. This means that it can provide more flexibility to users than active leased lines, which in turn delivers several additional benefits, including that:
- a) Users can choose their own electronic equipment, enabling them to deliver services that better suit their needs and the needs of their customers;
  - b) Users can make decisions on bandwidth upgrades based on the underlying incremental costs of providing the equipment required; and
  - c) Users can eliminate inefficient active equipment duplication.
- 7.57 However, as discussed further below, regulated DFA could have an impact on the development of network competition. Therefore, we have considered whether DFA is an appropriate and proportionate remedy in each of the LLA markets we have defined, in light of our specific objectives in each market. This reflects our view that network competition will not develop uniformly across the UK, so our approach in downstream markets differs between the HNR Area, LLA Area 2 and LLA Area 3.
- 7.58 Reflecting our objectives outlined in Section 1, we have decided to retain the requirement for Openreach to provide DFA in LLA Area 3, consistent with our approach in the WFTMR21. We continue to consider that requiring Openreach to provide DFA in LLA Area 2 or the HNR Area risks undermining the development of network competition and would be disproportionate.<sup>558</sup> We elaborate on this below.
- 7.59 Below we set out our decisions for LLA Area 2, LLA Area 3 and the HNR Area in turn.

## LLA Area 2

### Summary of proposals

- 7.60 In the March 2025 Consultation, we proposed to not require Openreach to offer DFA in LLA Area 2. We considered that a regulated DFA product is likely to increase incentives for customers to use Openreach products rather than those offered by competing network operators, and could therefore undermine the development of strong network competition across LLA Area 2.

### Background

- 7.61 We did not require Openreach to offer DFA in LLA Area 2 in the WFTMR21. We considered that doing so would undermine incentives for network operators to invest in competing networks, and therefore the opportunity for further network competition to emerge and become established. We expected network competition to emerge, which would ultimately protect consumers, although we recognised that this may take time.

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<sup>557</sup> In the WFTMR21, we explained these benefits of DFA in more detail. Ofcom. March 2021. [Promoting investment and competition in fibre networks – Wholesale Fixed Telecoms Market Review 2021-26](#). Paragraphs A9.3-A9.21.

<sup>558</sup> We acknowledge that some postcode sectors have been reclassified since 2021, and so our decision means that DFA will now be available in some postcode sectors that it was not available in during the 2021-26 review period. This reflects our updated market analysis in Volume 2.

7.62 We stated that DFA is an improved form of network access. In the WFTMR21, we also noted that building a fibre network involves a significant amount of upfront investment, and there are economies of scope (and scale) in building a network to deliver both broadband and leased lines. We set out that using a fibre network to generate as many different revenue streams as possible would help to de-risk and improve the commercial business case for investment, and that a regulated Openreach DFA product would undermine the ability of competing network operators to do this.

### Our reasoning and decision

7.63 Our objective in LLA Area 2 is to promote network competition and investment in networks that offer LLA services by Openreach and other telecoms providers. In our view, network competition is the best way to protect consumers in the long term. Below, we outline our reasoning for why we consider a DFA remedy in LLA Area 2 would risk undermining this objective across the 2026-31 review period.

7.64 First, as presented in Volume 2, we consider that there is, or there is likely to be the potential for, material and sustainable competition in LLA Area 2. We are concerned that requiring Openreach to provide a more attractive product like DFA on regulated terms could reduce the extent to which ISPs currently reliant on Openreach's wholesale services consider using – and therefore take-up – those offered by competing network operators (as well as active leased lines, we are also aware that a number of competing LLA networks already offer dark fibre services, including VMO2, CityFibre and LL-only operators such as Colt/Lumen).<sup>559</sup> This could make it even harder for competing network operators to overcome the barriers to entry and expansion in LLA, and as also set out by VMO2, would therefore undermine the development of network competition.<sup>560</sup>

7.65 Secondly, in the WFTMR21 we identified economies of scope between the provision of LLA and WLA services.<sup>561</sup> While many altnets that have entered the WLA market have chosen not to provide leased lines to date, others have built networks that offer services in both the WLA and LLA markets, notably CityFibre.<sup>562</sup> We are concerned that requiring Openreach to offer DFA could make it more difficult for these operators to become strong competitors in the WLA market as well. Take-up of leased lines (active and dark fibre) is a potential source of revenue for these operators, which contributes to their business cases for fibre network deployment, including further network infill and expansion.

7.66 VodafoneThree argued that DFA should be introduced in LLA Area 2 for two reasons.

- a) It said that Openreach faces little to no competitive constraint in large parts of LLA Area 2. While we recognise that introducing DFA is likely to result in some short term consumer benefits, this would jeopardise the development of network competition. In the long term, we consider that strong network competition is the best way to protect consumers, where possible.
- b) It said that there is no credible evidence that competition will materialise at scale. However, as set out in Volume 2, we disagree with VodafoneThree – there is already

<sup>559</sup> Virgin Media Business. [Dark Fibre](#). Accessed 17 February 2026; CityFibre. [Dark Fibre](#). Accessed 17 February 2026; Colt. [Dark Fibre](#). Accessed 23 February 2026.

<sup>560</sup> We explain in Volume 4 the ways in which LLA price regulation affects the development of network competition. Similar logic applies in relation to DFA.

<sup>561</sup> Ofcom. March 2021. [Promoting investment and competition in fibre networks – Wholesale Fixed Telecoms Market Review 2021-26](#), Volume 3.

<sup>562</sup> See Volume 2, Section 5 for more detail.

evidence of competition in LLA Area 2, and we consider that there is credible evidence that further competition may develop in LLA Area 2 in future. To introduce a DFA remedy would undermine the prospects of this happening.

- 7.67 While we recognise that having regulated DFA available over a wider area (for example, LLA Area 2 as well as LLA Area 3) could make it a more attractive product for potential users, our concerns about the impact on competition in LLA Area 2 as discussed above mean it is not appropriate to extend DFA availability.<sup>563</sup>

## Conclusion

- 7.68 We consider that introducing a requirement on Openreach to offer DFA would be inconsistent with our objectives in LLA Area 2 to promote network competition and investment in networks that offer LLA services by other telecoms providers. We have therefore decided to maintain our current position of not requiring Openreach to offer this product in this market.

## LLA Area 3

### Summary of proposals

- 7.69 In the March 2025 Consultation, in LLA Area 3 we proposed to retain the requirement on Openreach to offer DFA.

### Background

- 7.70 We introduced a requirement in the WFTMR21 on Openreach to offer DFA, charge-controlled at cost, in Area 3. DFA was fully launched as an Openreach product in June 2022. The aim of DFA was to address BT's SMP by promoting competition as far upstream as possible, in line with our overall approach to remedies. We retained a charge control on active leased lines (set at CPI-0%) in order to safeguard consumers while the market transitioned to DFA.
- 7.71 We considered there was unlikely to be the potential for material and sustainable network competition in Area 3, and there was therefore only a small risk (unlike in Area 2) that a regulated DFA product could undermine network competition.

### Our reasoning and decisions

- 7.72 We set out our decision in Volume 2 that BT has SMP in the provision of leased line access in LLA Area 3, and that, in this market, there is unlikely to be the potential for material and sustainable competition to BT in the commercial deployment of competing networks.
- 7.73 Below we set out the rationale for our decision that Openreach should continue to be required to provide DFA in LLA Area 3, in addition to the requirement to offer active leased lines in this market.
- 7.74 First, we explain our concern that Openreach would withdraw DFA unless specifically required to offer it. Second, we explain why we consider DFA offers important benefits to some users. Third, we address stakeholder concerns about the effects of DFA on future investment and existing networks.
- 7.75 We set out our decision in relation to a DFA charge control in Volume 4.

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<sup>563</sup> As explained in Volume 4, one barrier to DFA take-up is that this remedy is currently only available in LLA Area 3.

**Without a specific requirement to offer it, we are concerned that Openreach would withdraw DFA**

- 7.76 Although the general network access remedy discussed in Section 4 is aimed at addressing our competition concerns, it does not provide telecoms providers with as much regulatory certainty as to the basis on which they have access. We are of the view that, in the absence of a specific access obligation in relation to DFA, Openreach has the incentive and ability to refuse to supply this product.
- 7.77 There are two main reasons underpinning this view. Firstly, before DFA was introduced in Area 3, telecoms providers had been requesting a DFA product from Openreach for some years without success.<sup>564</sup> The product was only introduced because we imposed a regulatory requirement on Openreach in 2021. Secondly, Openreach currently does not offer DFA in Area 2, where there is no regulatory requirement for it to do so, despite there being demand for it. This suggests it has little commercial incentive to offer DFA in LLA Area 2 and would not have an incentive to do so in LLA Area 3 either.
- 7.78 Absent regulation, we therefore consider that Openreach is likely to cease to supply new DFA connections, which would deny future customers access to this product. We also consider that the risk that Openreach might withdraw DFA from existing users is likely to cause disruption and uncertainty to those users and, potentially, end-customers, as well as undermining investments that have already been made to make use of the DFA product.

**DFA has benefits for users and we expect it to be an increasingly important substitute for LLA products for certain customers**

- 7.79 As discussed above, while the DFA product relies on Openreach's network, it sits further upstream than active leased lines and therefore exposes more of the value chain to competition. This means that it can provide more flexibility to users than active leased lines, which in turn delivers several additional benefits.
- 7.80 For example, a major user [X] highlighted the benefits of having control over its equipment and being able to upgrade it outside of Openreach's typical product lifecycle.<sup>565</sup> [X] also highlighted the benefits of DFA for mobile backhaul.<sup>566</sup> Similarly, another DFA user ([X]) appreciated the greater control and flexibility that DFA provides compared to leased lines, as well as the lower costs, particularly when compared to higher bandwidth leased lines.<sup>567</sup> We consider that the benefits that DFA has over active LLA circuits, at least for some customers, are demonstrated by the fact that, since its launch, some customers have chosen to purchase DFA rather than active leased lines.
- 7.81 We recognise that, to date, DFA take-up has been low compared to overall LLA volumes in Area 3. As of 2024/25, there were 578 DFA rental circuits in use.<sup>568</sup> However, DFA is still a relatively new product, and as discussed in Volume 4, we expect demand for DFA to grow, particularly as and when existing circuits need to be upgraded to accommodate higher bandwidths.<sup>569</sup>

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<sup>564</sup> Ofcom. March 2021. [Promoting investment and competition in fibre networks – Wholesale Fixed Telecoms Market Review 2021-26](#), Volume 3, Paragraph 6.25.

<sup>565</sup> [X] response dated [X] to s135 notice dated [X], question [X].

<sup>566</sup> [X] response dated [X] to s135 notice dated [X], question [X].

<sup>567</sup> [X] response dated [X] to s135 notice dated [X], question [X].

<sup>568</sup> Page 64 of BT's published 2025 RFS.

<sup>569</sup> See Volume 4, Section 2.

- 7.82 As discussed in paragraphs 7.145 - 7.149 below, we have also decided to introduce a five year transition period for DFA lines, where the end-user postcode sector is reclassified and DFA is no longer required to be available. Our transitional remedies should help to address potential users' concerns about the longer-term availability of the DFA remedy and in turn, support increased take-up.
- 7.83 Based on the evidence we have gathered, we remain of the view that DFA has potentially significant benefits for users and that there is demand for DFA as a substitute for active leased lines. This is particularly the case for users who require higher bandwidth services, or expect to have increasing demand for higher bandwidths, including mobile backhaul.<sup>570</sup> There was also support for DFA in LLA Area 3 from some stakeholders, including VodafoneThree and UKCTA. We therefore disagree with INCA that the low current take-up of DFA suggests that there is little need for the remedy. We do not consider that its removal would be low risk for Ofcom – we consider that its removal would deny customers the benefits it offers over active circuits, create a significant risk of disruption and uncertainty for consumers, and risk stranded assets for those who have already invested in productising DFA.
- 7.84 Despite the potential benefits from DFA, some stakeholders have raised potential barriers to use. We consider these in more detail in Volume 4, but do not consider that these undermine the need for a requirement on Openreach to provide DFA.

**Impact of DFA on existing and future investment in LLA Area 3**

- 7.85 We know that in some LLA Area 3 postcode sectors there has been some build by other networks. INCA and ITS told us that the continued availability of DFA in LLA Area 3 would harm these networks' ability to recoup the costs of these existing investments, and act as a disincentive to alternative providers to enter and expand in the LLA market.
- 7.86 We recognise that the presence of DFA in LLA Area 3 may make it more difficult for other networks to win custom. However, in LLA Area 3, we have found that there is not, and there is unlikely to be potential for, material and sustainable competition to BT in the commercial deployment of competing networks. Given this, in Section 1 we set out our LLA Area 3 objective as promoting competition based on access to Openreach's network and protecting leased line customers. Thus, while we welcome any investment that might occur in LLA Area 3, we do not agree with INCA and ITS that our remedies should be seeking to promote build by other leased line providers in this area. Rather, we think it is more important to prioritise the direct protection of customers through our remedies, including the availability of DFA.
- 7.87 We do not agree with INCA's assertion that the availability of DFA materially harms a networks' ability to recoup the costs of existing investments. Where build has taken place since 2021 in postcode sectors that were categorised as LLA Area 3 in WFTMR21, a cost-based DFA remedy has been in place since 2021. As such, there is no change in the availability of dark fibre in these areas. These investments were undertaken with full knowledge of the product being available.
- 7.88 As set out in Volume 2, following our November 2025 Consultation, the geographic boundary between LLA Area 2 and LLA Area 3 has shifted from our proposal in the March 2025 Consultation. This means that there are only 580 postcode sectors which were

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<sup>570</sup> See Volume 4 for more details on demand for DFA by users who require very high bandwidth connections.

classified as Area 2 or the HNR Area in the WFTMR21 and that have been reclassified as LLA Area 3 for the 2026-31 review period. Within these reclassified postcode sectors, 502 postcode sectors are also classified as WLA Area 2, meaning that there is rival network presence (or planned presence) from current or potential material and sustainable competitors in relation to WLA.

- 7.89 In reclassified postcode sectors we recognise that there will be a DFA remedy that was not present when build was planned and undertaken in the 2021-26 review period.
- 7.90 However, given there are few (580) reclassified postcode sectors, we consider any impacts on investments made by current or potential material and sustainable LLA providers since 2021 are outweighed by the need to protect LLA customers, given that the prospects for LLA network competition that we identified in 2021 are not expected to materialise over this review period. We do not expect that the presence of DFA will impact future network build in these areas by other providers that have built WLA networks. Given that we have found that these providers are unlikely to have the potential to become material and sustainable competitors in LLA in this review period, developments in the LLA market are unlikely to materially affect the profitability of their future network build.

## Conclusion

- 7.91 We have decided that Openreach must continue to provide DFA in LLA Area 3, to address our competition concerns in that market. We set out our decisions in relation to the design of the DFA remedy in more detail in the next section.
- 7.92 We consider that the requirement is proportionate. Openreach is already offering and supplying DFA in LLA Area 3. The initial costs of developing this product have already been incurred. The costs to Openreach of continuing to supply it can be recovered through the DFA charge control.
- 7.93 In LLA Area 3, the risk of DFA undermining the deployment of competing networks, or undermining existing networks' investment, is small because we consider there is unlikely to be potential for material and sustainable competition to Openreach.
- 7.94 We do not consider that a different type of obligation or a more limited network access requirement (such as one limited just to active LLA products) would be sufficient to address the competition concerns we have identified.
- 7.95 To give effect to the above decision, we have included the requirements outlined above in SMP Conditions 1 and 2 at Volume 7 requiring Openreach to provide DFA in the LLA Area 3 market. As set out in Section 4, Section 87(3) of the Act provides a basis to set these SMP conditions and we have taken into account the factors set out in section 87(4) of the Act.<sup>571</sup>

## HNR Area

- 7.96 We proposed to not require Openreach to offer DFA in the HNR Area. Our market analysis has found the HNR to be an area where, due to the presence of at least two current material and sustainable competitors, there is sufficiently well-established competition to BT in the commercial deployment of competing networks.

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<sup>571</sup> Our commentary on the section 87(4) factors set out in Section 4 also applies, where relevant, to the specific network access remedies.

- 7.97 Given competitive conditions in the HNR Area, we consider a DFA remedy (in addition to the requirement on Openreach to supply active leased lines) to be disproportionate to address the competition concerns we have identified and achieve our objectives. In particular, we consider that it is not appropriate to introduce a new regulated product like DFA in addition to actives when we are seeking to promote network competition, and customers already have access to at least two rival networks. In this context, we also consider that our decisions on the supply of active leased lines are sufficient to protect consumers and competition based on access to Openreach's network in the short term while network competition develops. We also did not receive any disagreement from respondents to our proposals in the HNR Area.
- 7.98 We have therefore decided to maintain our position of not requiring Openreach to offer DFA in this market.

## Design of the DFA remedy

### Summary of proposals

- 7.99 We proposed to continue to specify the design of the DFA remedy to allow for the continued use of the product in LLA Area 3 across the review period. To ensure stability for DFA users and Openreach, we proposed that the design of the remedy should remain broadly similar to the previous review period. The key proposed change to the design of the DFA remedy was the requirement for Openreach to ensure comparability between DFA and the new EAD2.0 product when launched.

### Our reasoning and decisions

- 7.100 We have decided to continue to specify the design of the DFA remedy. Our decisions on the various design elements are summarised in the table below and explained in the subsequent paragraphs.

**Table 7.2: Summary of design elements for the DFA remedy**

Design aspect	Approach
Circuit configurations	Openreach is required to provide dark fibre terminating segments of the following types: access segments; access segments including a main link between exchanges; and end-to-end access segments without a main link.
Parity with active wholesale products	DFA to be comparable to the passive optical elements of the corresponding active wholesale access products (EAD and EAD Local Access), and, when EAD2.0 is launched, to that product.
Arrangements for provision of new infrastructure	Openreach is required to lay new access and main link fibre segments subject to reasonable limits set out in the WFTMR21.
Single and dual fibre circuits	Openreach is required to provide single and dual fibre circuits.

Design aspect	Approach
Processes for provisioning, repair & service migration	The provisioning, repair and service migration processes, developed by Openreach in collaboration with industry for the DFA remedy imposed in the WFTMR21 remain suitable for this remedy.
Ancillary services (excluding ECCs)	Accommodation, interconnection, Cablelink, TRCs and patch panels to be provided where reasonably necessary to use DFA.
ECCs (Excess Construction Charges)	ECCs apply to customer specific extensions to Openreach's network which are necessary to connect to an end-user site.

## Circuit configurations

7.101 To ensure that purchasers of dark fibre are not at a competitive disadvantage to purchasers of active wholesale services, it is important that telecoms providers can obtain DFA circuits in similar configurations to Openreach's current range of active products (i.e. EAD and EAD LA products). We have therefore decided to retain an obligation comparable to that imposed on Openreach for active access wholesale services, requiring Openreach to provide dark fibre terminating segments in the following configurations (also described in Annex 2):

- c) access segments;
- d) access segments including a main link between exchanges;<sup>572</sup> and
- e) end-to-end access segments without a main link.<sup>573</sup>

7.102 The obligation to provide DFA depends on the postcode sector of the end-user site. Where an end-user site is located in LLA Area 3, Openreach is required to provide a dark fibre circuit which terminates at that site, even if the other end of the circuit terminates in another geographic market.

### Fit with the DFX remedy

7.103 As explained in Section 8, we have decided to extend the requirement for Openreach to offer dark fibre for inter-exchange connectivity (DFX) to all BT Only and BT+1 exchanges. This increases the scope of the DFX remedy compared to the 2021-26 review period (where it was only required to be offered from BT Only exchanges with no competing networks within 100m of the exchange). However, as BT+2 exchanges will continue not to be regulated (as we have not found SMP there), there will still be some exchanges from which DFX will not be available.

7.104 We note the possibility that telecoms providers might attempt to use the DFA remedy to circumvent restrictions in the DFX remedy. Specifically, where a route between two exchanges does not qualify for the DFX remedy, a telecoms provider could in theory circumvent this by purchasing a dark fibre equivalent of an EAD access circuit (comprising a local access component from exchange to end-user site, and a "main link" component from exchange to exchange) under the DFA remedy.

<sup>572</sup> Subject to the condition that at least one of the exchanges is eligible for DFX. This is explained in Section 8.

<sup>573</sup> This is intended to mirror the Ethernet Wholesale End-to-End segment requirement in the LLA market to connect two end-user sites.

- 7.105 Allowing DFA to be used in this way is not the intention of the remedy. We have therefore decided that Openreach will continue to only be required to provide dark fibre between two exchanges as part of the DFA remedy if there is a requirement to provide dark fibre between those two exchanges as part of the DFX remedy. <sup>574 575</sup>
- 7.106 We note that the instances in which Openreach would not be required to provide dark fibre between two exchanges within LLA Area 3, as part of a DFA circuit, are very limited. Out of the 5,573 exchanges, there are only 627 BT+2 exchanges. <sup>576</sup> Further, where one of these 627 exchanges is connected to a BT+0 or BT+1 exchange, dark fibre on that route would be available.

### Parity with active wholesale products

- 7.107 We consider parity with active wholesale products is important because it ensures that telecoms providers can replicate the types of connectivity they currently offer over active leased lines.
- 7.108 When DFA was first launched, the technical, operational (provisioning and repair) and commercial aspects of Openreach’s current offer of EAD and EAD LA circuits were used as a benchmark for the arrangements applicable to DFA.
- 7.109 Openreach’s EAD products are currently Openreach’s primary product for providing connectivity in the LLA markets. However, as noted above, Openreach is planning to launch a new Ethernet product, called EAD2.0, in December 2026. <sup>577</sup> We consider that EAD2.0 is largely a development of the existing EAD product as the fundamentals of the product (delivering a point-to-point Ethernet service will remain the same), although we recognise there are some technical differences. <sup>578</sup>
- 7.110 As a principle, we consider that it is important to ensure that developments in the active wholesale products are mirrored in the DFA product. In particular, it is important that there is parity between the fibre delivery infrastructure for any Ethernet product (i.e. either EAD or EAD2.0) and for DFA. This is because these developments are likely to be valued by purchasers and ultimately end-users. Therefore, without parity between them, purchasers of DFA could be at a competitive disadvantage to purchasers of active wholesale services.
- 7.111 In practice, this means that, if there is anything that EAD2.0 can offer but EAD cannot (e.g. with respect to routing or testing methods), then this should also be made available to DFA purchasers. While we acknowledge that this means that Openreach incurs additional costs (as DFA order journeys may need to be updated), we consider this is proportionate to ensure that DFA users are not at a disadvantage compared to active leased line users, which would undermine the effectiveness of the remedy.

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<sup>574</sup> Ofcom. March 2021. [Promoting investment and competition in fibre networks – Wholesale Fixed Telecoms Market Review 2021-26](#). Paragraphs 6.61 – 6.67.

<sup>575</sup> By exception, as set out in the subsection on “ancillary services” below, under the DFA remedy, where there is no available space and power in the local exchange, we have decided that Openreach is required to provide dark fibre to another exchange where there is space and power, even if the resulting dark fibre between the two exchanges is outside the scope of the DFX remedy.

<sup>576</sup> This is made up of 549 exchanges that have been previously deregulated, and 78 new exchanges that have been identified as BT+2. See Volume 2 for more detail.

<sup>577</sup> We understand that after EAD2.0 is launched, Openreach will continue to offer EAD alongside EAD 2.0 to customers for the foreseeable future.

<sup>578</sup> Openreach response dated 21 February 2025 to s135 notice dated 10 February 2025, question 13.

7.112 Openreach said that DFA is the same as EAD without the electronic equipment, but does not have the same architecture as EAD2.0, and therefore parity between DFA and EAD2.0 is not appropriate. We disagree that the differences between these products mean that parity is not appropriate, and as set out above we believe that parity is necessary to ensure that DFA customers are not unfairly disadvantaged, in particular while innovations and improvements from EAD2.0 begin to become available in the 2026-31 review period. We recognise that there are some technical and architectural differences between EAD and EAD2.0, however our expectation of parity between EAD or EAD2.0 and DFA is specific to the passive optical elements in providing a regulated DFA circuit from an end-user site back to a suitable point of aggregation (e.g. a BT exchange), and not the active electronics equipment.

### Arrangements for provision of new infrastructure

- 7.113 As explained above, we have decided to impose a specific network access requirement on Openreach to provide DFA in the LLA Area 3 market. Our power to impose such an obligation extends to requiring Openreach to make adjustments to its existing network to make dark fibre available, provided these are based on the problem identified, proportionate and justified in light of the requirements set out in Section 4 of the Act.
- 7.114 In light of the requirement that the obligation be proportionate, and the fact that what is necessary is likely to depend on the specific circumstances of any case, we continue to believe it is not appropriate to set prescriptive rules in the SMP condition covering every circumstance. In our view, this would carry risk of regulatory failure. In response to Openreach's request for acknowledgement that it is not required to build network extensions, we reiterate our guidance on this topic below.<sup>579</sup>
- 7.115 As discussed in Section 5, network adjustments involve facilitating access to Openreach's existing access network. Openreach is not required to construct new network on behalf of other telecoms providers. This does not mean that it is never required to build or install new physical infrastructure or fibre assets. Openreach will not have existing connections to every end customer site within its network footprint as these are ordinarily built at the point of customer demand. Such connections fall within the scope of the obligation, subject to the criteria set out below. However, Openreach is not required to construct new physical or fibre infrastructure for competing telecoms providers outside its network footprint. This would amount to an extension of the network rather than making use of existing assets.
- 7.116 We consider that the following three criteria<sup>580</sup> should be applied cumulatively to determine whether a particular adjustment to Openreach's network falls within the scope of its DFA obligation:

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<sup>579</sup> [Openreach](#) response to TAR26 March 2025 Consultation. Document 3. Page 94. [Openreach](#) response to TAR26 November 2025 Consultation. Paragraph 159.

<sup>580</sup> These criteria take into account the relevant factors set out in section 87(4) of the Act, in particular the first, second and sixth of the section 87(4) factors. With respect to the third and fourth factors set out in section 87(4) of the Act, our criteria are technologically and network design neutral and therefore take account of these factors. Section 87(4) also requires us to take into account the investment made by the person initially providing or making available the network or other facility in respect of which an entitlement to network access is proposed. Openreach can apply ECCs for network adjustments which are specific to an individual customer. For network adjustments in common parts of Openreach's network, the costs are capitalised and recovered from connection and rental charges for multiple services over time (see Volume 4 Section 4).

- a) **Is the requested adjustment necessary?** This criterion considers whether an alternative option exists which would render the requested adjustment unnecessary, provided this alternative allows for a reasonably equivalent outcome for the telecoms provider compared to making an adjustment.
- b) **Is the requested adjustment feasible?** This criterion considers whether there are barriers that prevent Openreach from being able to make the required adjustment.
- c) **Does the requested adjustment improve efficiency?** This criterion considers whether the requested adjustment promotes efficiency and is therefore consistent with the rationale for requiring Openreach to provide dark fibre (i.e. to unlock the efficiencies from dark fibre).

7.117 To clarify our three criteria further, we expect that the same arrangements will continue to apply for dark fibre access as those that apply for active leased lines (where Openreach provides a service to any location upon reasonable request, including locations that are not currently connected to its fibre network).<sup>581</sup> That is, we expect Openreach to provide DFA in the same circumstances as it would be required to provide an active leased line, unless Openreach can justify otherwise.

7.118 Given this, we consider Openreach’s past behaviour to be a useful indicator of where a network adjustment is likely to be required. In general, where Openreach has previously provided an active leased line connection, it is likely to be required to undertake any network adjustments necessary to provide the equivalent DFA connection.<sup>582</sup>

7.119 Where Openreach refuses to provide a connection (either an active leased line or DFA), but decides to provide that connection at a later stage, that may raise questions about whether Openreach had complied with its network access and no undue discrimination obligations. In such cases, we expect Openreach to be able to clearly demonstrate a change of circumstances, meaning that the provision of the connection is now necessary, feasible and most efficient.

### Single and dual fibre circuits

7.120 To ensure that purchasers of DFA are not at a competitive disadvantage to purchasers of active wholesale services, we consider that telecoms providers should be able to obtain DFA circuits in similar configurations to Openreach’s current range of active services. On this basis, we have decided to continue to require Openreach to provide single or dual fibre circuits.

### Processes for provisioning, repair and service migration

7.121 We do not impose detailed obligations about the provisioning, repair and service migration process that Openreach has to follow. These processes have been developed by Openreach in collaboration with telecoms providers and are now in place.

### Ancillary services

7.122 In addition to this specific access obligation, a number of ancillary services are necessary to enable and support the provision of DFA, including as a minimum: space and power, site access, interconnect, Cablelink, ECCs, TRCs, patch panels, and any other supporting services used for installation, maintenance, modification, and ceasing of this specific access service,

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<sup>581</sup> Were the arrangements to differ, telecoms providers could request an active circuit from Openreach, with the intention of migrating this to dark fibre at the end of the minimum contract period.

<sup>582</sup> Unless the three criteria above are not satisfied.

including initial testing, right when tested (RWT) and cessation. We have decided that our access obligations should require Openreach to provide these ancillary services.

- 7.123 In relation to cessation charges, we continue to consider it necessary for Openreach to provide a separate cessation activity and associated charge which is applied to customers who cease use of DFA prior to the end of a contract. The approach to these charges is set out in more detail in Volume 4.
- 7.124 In relation to ECCs, we have decided that, as for active leased lines, ECCs will apply to a DFA circuit. For clarity, the ECC threshold would apply in the same way as for active leased lines. This means charges for excess construction are only charged once the ECC threshold of £3,680 is reached, with the forecast costs of ECC activity below the £3,680 threshold being included in (and spread across) each DFA connection charge (see Volume 4).<sup>583</sup>

#### Cases where there is no space and power in the local exchange

- 7.125 As with active leased lines, if a telecoms provider wishes to place a local access node in a local exchange in order to connect a DFA circuit to the rest of its network and no such space and power are available there, that telecoms provider can order DFA with a main link component to another exchange where space and power are available.
- 7.126 To ensure that in such circumstances telecoms providers are not restricted by the scope of the DFA remedy,<sup>584</sup> we have decided that Openreach is required to provide dark fibre between exchanges where there is no space and power in the local exchange. This is regardless of how the remote exchange is defined by Ofcom (i.e. BT Only, BT+1 or BT+2).
- 7.127 We note that our regulation is different for DFX where we have decided to require Openreach to provide an ancillary facility enabling external network termination. We discuss this in Section 8.

## DFA Reference Offer, QoS and pricing requirements

### Reference Offer for the DFA remedy

- 7.128 We have decided to retain the requirement on Openreach to publish a Reference Offer (RO) for DFA in LLA Area 3, taking into account the proposed general remedies discussed in Section 4.
- 7.129 The DFA RO should set out an explanation of any differences between the provision of DFA services and the same associated services that apply to the relevant active reference product.
- 7.130 This is intended to offer transparency within the RO and help achieve parity between DFA and wholesale active services. Such transparency in the RO will also assist the monitoring of anti-competitive behaviour and provide visibility to the terms and conditions on which other providers will purchase DFA services.
- 7.131 We have therefore decided to set SMP Condition 7 at Volume 7 requiring BT to provide a reference offer for dark fibre access in the LLA Area 3 market. As set out in Section 10,

<sup>583</sup> The difference between DFA and active leased lines is that there is no balancing charge applied for DFA ECCs, because the forecast costs of ECC activity below the £3,680 threshold are factored into our DFA connection charges. Further detail is provided in Volume 4.

<sup>584</sup> See discussion under the subheading “Fit with the DFX remedy” above.

sections 87(6)(c) to (e) of the Act authorise the setting of SMP services conditions in relation to the Reference Offer.

## Quality of Service for the DFA remedy

7.132 We have decided to largely retain the existing QoS standards on DFA. Our decisions on QoS for DFA are set out in Volume 5.

## Pricing of the DFA remedy

7.133 We have decided to retain a cost-based charge control on DFA. We discuss the charge control further in Volume 4.

## Transitional arrangements for reclassified postcode sectors

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### Summary of proposals

7.134 We proposed to require Openreach to continue to provide existing DFA circuits in postcode sectors that have been reclassified from LLA Area 3 to other regulated LLA markets (where BT continues to have SMP)<sup>585</sup> for a period of five years. In practice, this means that Openreach must continue to provide those existing circuits, if the purchaser requests, until the end of March 2031.

### Our reasoning and decision

7.135 Our market analysis has found that 950 postcode sectors which were previously classified as LLA Area 3 are now classified as LLA Area 2 or the HNR Area.<sup>586</sup> As we have decided not to impose DFA in any market other than LLA Area 3, we consider it appropriate to put in place arrangements for existing DFA circuits in reclassified postcode sectors. Transitional arrangements for these circuits are important because they ensure regulatory stability and a smooth transition to alternative services.<sup>587</sup>

7.136 INCA's disagreement with any transitional arrangements reflects its broader perspective that DFA should not be mandated anywhere. As outlined above, we do not agree with INCA's broader argument that DFA should not apply in LLA Area 3. VodafoneThree's supported our proposals for the need for transitional arrangements. We set out in more detail below why we think a transitional period is necessary.

#### Short transitional periods can be disruptive for users

7.137 In general, there should be alternative suppliers available to DFA users in reclassified postcode sectors, as the reason for reclassifying them is that competitive conditions in those postcode sectors have changed. However, we have still found that BT has SMP in these postcode sectors. We acknowledge that dark fibre may not be immediately available from another (non-Openreach) network following removal of the regulated product, or may be challenging for users to migrate to.

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<sup>585</sup> I.e. LLA Area 2 or the HNR Area.

<sup>586</sup> See Schedule 5.

<sup>587</sup> Section 46(8A) of the Act does not apply in these circumstances as BT continues to have SMP in the reclassified postcode sectors.

7.138 We also understand that migration from the Openreach DFA product may require access to the end-user's premise to switch out equipment. This could affect resilience of the circuit which end-users are likely to be keen to avoid and, in some cases, could increase the likelihood of customer churn. Given the length of some contracts DFA users may have with their customers (potentially up to 10-20 years for some public sector customers), DFA users may be particularly reticent to do this given any change mid-contract could increase the risk of customers switching away from them.<sup>588</sup>

**We acknowledge that longer transitional periods may increase reliance on Openreach's network, but consider the impact is very small**

7.139 As noted above, where a postcode sector has been reclassified from LLA Area 3 to another regulated market, this is because we expect that there is, or there is the potential for, material and sustainable competition to Openreach in the provision of leased lines, in that postcode sector.

7.140 We set out in Section 1 that our objective in LLA Area 2 is to promote network competition. As explained above, giving customers the opportunity to use alternatives to Openreach supports this objective. We recognise that longer transitional arrangements could reduce incentives for customers to purchase services from other networks where available.

7.141 However, we consider that this is unlikely to have a material impact on the development of network competition given the number of postcode sectors reclassified from LLA Area 3 to other regulated, more competitive, markets is small (950 postcode sectors), and given that we expect the number of circuits affected to be small.

**Regulatory certainty is important for supporting take-up of the DFA remedy**

7.142 Regulatory certainty is a key consideration here, due to its impact on the future take-up of DFA, and therefore the effectiveness of the remedy. Specifically, potential users may purchase fewer DFA circuits (or at the extreme, none at all) if they are concerned that some of their circuits could be removed at short notice after the end of the review period as a result of postcode sectors in which they are consuming DFA being reclassified into a different market (albeit one where BT continues to have SMP). This could result in them incurring unexpected costs (including the potential for stranded assets) and experiencing significant disruption.

7.143 One leased line provider [redacted] who does not use DFA told us that one of its reasons for not doing so is a concern that DFA could be removed at relatively short notice, as happened with DFX from some exchanges in 2021.<sup>589</sup> Another DFA user [redacted] said that it is cautious regarding use of DFA due to the risk it may be removed, particularly when considering use within long-term customer contracts.<sup>590</sup>

7.144 We therefore consider it important to ensure that, as far as possible, regulatory uncertainty about transitional arrangement does not disincentivise users and potential users from purchasing DFA.

## Conclusion

7.145 We consider that a transitional period of five years for DFA circuits which are reclassified from LLA Area 3 to other regulated markets is appropriate. This approach will provide

<sup>588</sup> [redacted] response dated [redacted] to s135 notice dated [redacted], question [redacted].

<sup>589</sup> [redacted] response dated [redacted] to s135 notice dated [redacted], question [redacted].

<sup>590</sup> [redacted] response dated [redacted] to s135 notice dated [redacted], question [redacted].

improved regulatory certainty, which in turn should support increased take-up and ultimately the effectiveness of the remedy. It will also mean that the impact on users is small, as they will have a sufficient period of time in which to source alternatives and switch to them. We consider that any adverse impact on network competition of our proposed approach would be minimal.

- 7.146 We consider our approach to be proportionate as it seeks to ensure that potential users of DFA are not disincentivised from using the proposed remedy (due to the potential reclassification of some circuits in future). We consider that the transitional period represents the minimum required to ensure regulatory certainty and the effectiveness of our remedy as Openreach will only be required to supply DFA circuits that are already in use as at the end of the current 2021-26 market review period and the additional cost to Openreach of continuing to supply these circuits is very low.
- 7.147 This approach applies to circuits purchased between April 2021 and March 2026. We cannot set out our approach to transitional arrangements at reclassified postcode sectors for connections purchased within the 2026-31 review period, as this will be a matter for our next market review. However, this approach may provide potential DFA users with greater regulatory certainty and, now that we are aware of this concern, it will be a factor to consider in future decisions.
- 7.148 To give effect to the above decision, we have included the requirements outlined above in SMP Condition 2 at Volume 7 requiring Openreach to provide transitional arrangements for DFA circuits where the postcode sector has been reclassified from LLA Area 3 to LLA Area 2 or the HNR Area. As set out in Section 10, Section 87(3) of the Act provides a basis to set these SMP conditions and we have taken into account the factors set out in section 87(4) of the Act.
- 7.149 Our decisions in relation to the charge controls which will apply in these reclassified postcode sectors are set out Volume 4 and the relevant SMP conditions are in Volume 7.

## Leased lines and DFA for FTTP aggregation

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### Background

- 7.150 Our remedies only require Openreach to provide LLA and DFA products between a BT exchange and an end-user site, or between two end-user sites.<sup>591</sup>
- 7.151 Active leased lines (and dark fibre) can also be used to aggregate FTTP traffic from multiple premises for the purposes of deploying a fibre access network i.e. to provide connectivity from an intermediate aggregation or flexibility point (such as an FTTP cabinet) to an access aggregation node (such as a BT exchange). We refer to circuits used for this purpose as ‘aggregation circuits’.
- 7.152 In the WFTMR21, we explained that Openreach was not required to provide leased lines or DFA circuits for FTTP aggregation as telecoms providers deploying their own fibre access networks are able to use PIA for these connections.<sup>592</sup> This reflected our strategy to promote network competition where it is viable.

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<sup>591</sup> SMP condition 2.

<sup>592</sup> Ofcom. March 2021. [Promoting investment and competition in fibre networks – Wholesale Fixed Telecoms Market Review 2021-26](#). Volume 3, Paragraph 5.110.

- 7.153 However, Openreach has chosen to offer active leased lines for aggregation circuits commercially. Openreach sets pricing for these circuits by applying a rental surcharge on top of the existing regulated rental price for the leased line circuits. Pricing is based on the circuit bandwidth, with 10 Gbit/s circuits priced at a significantly higher premium compared to leased lines for other purposes (+116%) and versus 1 Gbit/s circuits (+25%).<sup>593</sup>
- 7.154 Since 2021, several altnets have continued to use these commercial products to build their FTTP networks. Concerns have been raised that Openreach could increase the price of these circuits, and concerns have also been raised about the cost of upgrading 1 Gbit/s circuits to 10 Gbit/s circuits as customers' demand for bandwidth increases.<sup>594</sup>

## Our decision

- 7.155 We remain of the view that Openreach should not be required to provide aggregation circuits, for the reasons set out below. We first discuss the risk that regulated access to these circuits undermines FTTP network investment. We then discuss the extent to which, in certain circumstances, it might unlock additional FTTP network investment.<sup>595</sup>
- 7.156 The relevant question is whether such a requirement is necessary to remedy BT's SMP in the WLA market, rather than the LLA market.<sup>596</sup> This is because altnets are using these aggregation circuits to build FTTP access networks to compete with Openreach in the provision of WLA.
- 7.157 When imposing remedies, as set out in Section 1, our objective is to promote network competition as far up the value chain as possible, and we exercise our discretion in favour of an approach that achieves this objective. We require Openreach to provide PIA so that telecoms providers can deploy their own fibre access networks where this is viable. Where this is not viable, our downstream remedies enable telecoms providers to purchase wholesale products from Openreach to compete in the retail broadband market.
- 7.158 Some altnets have explained that using PIA is not economically viable in cases where FTTP is only being deployed to specific sites or small geographical areas, rather than to most premises within an area, given long build distances and limited number of premises over which to spread the cost.<sup>597</sup>
- 7.159 We acknowledge this may be the case, but we consider that requiring Openreach to provide aggregation circuits would not be consistent with our objective of promoting investment in competing fibre access networks. This is because such a requirement would allow altnets to build only certain elements of access networks and rely on Openreach's fibre for other parts of the access network (connecting from an intermediate aggregation or

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<sup>593</sup> Openreach. [Price list, Ethernet Access Direct \(EAD\) including EAD Enable](#). Accessed 26 February 2026. The products included are EAD 1000 and EAD 10000.

<sup>594</sup> [redacted] response dated [redacted] to s135 notice dated [redacted], question [redacted] and [redacted] response dated [redacted] to s135 notice dated [redacted], question [redacted]

<sup>595</sup> Hyperoptic also raised other concerns about the ability to use PIA in relation to new housing developments. We consider these comments in Volume 3 Section 5. There, we note that if there were evidence that Openreach or BT's downstream divisions had deployed a fibre network, using newly built physical infrastructure it owned, and before that physical infrastructure was available to PIA users, we would consider this a serious breach of its obligations and would take appropriate action in response.

<sup>596</sup> In any event, our reasoning here applies to how we interpret the network access obligations in both the WLA and LLA markets.

<sup>597</sup> [redacted] response dated [redacted] to s135 notice dated [redacted], question [redacted]. [redacted] response dated [redacted] to s135 notice dated [redacted], question [redacted].

flexibility point to an access aggregation node) rather than build their own access network using PIA.

- 7.160 Such a requirement could also undermine existing or planned build by altnets that are deploying their own access network using PIA (or self-build). This is because there is a risk that altnets could use the regulated aggregation circuits to ‘cherry pick’ attractive premises within an area, depending on how any regulated aggregation circuits are priced.<sup>598</sup>
- 7.161 Hyperoptic argued that these ‘cherry picking’ risks could be mitigated by limiting the circumstances in which regulated aggregation circuits are available. It proposed a targeted remedy for new housing developments only.<sup>599</sup> However, such a remedy could still impact on altnets’ ability to monetise their existing build (by reducing their ability to compete for customers in new build housing developments) and may foreclose additional future rollout by altnets (if the business case for that investment relied on reaching new build housing developments within the altnet’s targeted roll out area). As such, we consider that this proposed remedy would not address the ‘cherry picking’ concern. In addition, even if it were possible for Openreach to isolate new build developments, it is unclear how any potential remedy could be restricted only to those premises (and prevented from being used for premises near to, but not in, the new build development).
- 7.162 In the March 2025 Consultation, we recognised that in principle there may be instances where regulated aggregation circuits could enable competitive provision in the WLA market that would not otherwise arise (e.g. where the business case for network build is otherwise marginal because relatively higher PIA costs can only be spread across a relatively small number of users). Regulated access to aggregation circuits could potentially unlock this build in cases where the current voluntary provision of these circuits by Openreach is too expensive (due to the surcharge) and/or too uncertain.
- 7.163 However, these instances appear relatively limited. INCA stated that allowing altnets to use DFA in LLA Area 3 for aggregation circuits could be cost effective.<sup>600</sup> However, we have not observed demand for FTTP aggregation from a wide range of telecoms providers. Several service providers are using Openreach leased lines for FTTP aggregation, but FTTP aggregation has primarily been used by a single provider [redacted] for targeted build sites. This provider is responsible for almost all ([redacted]) of the demand for these circuits in LLA Area 2 as defined in WFTMR21, and over half ([redacted]) in LLA Area 3 as defined in WFTMR21.<sup>601</sup> While growing, current surcharge revenue from FTTP aggregation is only ([redacted]).<sup>602</sup> This is relatively low, especially in the context of full-fibre access investment of £3-6bn.<sup>603</sup> This suggests that regulated aggregation circuits are not widely needed to facilitate additional build. We have

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<sup>598</sup> We note that altnets assume that regulated aggregation circuits should be priced in the same way as LLA and DFA services between a BT exchange and an end-user site, or between two end-user sites.

<sup>599</sup> [Hyperoptic](#) response to TAR26 March 2025 Consultation. Pages 10-11.

<sup>600</sup> [INCA](#) response to TAR26 March 2025 Consultation. Paragraph 304. Some potential customers raised concerns about the inability to use DFA for FTTP aggregation acting as a barrier to use of DFA. [redacted] response dated [redacted] to s135 notice dated [redacted], question [redacted]. [redacted] response dated [redacted] to s135 notice dated [redacted], question [redacted].

<sup>601</sup> Openreach response dated 29 January 2026 to our clarificatory question dated 7 January 2026 concerning the s135 notice dated 14 May 2024, questions B4 and B8.

<sup>602</sup> Openreach response dated 29 January 2026 to our clarificatory question dated 7 January 2026 concerning the s135 notice dated 14 May 2024, question B4.

<sup>603</sup> See Volume 1, Paragraph 1.5.

also not seen evidence that the lack of regulation of these circuits has resulted in significant foregone build.<sup>604</sup>

- 7.164 Even if we wished to promote such competition, as set out above, it is not possible to target just these sites and avoid the concerns above. As explained above, in these cases, our downstream remedies allow telecoms providers to purchase wholesale products from Openreach to compete in the retail broadband market.

## Conclusion

- 7.165 Given the above, we have decided to continue to interpret the network access obligations in the WLA and LLA markets as not requiring Openreach to provide active leased line circuits or DFA circuits where they would be used to aggregate FTTP to multiple premises for the purposes of deploying a fibre access network. While we are not including a regulatory obligation to supply these circuits (and therefore are not applying any price regulation to these circuits), this does not impact the wider application of competition law to Openreach, and any material increase in the surcharge from current levels would need to be consistent with this.

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<sup>604</sup> [redacted] response dated [redacted] to s135 notice dated [redacted], question [redacted].

## 8. Specific remedies: Inter-exchange connectivity market

### Introduction

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- 8.1 In this section we set out our decision to retain the specific access remedies in the IEC market at BT Only and BT+1 exchanges. The specific remedies require Openreach to provide network access to services in the IEC markets, and any necessary ancillary services.
- 8.2 We also set out our decision to require Openreach to provide dark fibre for inter-exchange (DFX). The remedy we are imposing covers all BT Only and BT+1 exchanges.
- 8.3 Our remedies are designed to address the competition concerns we have identified in our SMP market assessment (Volume 2) and are in line with our approach to remedies (Section 1).
- 8.4 Our decisions in relation to charge controls on active IEC services and DFX are set out in Volume 4. In addition to the remedies discussed in this section, we have also decided to impose Quality of Service remedies (discussed in Volume 5).

### Background

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- 8.5 Leased lines used for inter-exchange connectivity provide a service to carry aggregated traffic between points of aggregation (BT exchanges) located in different geographic areas. As with leased lines in the LLA markets, Openreach currently provides two key forms of active inter-exchange connectivity:
- a) Ethernet services; and
  - b) WDM services.
- 8.6 Openreach is also currently required to provide DFX from a sub-set of BT exchanges.<sup>605</sup> DFX is, like DFA, a form of passive network access. It allows telecoms providers to lease only the fibre element of leased lines for inter-exchange connectivity from a supplier, allowing them to attach equipment of their own choosing at either end to 'light' the fibre and use it as the basis for offering a range of leased line products.
- 8.7 As set out in Section 1, our general regulatory approach is to apply remedies as far upstream as possible to ensure that as much of the value chain as possible is open to competition. The DFX remedy, as a passive remedy, sits further up the value chain than active IEC services. This means that it provides users with a more flexible input to downstream services offering the same benefits as those discussed in Section 7 for DFA.<sup>606</sup>

### Summary of proposals

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- 8.8 In the March 2025 Consultation, we proposed to:

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<sup>605</sup> Specifically, BT exchanges with no competing PCO within 100 meters.

<sup>606</sup> See Paragraph 7.56 in Section 7.

- Retain the requirement on Openreach to offer active IEC services at all regulated BT exchanges.
- Retain a requirement on Openreach to offer DFX, and extend it to all regulated exchanges.
- Retain the same design elements of DFX and Reference Offer requirements as we set in WFTMR21.
- Retain our approach to transitional arrangements for active IEC services, and introduce new transitional arrangements for DFX where exchanges are deregulated.

## Stakeholder responses

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- 8.9 We received comments from stakeholders on the requirement to provide leased lines and dark fibre for inter-exchange connectivity, including our proposal to extend the dark fibre remedy to all regulated exchanges. We also received comments on the requirement to publish an RO and its contents, and on our proposed transitional arrangements.<sup>607</sup>
- 8.10 Stakeholder comments that primarily relate to the level of prices are summarised and addressed in Volume 4.

### Requirement to provide leased lines and dark fibre for inter-exchange connectivity

- 8.11 INCA supported our broad package of remedies for the IEC market, saying the remedies remain appropriate and proportionate.
- 8.12 AllPoints Fibre, INCA, PXC and VodafoneThree welcomed our proposal to extend DFX to all BT+0 and BT+1 exchanges.<sup>608</sup>
- 8.13 Openreach did not agree with the proposed expansion of the DFX remedy. It highlighted Ofcom's findings that the IEC market has remained broadly stable since the WFTMR21, and said that the proposed remedies appeared disproportionate to the potential harm identified, without evidence that the competition or policy concerns are greater than in 2021. Openreach highlighted a number of concerns, including:<sup>609</sup>
- **Fibre availability:** Openreach considered that the proposed remedy package is likely to lead to increased demand for DFX at smaller exchanges with limited capacity. It said that this could impact the availability of DFX and active products at those exchanges as ISPs compete for limited fibre capacity and given Openreach does not face obligations to invest in IEC capacity.<sup>610</sup>

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<sup>607</sup> Stakeholders, including Openreach, commented on the impact of the exchange exit programme on current and future use of IEC. We discuss these issues below and in Section 3.

<sup>608</sup> [AllPoints Fibre](#) response to TAR26 March 2025 Consultation. Page 2. [INCA](#) response to TAR26 March 2025 Consultation. Page 87. [PXC](#) response to TAR26 March 2025 Consultation. Page 16. [VodafoneThree](#) response to TAR26 March 2025 Consultation. Page 63.

<sup>609</sup> [Openreach](#) response to TAR26 March 2025 Consultation. Document 3. Pages 101-104.

<sup>610</sup> [Openreach](#) response to TAR26 March 2025 Consultation. Document 3. Paragraphs 425-428.

- **Investment at non-enduring exchanges:** Openreach stated that expansion of DFX to additional non-enduring exchanges may lead to inefficient investment and stranded assets, given its stated ambition to exit thousands of exchanges beyond 2031.<sup>611 612</sup>
- **Impact on historical investments:** In the NERA report, commissioned by Openreach, it said that the expansion of DFX risks undermining the existing investments that have been made by providers since 2021 at exchanges that are being reclassified from BT Only to BT+1.<sup>613</sup>
- **Impact on competitive backhaul routes:** Openreach submitted that the expansion of the DFX remedy will make it more difficult for it to ensure that DFX is not being used to bypass competitive backhaul routes. In the NERA report, commissioned by Openreach, it also noted that expanding the availability of DFX could undermine investment in competing routes to backhaul traffic.<sup>614</sup>
- **DFX and competition at the infrastructure level:** Openreach anticipated harm to competition, investment and innovation. It noted that a purchaser of DFX may use the product to directly compete for end customers that may purchase IEC services from Openreach. It suggested that there may be a negative impact on its ability to recover legitimate costs and for other providers looking to compete.<sup>615</sup>

8.14 Openreach said that it expects to see a significant contraction of use of inter-exchange links and/or a significant reduction in its recovery of inter-exchange link costs. We understand Openreach’s position to be that Ofcom should give lower weight to concerns regarding its current high reported returns when considering whether to expand the DFX remedy to more exchanges.<sup>616</sup>

## Reference Offer (RO)

8.15 VodafoneThree said that a published and enforceable RO provides transparency and legal certainty. It noted that it is particularly important in the IEC market where long-term contracts and complex interconnection arrangements require clarity on terms, conditions and pricing. It said that the RO should go beyond high-level commitments and include detailed specifications. It recommended various amendments to the RO.<sup>617</sup>

## Transitional arrangements

8.16 VodafoneThree supported our proposal to introduce a transitional period for DFX circuits where exchanges are reclassified. It advocated a five-year transitional period, in line with the proposed transitional arrangements for DFA. VodafoneThree argued that transitional

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<sup>611</sup> [Openreach](#) response to TAR26 March 2025 Consultation. Document 3. Paragraphs 429-431.

<sup>612</sup> Openreach has engaged with providers in commercial negotiations for the Priority 108 exchanges that are due to be exited in the 2026-31 review period. As part of the offer to providers, Openreach has offered to grandfather DFX lines that were purchased and installed before 1 April 2024.

<sup>613</sup> [Openreach](#) response to TAR26 March 2025 Consultation. Annex 1. Page 111.

<sup>614</sup> [Openreach](#) response to TAR26 March 2025 Consultation. Document 3. Paragraphs 438-440.

<sup>615</sup> [Openreach](#) response to TAR26 March 2025 Consultation. Document 3. Paragraph 444.

<sup>616</sup> Openreach’s response referred to “expand[ing] market boundaries” but we understand this to be a reference to the scope of the DFX remedy, rather than a commentary on market definition. [Openreach](#) response to TAR26 March 2025 Consultation. Document 3. Paragraphs 432-437.

<sup>617</sup> Specifically, VodafoneThree said that the RO should clearly define the minimum service components included in the regulated product, specify performance expectations and escalation procedures, include commitments on service continuity during product transitions and be subject to regular review and consultation. [VodafoneThree](#) response to TAR26 March 2025 Consultation. Section 3. Paragraphs 147-150.

arrangements are essential and will help to mitigate regulatory risk, while encouraging future DFX deployment. VodafoneThree added that, given Openreach does not offer a commercial DFX product, providers incur significant costs should they need to transition DFX lines to an active product. VodafoneThree said that the one-year transitional period set in the WFTMR21 caused disruption and higher costs. It considered that new, longer transitional arrangements would help to rebuild confidence in taking up DFX.<sup>618</sup>

- 8.17 AllPoints Fibre said that its experience (and that of others including Commsworld and Ogi) is that a minimum transitional period of two years would be necessary to arrange for an alternative in the event of DFX becoming unavailable.<sup>619</sup>
- 8.18 Ogi suggested that where an exchange is reclassified, existing DFX users should be entitled to know which Principal Core Operators (PCOs) are available, have the opportunity to speak to PCOs about available routes, and if an alternative provider's route is not available within 12 months, Openreach should be required to continue providing DFX. Where routes are available, Openreach should have to continue supplying DFX for a further 12 month notice period after telecoms providers have engaged with PCOs.<sup>620</sup>

## Our reasoning and decisions

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### Requirement to provide leased lines for inter-exchange connectivity

#### Network access to active IEC services

- 8.19 Competing telecoms providers need to use Openreach's services to carry aggregated traffic between BT exchanges to reach their own networks. In particular, Openreach's circuits in the WLA and LLA markets have handover points at BT exchanges. Therefore, access to IEC is important to allow telecoms providers to use services provided by Openreach in WLA and LLA markets effectively. Some alternative network operators are also reliant on connectivity between BT exchanges where they have built their own fixed access network in a BT exchange area and need to backhaul this access traffic to their own core and/or backhaul network.
- 8.20 Absent regulation, Openreach would have the ability and incentive to refuse to provide access to its IEC network or not provide access on terms that would enable efficient investment and innovation, both in the relevant wholesale markets (WLA and LLA) and the related downstream retail markets. This could undermine our access remedies by leaving other telecoms providers unable to backhaul traffic from their access to their core network.<sup>621</sup> This could result in consumer harm in the form of service degradation, restricted choice of provider and/or higher prices.
- 8.21 Although the general network access remedy we are retaining (in Section 4) is aimed at addressing these competition concerns, it does not provide telecoms providers with as much certainty as to the basis on which they have access. Given the importance of Ethernet and WDM active IEC services for the provision of broadband and other leased lines, we

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<sup>618</sup> [VodafoneThree](#) response to TAR26 March 2025 Consultation. Pages 63-64.

<sup>619</sup> [AllPoints Fibre](#) response to TAR26 March 2025 Consultation. Page 8.

<sup>620</sup> Ogi response to TAR26 March 2025 Consultation.

<sup>621</sup> Our competition concerns are set out in Volume 2.

- consider it appropriate to go beyond the general network access obligation to address the above concerns and ensure telecoms providers and consumers are sufficiently protected.
- 8.22 As discussed further below, where DFX is available, we have observed significant take-up of this product and we forecast this to increase over the review period. However, a large number of active IEC circuits remain in use even where DFX is available. While we expect these circuits to increasingly switch to DFX, this will take time (including because of temporary barriers to migration, as discussed in more detail in Volume 4), and so we consider that there will be continuing demand for active IEC circuits throughout the review period.
- 8.23 Therefore, we have decided to retain the specific access obligation on Openreach to provide network access to each of Ethernet and WDM leased lines at all bandwidths for the provision of IEC. Specifically, we have decided to maintain this requirement for all BT Only and BT+1 exchanges.
- 8.24 In addition to the specific access services, a number of ancillary services are necessary to enable and support the provision of inter-exchange connectivity, including as a minimum space and power, site access, Cablelink, interconnect, Time-related Charges (TRCs), and any other supporting services used for installation, maintenance, modification, and ceasing of this specific access service. We have decided to retain the requirement that Openreach should provide these ancillary services.
- 8.25 Openreach's exchange exit programme, while affecting only 108 exchanges in the 2026-31 review period (making up only 2% of Openreach's exchange footprint), will have an impact on active IEC services at these exchanges. We set out in Section 3 what the possible impact of exchange exit on active IEC services at the P108 will be. We have also decided to implement a mechanism to allow for the withdrawal of regulation in relation to active IEC services where an exchange has been fully exited – that is following written notice from Openreach that all telecoms providers have ceased to use network access at that exchange and have terminated their licences for space and power.
- 8.26 We set out our charge controls for active IEC services, and the rationale for these, in Volume 4. Specifically, we have decided to maintain pricing continuity for active IEC services (CPI-0%).

## Active IEC services Reference Offer, QoS and pricing requirements

### Reference Offer

- 8.27 As noted in Section 4, a Reference Offer (RO) helps to assist transparency for the monitoring of potential anti-competitive behaviour, and gives visibility as to the terms and conditions on which other providers purchase wholesale services. This in turn helps to ensure stability (in regard to investment and promoting market entry) in the relevant fixed telecoms markets, allowing for faster negotiations, avoiding possible disputes and giving confidence to those purchasing wholesale services that they are being provided on non-discriminatory terms.
- 8.28 We have therefore decided to retain the existing specific RO requirements for Ethernet services where these are used for IEC. These require Openreach to continue to include in the RO SLAs and SLGs for the completion of the provision of service and fault repair times.

- 8.29 VodafoneThree recommended that the RO requirements should go further. We recognise the importance of an effective RO. However, we believe that VodafoneThree’s proposals are overly prescriptive. We think that the standards and commitments currently required for the RO are sufficient and enable flexibility to meet the needs of industry. We would be concerned that overly prescriptive requirements for the RO could impact the development of new services. Instead, we believe that industry is better placed to agree the details of the RO rather than them being imposed. Therefore, we expect Openreach and industry to engage where necessary. Should VodafoneThree or any other provider have an issue, they should engage with Openreach directly, or via the OTA2, to try to address their concerns in the first instance.
- 8.30 We did not require Openreach to publish a RO for WDM services in the WFTMR21. We considered that these products needed more time to mature before it would be appropriate to do so. Our analysis of BT’s published RFS shows that WDM circuits represented 55% of Openreach’s external active IEC circuits (by circuit rental volumes) across BT Only exchanges and BT+1 exchanges combined in 2024/25.<sup>622</sup>
- 8.31 In our March 2025 Consultation, we said that we thought these services have now matured to the extent that it is appropriate and proportionate to impose a requirement to publish a RO for WDM services. Given we did not receive any disagreement from stakeholders, we remain of the view that it is appropriate to introduce this requirement.

### Quality of Service for active IEC services

- 8.32 We have decided to retain the QoS standards on active IEC services. Our detailed decisions on QoS for active IEC services are set out in Volume 5.

### Pricing of active IEC services

- 8.33 We have decided to retain a CPI-0% charge control for active IEC services at BT Only and BT+1 exchanges. We discuss our detailed decisions on the charge control further in Volume 4.

### Our decision

- 8.34 For the reasons set out above, we consider that the measures we have decided to implement are appropriate and proportionate in relation to BT’s market power in the IEC markets. We also consider that our mechanism to allow for the withdrawal of regulation in relation to active IEC circuits where an exchange has been fully exited to be proportionate in that it removes regulation when it is no longer required.
- 8.35 In order to implement these decisions, we have decided to include the requirements outlined above in SMP Conditions 1, 2 and 7 published at Volume 7. As set out in Section 4, sections 87(3) and 87(6)(c) to (e) of the Act provide a basis for these SMP conditions and we have taken into account the factors set out in section 87(4).<sup>623</sup>

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<sup>622</sup> This has been calculated using pages 75 and 83 of BT’s published 2025 RFS.

<sup>623</sup> Our commentary on the section 87(4) factors set out in Section 4 also applies, where relevant, to the specific network access remedies.

## Requirement to provide dark fibre for inter-exchange connectivity

8.36 Below we first set out our rationale and approach for continuing to require Openreach to provide DFX at BT Only exchanges with no nearby PCO.<sup>624</sup> We then set out our reasoning for why Openreach should be required to extend DFX to the remaining BT Only and BT+1 exchanges.

### BT Only exchanges with no nearby PCO

8.37 We conclude that BT has SMP at BT Only exchanges with no nearby PCO. Absent a specific requirement to offer DFX, we are concerned that Openreach would withdraw this product. This risk is demonstrated by the fact that Openreach does not offer DFX at those exchanges where there is no regulatory requirement for it to do so. We consider that this would harm consumers and competition based on access to Openreach's network.

8.38 As set out above, DFX has advantages over active products, in particular, offering users a more flexible input into downstream services. DFX allows users choice over active equipment and more efficient decisions on bandwidth upgrades, as the cost to the user of upgrading would reflect the underlying cost. It can also lead to less equipment duplication. Our evidence collected from stakeholders supports this view. DFX users have expressed their support for the DFX remedy. Our evidence on the use of, and demand for DFX is discussed in more detail in Volume 4. As set out above, several respondents agreed with our proposal to extend DFX to more exchanges.

8.39 Take-up of DFX across the 2021-2026 review period further demonstrates those benefits, and the attractiveness of DFX as a remedy for many stakeholders. DFX is purchased by a wide range of stakeholders, including [redacted], [redacted], [redacted], [redacted], [redacted] and [redacted].<sup>625</sup> Across all BT Only exchanges (including BT Only exchanges at which DFX is not currently available), in 2024/25, DFX accounted for around 38% of new Openreach IEC connections (i.e. active IEC and DFX connections), and around 17% of total Openreach IEC rentals (i.e. active IEC and DFX rentals).<sup>626</sup> As set out in Volume 4, we expect further growth in the use of DFX at these exchanges.<sup>627</sup>

8.40 We therefore consider that we should retain the DFX remedy at BT Only exchanges with no PCO nearby.

### BT Only exchanges with a nearby PCO and BT+1 exchanges

8.41 Below we set out our decision to expand the availability of DFX to all regulated exchanges, taking into account evidence and stakeholder views on the impact on (i) future build at

<sup>624</sup> Specifically, BT exchanges with no competing PCO within 100 meters.

<sup>625</sup> [redacted] response dated [redacted] to s135 notice dated [redacted], question [redacted], [redacted] response dated [redacted] to s135 notice dated [redacted], question [redacted], [redacted] response dated [redacted] to s135 notice dated [redacted], question [redacted], [redacted] response dated [redacted] to s135 notice dated [redacted], question [redacted], [redacted] response dated [redacted] to s135 notice dated [redacted], question [redacted], and [redacted] response dated [redacted] to s135 notice dated [redacted], question [redacted].

<sup>626</sup> 2024/25 volumes have been sourced from BT's published 2025 RFS (schedule 9.1.1). The statistics mentioned in this sentence refer to DFX connection/rental volumes as a share of all Openreach connection/rental volumes, encompassing internal sales (to BT) and external sales (to other telecoms providers outside of BT Group).

<sup>627</sup> This is notwithstanding the existence of some obstacles to the use of DFX raised by stakeholders, which we consider in more detail in Volume 4.

these exchanges; (ii) historical build at these exchanges; (iii) fibre availability; and (iv) Openreach's cost recovery.<sup>628</sup>

### Impact on future build

- 8.42 In the WFTMR21, we did not introduce DFX at BT Only exchanges with a nearby PCO and BT+1 exchanges because we were concerned that doing so could undermine investment by competing providers to build out to those exchanges, and ultimately network competition.
- 8.43 Our IEC market analysis (set out in Volume 2) shows that, while some competing providers have built to exchanges where DFX is not available since 2021, build has been limited. Specifically, our market analysis indicates that 54 exchanges classified in the WFTMR21 as BT Only with a nearby PCO have been reclassified as BT+1 or BT+2 (out of a total of 623), while 71 exchanges classified as BT+1 have been reclassified as BT+2 (out of a total of 745).<sup>629</sup> This suggests that the benefit of restricting the scope of DFX in order not to undermine investment by competing providers at these exchanges has been limited.
- 8.44 Our market analysis evidence also suggests that further investment by PCOs, and therefore network competition, at these exchanges in the review period is likely to be limited, even when taking into account the impact of the PIA remedy.<sup>630</sup> In addition, Openreach's exchange exit programme is likely to reduce incentives for PCOs to build to exchanges that Openreach will exit, including those being exited after 2030.
- 8.45 Given this, as explained in Section 1, our objectives at these exchanges in this review period are to promote access-based competition, by securing effective access to BT's network at all BT Only and BT+1 exchanges, encourage telecoms providers who rely on access to BT's network to invest as far upstream as possible, and protect IEC customers.
- 8.46 We therefore consider the risk of DFX undermining the deployment of competing networks at BT Only and BT+1 exchanges to be low. Contrary to Openreach's position, we consider that our finding that the market for IEC has been broadly stable, rather than exhibiting the sort of investment by competing networks that was hoped for in the WFTMR21, supports our view that it is appropriate to change the remedies in these exchanges.

### Impact on historical build

- 8.47 We recognise that imposing DFX at BT+1 exchanges may have an impact on the PCOs that are present at those exchanges, including at the 51 exchanges which have seen additional build since 2021.<sup>631</sup> However, given BT's SMP and the fact that we do not expect any significant further build or strengthening of competition, we consider that it is necessary and proportionate to impose effective remedies that address that SMP. No competitors to Openreach (i.e. the PCOs) raised objections to our proposed expansion of DFX to all SMP exchanges, which suggests that they do not share Openreach's concerns about the potential impact on them.

### Impact on fibre availability

- 8.48 Openreach has argued that increased demand for DFX could exacerbate the exhaustion of fibre capacity in fibre-scarce areas. It argued that this could (i) reduce competition at the

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<sup>628</sup> We also discuss the interplay with exchange exit and the impact on competitive backhaul routes below.

<sup>629</sup> See Volume 2 for more detail.

<sup>630</sup> See Volume 2, Section 6.

<sup>631</sup> See Volume 2 for more detail.

retail level by taking up remaining fibres; and (ii) reduce overall capacity and therefore be economically inefficient.

- 8.49 DFX can in some cases lead to greater use of fibre than active IEC circuits if, for example, multiple customers could otherwise be better served by Openreach using WDM. However, in other cases the use of DFX could reduce fibre requirements, if a provider were to move from an active circuit to a DFX service and install their own WDM equipment to provide extra capacity. This suggests that it is not certain that increased DFX demand would be the cause of fibre capacity issues. Also, as set out below there are some circumstances in which Openreach would be required to invest in additional fibre capacity for IEC services. In any event, as set out above, we expect that the DFX remedy will stimulate downstream competition rather than reduce it, by allowing more flexible and cheaper inputs to provide downstream services, and we consider that this outweighs any risks of reduced capacity or that fewer customers would be able to purchase IEC services from a given exchange.

### Impact on Openreach's cost recovery

- 8.50 Openreach suggested that DFX can be used to directly compete for end customers that purchase IEC services, and that this, in combination with price controls on its active IEC circuits, could have a significant impact on Openreach's ability to recover its legitimately incurred costs. We do not consider that expanding DFX, in combination with pricing continuity on active IEC circuits, will undermine Openreach's ability to recover efficiently incurred costs. Openreach should be able to compete with downstream providers using DFX as an input, given that DFX is priced at cost.
- 8.51 Indeed, as discussed in more detail in Volume 4, historically Openreach has earned profits on its active IEC products that are well above its cost of capital. It therefore has considerable scope to reduce the prices of its active IEC products, while still recovering its efficiently incurred costs.
- 8.52 Openreach also stated that Ofcom should give lower weight to its current high reported returns in assessing whether it is proportionate to expand the DFX remedy, because it considers that market trends will significantly depress returns in the long-run. As set out in Volume 4, profitability is very high for active IEC services, and we do not consider that the trends outlined by Openreach are, by themselves, likely to materially reduce the long-run profitability of IEC services.<sup>632</sup> In any case, our rationale for expanding the DFX remedy reflects our view of the benefits of DFX over and above active IEC services rather than any specific assessment of Openreach's current or future profitability.

### Conclusion

- 8.53 Given the benefits of DFX over and above active IEC services, as well as Openreach's low incentive to offer DFX without being required to do so (which we set out above), we do not consider that continuing to restrict the scope of DFX to BT Only exchanges with no nearby PCO would be appropriate. Instead, our view is that our objectives of promoting competition based on access to Openreach's network and protecting IEC customers would be better met by imposing DFX at all regulated exchanges.

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<sup>632</sup> Even if overall IEC volumes fall as we have forecast over the review period, and there may be some gradual reduction in demand for main link, IEC services are likely to continue to generate profits above the cost of capital, absent DFX regulation.

## Impact of the exchange exit programme on the DFX remedy

- 8.54 We recognise that Openreach’s exchange exit programme could have an impact on the extent to which telecoms providers will want to use DFX. PXC said that investing in DFX circuits is fast becoming unattractive at non-enduring exchanges.<sup>633</sup> We also recognise that at exiting exchanges outside the P108 – where exit dates and plans are not yet confirmed – telecoms providers may be reticent to purchase further DFX circuits without clarity as to how these circuits will be treated. This is due to the risk of stranded assets and the potential costs of re-configuring their networks where an exchange may be exited at some point in the future. This could in turn have an impact on the effectiveness of the DFX remedy in addressing BT’s SMP at exchanges where we have decided that DFX will be available.
- 8.55 By comparison, Openreach has raised concerns that expanding the DFX remedy to all BT Only and BT+1 exchanges would lead to providers undertaking what it believes is inefficient investment at non-enduring exchanges.
- 8.56 We do not agree that the exchange exit programme means that we should not impose a wider DFX remedy. We anticipate that providers will likely consider their investment choices for all IEC and other exchange-based products moving forward with the exchange exit programme in mind. However, the long-term nature of the exchange exit programme means providers are able to make investment choices now in exchanges that will be open for the 2026-31 review period and in many cases, well beyond this date. We also think the benefits of DFX being widely available, as set out elsewhere in this Section, outweigh any concern about inefficient investment. Openreach may seek to mitigate its concerns about inefficient investment at non-enduring exchanges by providing as much detail as possible about when exchanges are expected to close so all providers are able to make informed choices on future investments.
- 8.57 As set out in Section 3, we have decided that Openreach will continue to have an obligation to provide IEC services at all regulated exchanges up to the point where an exchange has been fully exited – that is following written notice from Openreach that all telecoms providers have ceased to use network access at that exchange and have terminated their licences for space and power.
- 8.58 In Section 3, we discuss Openreach’s proposal for ‘grandfathering’ existing DFX circuits in the P108 as part of the ongoing commercial negotiations. More generally, we explain in Section 3 that where regulated products will be affected by exchange exit, appropriate notice should be given so that providers have appropriate and equal notice to plan for changes in their network. We also set out our expectation for Openreach to continue to negotiate with telecoms providers on the exchange exit programme, and consider that avoiding stranded assets at closing exchanges should be a priority.
- 8.59 We continue to consider that DFX is an appropriate remedy to address BT’s SMP in this review period at all BT Only and BT+1 exchanges, irrespective of the future status of the exchange. This includes non-enduring exchanges.

## Our decision

- 8.60 To address the competition concerns set out above, we have decided to extend the requirement on Openreach to provide specific network access in the form of DFX to all BT

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<sup>633</sup> PXC response to TAR26 March 2025 Consultation. Page 16.

Only and BT+1 exchanges. We set out our decisions on the design of the DFX remedy in more detail in the next sub-section.

- 8.61 For the reasons set out above, we consider that these measures are appropriate and proportionate in relation to BT's market power in the IEC markets at which we have found BT to have SMP. We have explained above why requiring BT to provide DFX at all regulated exchanges best meets our objectives, and why active IEC circuits will still be required throughout the review period. We also consider that our mechanism to allow for the withdrawal of regulation in relation to DFX where an exchange has been fully exited to be proportionate in that it removes regulation when it is no longer required.
- 8.62 In order to implement these decisions, we include the requirements outlined above in SMP Conditions 1 and 2 published at Volume 7. As set out in Section 4, section 87(3) of the Act provides a basis for these SMP conditions and we have taken into account the factors set out in section 87(4).<sup>634</sup>

## Design of the DFX remedy

- 8.63 We have decided to continue to specify a number of aspects of the design of the DFX remedy, taking into account that it has now been in place since 2019. The design and supporting rationale for many of the aspects of DFX are the same as for DFA, but there are some differences.

### Circuit configurations

- 8.64 To ensure that purchasers of DFX are not at a competitive disadvantage to purchasers of active wholesale services, telecoms providers should be able to obtain DFX circuits in similar configurations to Openreach's current range of active services.
- 8.65 We have therefore decided that Openreach is required to provide DFX at any BT Only and BT+1 exchanges where the requesting telecoms provider is present (or intends to become present) for the purpose of providing and/or aggregating wholesale access services.<sup>635</sup> Where the requesting telecoms provider has no such presence or intention, Openreach would not be required to provide DFX.
- 8.66 Openreach raised concerns about providers using the DFX remedy to bypass competitive backhaul routes (i.e. between two BT+2 exchanges) and that it would be more challenging to identify the purpose of a DFX circuit given the increase in eligible exchanges. However, to date, we have not seen evidence that DFX is being used to bypass competitive routes and note the potential inefficiency in having to buy multiple circuits. It is also the case that with the expansion of the DFX remedy, many more routes between exchanges will be eligible for it so we expect that use of DFX to bypass competitive circuits is unlikely to be a significant use of DFX circuits. We reiterate that the purpose of the DFX remedy is to provide dark fibre to backhaul traffic from a BT Only or BT+1 exchange which provides wholesale access services, to any other BT exchange. The DFX remedy is not intended to be used to bypass or replace competitive routes between exchanges by using dark fibre circuits on alternative routes via BT Only and BT+1 exchanges. DFX is not intended to be used to substitute an

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<sup>634</sup> Our commentary on the section 87(4) factors set out in Section 4 also applies, where relevant, to the specific network access remedies.

<sup>635</sup> This includes regulated wholesale access services, such as WLA and LLA services, as well as non-regulated wholesale access services, such as fixed wireless access.

active connection between two BT+2 exchanges with dark fibre connections from these exchanges to one or more intermediate BT Only or BT+1 exchanges.

- 8.67 In relation to DFX we have also decided to use a similar mechanism to IEC active services such that the obligation to provide DFX is maintained until full exit, as defined above, has been achieved at a particular exchange.

### Arrangements concerning provision of new infrastructure

- 8.68 As with DFA, we do not believe it is appropriate to set prescriptive rules in the SMP condition covering every circumstance as we consider that this would carry a risk of regulatory failure. We have therefore decided to retain the same supplementary guidance to the DFX requirement as we set out in the WFTMR21 on when the obligation would apply in cases involving the provision of new fibre infrastructure.<sup>636</sup>
- 8.69 Openreach has raised concerns about fibre availability, and potential issues with fibre capacity at smaller exchanges. We reiterate that, as set out in the WFTMR21, network extensions remain outside the scope of the DFX remedy. This does not mean that Openreach is never required to construct new fibre infrastructure, but where it is required to do so, this will be for the purposes of facilitating access to its existing fibre IEC network.
- 8.70 The following three criteria should be applied, to determine whether a particular adjustment to Openreach’s network falls within the scope of its DFX obligation:
- a) **Is the requested adjustment necessary?** This criterion considers whether an alternative option exists which would render the requested adjustment unnecessary, provided this alternative allows for a reasonably equivalent outcome for the telecoms provider compared to making an adjustment.
  - b) **Is the requested adjustment feasible?** This criterion considers whether there are barriers that prevent Openreach from being able to make the required adjustment.
  - c) **Does the requested adjustment improve efficiency?** This criterion considers whether the requested adjustment promotes efficiency and is therefore consistent with the rationale for requiring Openreach to provide dark fibre (i.e. to unlock the efficiencies from dark fibre).
- 8.71 Specifically, Openreach raised concerns around fibre capacity rather than duct capacity. We note that in scenarios where there is duct capacity, but no available fibre, or there is duct capacity but no spare fibre, the DFX obligation may require Openreach to lay new fibre in certain circumstances. The three criteria set out above are used to identify those circumstances.
- a) In relation to the first criterion (necessity), the relevant factors may include: whether there is an alternative route between the two exchanges that Openreach could provide dark fibre along; whether it would be possible to aggregate traffic between the two exchanges onto fewer fibres in order to free up fibre capacity; and whether the requesting operator could lay its own fibre using the PIA remedy (subject to our guidance in relation to the third criterion set out below);
  - b) In relation to the second criterion (feasibility), the relevant factors may include whether there are any technical, operational or legal barriers that prevent Openreach from

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<sup>636</sup> See Ofcom. March 2021. [Promoting investment and competition in fibre networks – Wholesale Fixed Telecoms Market Review 2021-26](#). Volume 3, Section 6, Paragraphs 6.169-6.174.

- laying the new fibre (e.g. distance limits when installing fibre; traffic management or planning restrictions which make the laying of new fibre unfeasible);
- c) In relation to the third criterion (efficiency), the comparison should be between what Openreach would need to do to provide the requested dark fibre between two exchanges, and what a telecoms provider would need to do if it were to lay its own fibre using the PIA remedy. Where there are differences which mean Openreach can provide dark fibre more efficiently (for example, it may be quicker, easier and/or cheaper), it would be required to lay new fibre under the DFX obligation. For example, in circumstances where Openreach would need to lay fibre for sections of a route where fibre is exhausted, but other providers would need to lay fibre over the complete route, it is likely that Openreach can meet the request in a more efficient manner.
- 8.72 In the scenario where there is no direct duct between two BT exchanges, we set out in the WFTMR21 that there may be circumstances where Openreach would be required to lay new duct.<sup>637</sup> The three criteria set out above are used to identify those circumstances:
- a) In line with the first criterion set out above (necessity), Openreach should consider all alternative options recognising our guidance on distance limits. If the radial and route distances permit a route via other BT exchanges, this alternative route should be offered to the requesting provider.
- b) In relation to the second criterion (feasibility), the points above apply equally to this scenario.
- c) In relation to the third criterion (efficiency), as set out above in relation to dark fibre access, in circumstances where Openreach would need to lay fibre for sections of a route where fibre is exhausted, but other providers would need to lay fibre over the complete route, it is likely that Openreach can meet the request in a more efficient manner.
- 8.73 As with the DFA remedy, we expect Openreach to provide dark fibre in the same circumstances as it would have provided an active leased line, unless Openreach can justify not doing so. In particular, where Openreach has previously provided an active leased line for inter-exchange connectivity, we would expect it to also provide dark fibre interexchange. Where Openreach refuses to provide a connection (either an active leased line or DFX), but decides to provide that connection at a later stage, we expect Openreach to be able to clearly demonstrate a change of circumstances, meaning that the provision of the connection is now necessary, feasible and most efficient.

### Provisioning, repair and service migration processes

- 8.74 We have decided not to impose detailed obligations about the provisioning, repair and service migration process that Openreach has to follow. We consider that the existing processes, which were originally developed for the DFX remedy imposed in the 2019 BCMR Statement, remain suitable.

### Ancillary services

- 8.75 In addition to this specific access obligation, a number of ancillary services are necessary to enable and support the provision of DFX, including as a minimum space and power, site access, interconnect, Cablelink, TRCs, patch panels and any other supporting services used for installation, maintenance, modification, and ceasing of this specific service, including

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<sup>637</sup> In practice, we consider that this scenario (no duct between exchanges) seems unlikely.

initial testing, right when tested (RWT) and cessation. Given this, we have decided that the DFX obligation continues to require Openreach to provide these ancillary services.

- 8.76 We have decided to retain the requirement on Openreach to provide an ancillary facility enabling external network termination for a DFX circuit that terminates at an exchange in which space and power is not available, provided it is reasonable and feasible to do so. This is necessary to enable the effective use of the DFX remedy in situations where the building of new accommodation space and power may be inefficient.
- 8.77 Finally, unlike the DFA remedy, we continue to consider that ECCs are not required for DFX. As described in Section 7, ECCs are necessary to enable the provision of an access leased line requested by a telecoms provider and are specific to an individual customer at an end-user site. This generally equates to fibre between a nearby fibre flexibility point and the customer's premises. As such, these are not applicable to inter-exchange circuits or the main link of an access circuit.

## DFX Reference Offer, QoS and pricing requirements

### Reference Offer for the DFX remedy

- 8.78 We have decided to retain the requirement on Openreach to publish a DFX Reference Offer (RO).
- 8.79 As noted in Section 4, ROs assist transparency for the monitoring of potential anti-competitive behaviour, and give visibility to the terms and conditions on which telecoms providers will purchase wholesale services. We consider this remains important for the DFX remedy.
- 8.80 The DFX RO must take into account the proposed general requirements in Section 4. However, for the same reasons set out in paragraph 8.29 above, we do not agree with VodafoneThree that Ofcom should specify the DFX RO in more detail.
- 8.81 To give effect to the above decision, we set SMP Condition 7 published at Volume 7. As set out in Section 4, sections 87(6)(c) to (e) authorise the setting of SMP services conditions in relation to the Reference Offer.

### Quality of Service for the DFX remedy

- 8.82 We have decided to retain the current QoS standards on DFX. Our detailed decisions on QoS for DFX are set out in Volume 5.

### Pricing of the DFX remedy

- 8.83 We have decided to retain a cost-based charge control on DFX. We discuss our detailed decisions on the charge control further in Volume 4.

## Classification of circuits that cross boundaries between IEC markets

- 8.84 In the IEC market, we have decided to retain the requirement that circuits that cross boundaries between IEC markets should be classified as set out in Table 8.1 below.

**Table 8.1: Classification of circuits that cross boundaries between IEC markets<sup>638</sup>**

Classification of circuit	Location of circuit ends
<b>BT+2</b>	Both ends are in BT+2
<b>BT+1</b>	Both ends are in BT +1
	One end is in BT +1 and the other in BT+2
<b>BT Only</b>	One or both ends are in BT Only

8.85 Therefore, where circuits serve sites located in different geographic markets, the circuit should be classified as being in the least competitive market, where BT+2 is the most competitive, followed by BT+1 and finally BT Only.

## Transitional arrangements for reclassified exchanges

### Summary of proposals

- 8.86 In the March 2025 Consultation, we proposed a requirement for Openreach to continue to provide existing DFX circuits (i.e. circuits that are ordered or already live up until 31 March 2026) from exchanges which are reclassified from BT Only DFX exchanges (i.e. those with no PCO within 100 metres) in the WFTMR21 to BT+2 exchanges in the 2026-31 review, for a transitional period.<sup>639</sup>
- 8.87 We suggested a transitional period of 2-3 years. However, we did not have sufficient evidence from users to determine specifically how long a transitional period is necessary. Therefore, we welcomed evidence from users detailing the relevant technical requirements they have, and detail of the time required to ensure a sustainable transition from DFX in unregulated exchanges.
- 8.88 We also proposed to require Openreach to continue to provide existing active IEC circuits from any exchanges that have been similarly reclassified for a period of one year.<sup>640</sup> This would mean that Openreach would continue to provide these existing circuits until the end of March 2027.

### Our reasoning and decision

#### DFX circuits

- 8.89 Our market analysis has found that two exchanges that were previously classified in 2021 as BT Only DFX exchanges (i.e. BT Only with no PCO within 100 metres) would now be classified as BT+2. As BT+2 exchanges are not regulated, we have decided that we should put in place transitional arrangements for existing DFX circuits at exchanges which have been reclassified as BT+2, to avoid service interruption.

<sup>638</sup> Where we refer here to a circuit end being located in a 'BT+2' exchange, we include both exchanges that we have decided to designate as BT+2 in this review, and exchanges that we have previously deregulated and which we are not revisiting in this review.

<sup>639</sup> We proposed that our DFX charge controls would continue to apply during any transitional period.

<sup>640</sup> Our active IEC charge controls proposed in Volume 4 would continue to apply during any transitional period.

- 8.90 Transitional arrangements for these circuits are important because they are necessary to ensure stability and a sustainable transition to alternative services.
- 8.91 Ahead of our March 2025 Consultation, some DFX users informed us that the transitional period of one year that was set in the WFTMR21 was not long enough to migrate existing DFX circuits to alternative services and that in some cases suitable alternatives did not exist. This caused disruption and higher costs, and in some cases involved them having to reconfigure their networks. One DFX user [redacted] said that having to use Openreach active products rather than DFX when exchanges were reclassified was inefficient and expensive.<sup>641</sup> Another user [redacted] told us that following the reclassification of exchanges after the WFTMR21 and the withdrawal of DFX lines, it faced disruption to both its business operations and that of its customers.<sup>642</sup> [redacted] told us that the WFTMR21 approach to transitional arrangements, where existing circuits were only provided for a year caused regulatory risk across the business.<sup>643</sup>
- 8.92 Given this earlier feedback from stakeholders and responses to the March 2025 Consultation, we recognise that there is concern around the WFTMR21 transitional arrangements for DFX of one year. Appropriate transitional arrangements are needed to ensure providers can arrange for an alternative service where regulated DFX lines are no longer available. We recognise that, given Openreach does not offer a commercial DFX product, a migration to an alternative provider or product will always be needed. However, at exchanges being reclassified to BT+2 in this review period, there should be alternatives available to DFX users from at least two other operators.
- 8.93 We have decided to implement a three-year transitional period for existing DFX lines at reclassified exchanges.<sup>644</sup> Stakeholders requested a transitional period of anywhere between one and five years. The feedback we have received from stakeholders ahead of and in response to our March 2025 Consultation explained that more than one year was needed for transitional arrangements. To transition away from DFX circuits, we understand that providers will need to engage with Openreach, and alternative backhaul providers, plan a migration journey and arrange alternative provision. We understand from stakeholders that this involves time and costs. On balance, we consider that a three-year transitional period would be appropriate.
- 8.94 We understand that transitional arrangements may improve customers' confidence when taking up the DFX product, as it mitigates long-term regulatory risk.<sup>645</sup> We note that the transitional arrangements for DFX that we set in this review period only affect a small number of exchanges and circuits and we are unable to fetter our discretion in relation to decisions to be taken in future reviews. However, we would expect this approach to transitional arrangements for DFX at deregulated exchanges to be the starting point for considering transitional arrangements in future review periods. We expect this will provide stakeholders with increased confidence in taking up these services in the 2026-31 review period.

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<sup>641</sup> [redacted] response dated [redacted] to s135 notice dated [redacted], question [redacted].

<sup>642</sup> [redacted] response dated [redacted] to s135 notice dated [redacted], question [redacted].

<sup>643</sup> [redacted] response dated [redacted] to s135 notice dated [redacted], question [redacted].

<sup>644</sup> These are referred to as "IEC DF Transition" in the SMP conditions.

<sup>645</sup> [VodafoneThree](#) response to TAR26 March 2025 Consultation. Pages 63-64.

### Active IEC circuits

8.95 Our market analysis has found that 76 exchanges that were previously classified as BT Only or BT+1, are now classified as BT+2. This means that Openreach will no longer be required to provide active IEC circuits at these deregulated exchanges. We recognise that in deregulated exchanges, Openreach continues to offer EAD active IEC circuits. Given the continued offering of this product, we believe that customers may only need to make limited changes as a result of deregulation. We did not receive any comments from stakeholders raising any issues with the one-year transitional arrangements for active IEC circuits that we proposed in the March 2025 Consultation. Therefore, we believe that a one-year transition period is sufficient for active IEC circuits.

## Conclusion

- 8.96 We have decided to impose a requirement for Openreach to continue to provide existing DFX circuits (i.e. circuits that are ordered or already live on or before 31 March 2026) from exchanges which are reclassified from BT Only DFX exchanges to BT+2 exchanges for a transitional period of three years (i.e. until 31 March 2029). We have also decided to impose a requirement for Openreach to continue to provide existing active IEC circuits from exchanges which are reclassified from BT Only or BT+1 exchanges to BT+2 exchanges for a transitional period of one year (i.e. until 31 March 2027). We consider that each of these transitional periods is necessary to ensure a sustainable transition for providers previously benefiting from the obligations imposed as a result of the previous SMP determinations.
- 8.97 To give effect to these decisions, we have included the requirements set out above in SMP Conditions 2.8 and 2.9 published at Volume 7.<sup>646</sup> For the reasons set out above we consider that our decisions are consistent with section 46(8A) of the Act.
- 8.98 We set out our decisions for transitional arrangements in relation to the charge controls for DFX and active IEC circuits in reclassified BT+2 exchanges in Volume 4.

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<sup>646</sup> The charge controls that will apply to these transitional DFX and active circuits at reclassified BT+2 exchanges are set out in Volume 4, Section 3 and in SMP Condition 12 in Volume 7.

## 9. Regulation of geographic discounts and other commercial terms

- 9.1 As discussed in Section 1 of this Volume, our objective in WLA Area 2 and LLA Area 2 remains to promote investment and competition in gigabit-capable networks by Openreach and other telecoms providers. We expect Openreach and rival networks to compete across their service offerings on factors such as price and quality. However, as Openreach responds to increased competition, it is important that – by virtue of its SMP – it is not able to behave in a way which undermines the longer-term development of competition.
- 9.2 This is not about preventing Openreach from being able to make any changes to its commercial offering. As explained in Volume 1, Openreach has been able to respond to customer demand and increased network competition by introducing offers that we considered did not raise competition concerns. This has ensured that consumers can benefit from the increased investment in gigabit-capable networks.
- 9.3 However, as discussed in Volume 2, as competition to it develops Openreach faces the threat of further erosion of its market share in areas where new networks are present, and therefore has incentives to act in a way which undermines the development of that competition in the long term. We are concerned Openreach could do this using geographically targeted discounts. We are also concerned about the potential for other commercial terms that Openreach may offer which could undermine network competition. This section sets out our competition concerns in relation to geographic discounts and other commercial terms, and our remedies to address these specific concerns.
- 9.4 Given the competition concerns outlined in this section, and the uncertainty around how network competition will evolve over the review period, we consider that regulation remains necessary. However, we will adapt our approach to applying that regulation during the review period as appropriate, so it continues to reflect prevailing market conditions. In practice, this means that as competition develops (with SMP regulation in place), the regulations can become less restrictive on Openreach if the risks to the development of long term competition also reduce.

### Structure of this section

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- 9.5 Below we first discuss geographic discounts. We then discuss other commercial terms that are conditional on the volume and/or range of services purchased, followed by other commercial terms that are not conditional in this way. Finally, we consider stakeholder concerns about Openreach’s practice of discussing and amending its FTTP prices.
- 9.6 Our guidance on how we would assess geographic discounts and commercial terms that are conditional on the volume and/or range of services purchased is set out in Annex 8.

## Summary of decisions

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### Geographic discounts

- 9.7 For the 2026-31 review period, we have decided to continue to restrict Openreach’s ability to discriminate through geographically targeted price reductions. Specifically, SMP Condition 4 makes it clear that Openreach is prohibited from unduly discriminating (we refer to this as the “general prohibition on undue discrimination”). The condition goes on to make specific provision in relation to Openreach charging different prices in different geographic areas. We refer to this in the remainder of this discussion as the “geographic discrimination prohibition”. It applies to both WLA and LLA.
- 9.8 We recognise that there are circumstances where geographic pricing may have benefits, and also that geographic pricing may not always be capable of undermining the development of long term network competition. Therefore, the condition includes a consent process where Openreach can apply to Ofcom to consent to geographic pricing or retail inducements that would otherwise be prohibited.
- 9.9 We have decided to make some adjustments to the geographic discrimination prohibition compared to the WFTMR21. Specifically, in relation to WLA services, it will apply to both rental and connection charges, and to retail inducements offered by Openreach to encourage consumers to purchase its VULA products. It will continue to apply in WLA Area 2, but we have decided to remove the geographic discrimination prohibition from WLA Area 3. In relation to LLA services, it will apply to both rental and connection charges for Ethernet and WDM services in LLA Area 2. As per the WFTMR21, it will not apply to the CLA, the HNR Area and LLA Area 3.
- 9.10 The condition we imposed in 2021 was intended to support altnets in rolling out new networks. At the time, we stated that we would assess the need for it at each market review. Given our SMP findings and the competition concerns outlined below, we continue to believe that maintaining the geographic discrimination prohibition remains necessary. In defining geographic markets in Volume 2, we note that the market is changing rapidly and the development of competitive conditions over the review period is uncertain. Significant changes to current competitive outcomes could occur during the review period, but when, where and how these developments will occur is not currently sufficiently foreseeable for us to take them into account in defining markets.<sup>647</sup> However, with our SMP regulation in place, network competition is likely to continue developing. As competition develops, our concerns about geographic pricing may reduce during the review period. Openreach may seek consent for a geographic discount scheme at any point during the review period which will enable us to consider how the market is developing at that time. We will therefore take relevant competition developments into account at the time of any assessment.
- 9.11 We have also provided further guidance on our approach to reviewing geographic discounts.

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<sup>647</sup> We also assess geographic markets in the absence of current SMP regulation in the relevant market.

## Other commercial terms

- 9.12 We remain of the view that Openreach could use other commercial terms to undermine the development of network competition in the longer term.<sup>648</sup>
- 9.13 We are particularly concerned about terms such as loyalty discounts or pricing contingent on large volume commitments. For this reason, we have decided for the 2026-31 review period to retain a notification regime for commercial terms where the price or other contractual conditions are conditional on the volume and/or range of services purchased. We have also decided to extend the notification period from 90 days to 120 days. Where necessary we will intervene to prevent such terms, including through our direction making powers under SMP Conditions.<sup>649</sup>
- 9.14 We have also updated our guidance on some types of terms that we may be concerned about.

## WLA geographic discounts

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### Competition concerns

#### Our proposals

- 9.15 In our March 2025 Consultation, we set out our concern that Openreach could use geographically targeted price reductions or retail inducements to undermine altnets' ability to become established competitors to Openreach in the WLA market. We recognised that rollout by alternative networks has progressed since 2021. However, we said that Openreach maintains the incentive and ability to use geographic discounts to undermine altnets' ability to compete and therefore the development of network competition in the longer term.
- 9.16 We explained that these competition concerns primarily related to new network build by altnets, rather than established operators within their existing footprint, such as VMO2. However, we said that where VMO2 is building new network footprint, we would consider this as new network build (i.e. it falls under our competition concern).

#### Stakeholder responses

##### General comments

- 9.17 Openreach said that to compete more effectively it may need to include specific geographic conditions. Openreach said Ofcom's proposals were disproportionate, unnecessary and would prevent Openreach from competing on the merits, leading to higher prices for ISPs and end consumers and lower innovation and investment.<sup>650</sup>
- 9.18 Openreach stated that Ofcom's competition concern and the related references to altnets needing to increase take-up represented a shift in policy objective, away from supporting altnet build to instead supporting altnet take-up.<sup>651</sup> Similarly, Openreach (through its economic advisors, NERA) characterised Ofcom's policy as protecting altnet take-up which

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<sup>648</sup> 'Other' in this context refers to terms other than geographic discounts.

<sup>649</sup> Other types of pricing/commercial terms that may undermine network competition may also be considered as notified by Openreach under the Access Change Notice.

<sup>650</sup> [Openreach](#) response to TAR26 March 2025 Consultation. Document 3. Paragraphs 449-452, 468.

<sup>651</sup> [Openreach](#) response to TAR26 March 2025 Consultation. Document 3. Paragraphs 471-473.

limited competition on the merits, risked permanent regulation to artificially support altnets, and was not justified by the prevailing economics. Even if individual altnets were to become financially unstable, their existing fibre deployments would support network competition. As such, Openreach said that altnets' success in achieving high take-up would not affect their ability to provide a permanent source of effective competition.<sup>652</sup>

9.19 Openreach also raised concerns around regulatory consistency and whether the regulation would ever be rolled back. It said that, compared to the WFTMR21, the proposed scope of Ofcom's geographic pricing restrictions had increased and characterised Ofcom's position as having shifted from protecting entrants' investment in build to a broader objective of protecting altnet take-up. Openreach said that it was counter-intuitive to extend restrictions on geographic pricing when competition had increased significantly since 2021.<sup>653</sup>

9.20 Most other stakeholders that commented on the geographic discrimination prohibition agreed with the competition concerns outlined in our consultation and supported the need for ex-ante remedies to prevent such anti-competitive behaviour.<sup>654</sup> VMO2 supported our proposed competition concerns but it said that these concerns should also apply to VMO2's existing footprint (see paragraph 9.23 below).

#### **Geographic targeting of VMO2's network footprint**

9.21 Openreach said that the proposed increase in WLA Area 2 meant that the area is no longer aligned closely with the VMO2 footprint. As such, to target VMO2, Openreach would require consent for geographic pricing within WLA Area 2. Openreach said that this represented a further increase in regulation.<sup>655</sup> Further, Openreach (through NERA) said that the difference in the VMO2 and WLA Area 2 footprints might restrict Openreach from reaching a volume deal, setting lower prices or making some other procompetitive offer to match VMO2, if doing so affected altnets in that area.<sup>656</sup>

9.22 Openreach said it made no sense to constrain its ability to compete against VMO2, an established retail and potential wholesale competitor, to protect altnets who would themselves need to compete against VMO2.<sup>657</sup> Openreach asked Ofcom to clarify its position on Openreach discounts targeting VMO2 build.<sup>658</sup>

9.23 VMO2 said that we should reconsider our view that Ofcom would be less likely to have a competition concern if Openreach were to adopt geographic discounting in VMO2's existing footprint. VMO2 said that targeted Openreach discounts would reduce the pace of its investment into overlaying its HFC network with XGS-PON and harm competition. VMO2

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<sup>652</sup> [Openreach](#) response to TAR26 March 2025 Consultation. Annex 1. Section 4.3.

<sup>653</sup> [Openreach](#) response to TAR26 March 2025 Consultation. Document 3. Paragraphs 472-475.

<sup>654</sup> See for example: [CityFibre](#) response to TAR26 March 2025 Consultation. Paragraphs 2.68-2.70. [Gigaclear](#) response to TAR26 March 2025 Consultation. Paragraph 100-102. [Hyperoptic](#) response to TAR26 March 2025 Consultation. Pages 15-17. [INCA](#) response to TAR26 March 2025 Consultation. Paragraphs 355-357. [nexfibre](#) response to TAR26 March 2025 Consultation. Main response. Pages 24-25.

<sup>655</sup> [Openreach](#) response to TAR26 March 2025 Consultation. Paragraph 481.

<sup>656</sup> [Openreach](#) response to TAR26 March 2025 Consultation. Annex 1. Section 4.5.

<sup>657</sup> [Openreach](#) response to TAR26 March 2025 Consultation. Paragraph 485.

<sup>658</sup> [Openreach](#) response to TAR26 March 2025 Consultation. Paragraph 483.

said that Openreach could also use targeted pricing in response to entry by VMO2 into the wholesale WLA market.<sup>659</sup>

### Our reasoning and decisions

- 9.24 We disagree with Openreach that the geographic discrimination prohibition is disproportionate and unnecessary. We remain of the view that Openreach could use geographically targeted price reductions or retail inducements – which involve charging different prices or providing different inducements in different areas within a geographic market for the same wholesale access – in order to undermine the development of network competition. Altnets face considerable challenges in overcoming the incumbency advantages of Openreach. For example, Openreach’s vertical integration with BT’s retail businesses and its pre-existing relationships with ISPs puts it at an advantage relative to altnets.
- 9.25 In the WFTMR21, we explained that geographic discounts might reduce Openreach’s returns in certain areas. However, we were concerned that such a strategy may benefit Openreach in the longer term if its actions deter new network build, reduce competition and afford it a higher market share and the ability to charge higher prices over the longer term.<sup>660</sup>
- 9.26 We recognise that rollout by alternative networks has progressed since 2021. However, as explained in Volume 2, Openreach continues to have significant market power. We consider that Openreach maintains the incentive and ability to use geographic discounts to undermine altnets’ ability to compete and therefore the development of network competition in the longer term. As explained in Section 1 of this Volume, if altnets increase take-up on their networks this is likely to result in them becoming stronger long term competitors to Openreach. Therefore, contrary to Openreach’s comments, we consider take-up is important to the development of network competition in the long term. Geographic discounts could deter the use of altnets, as well as incremental build, which could in turn weaken the competitive constraint they pose to Openreach in the future. As a result, limiting the circumstances in which Openreach can apply geographic discounts is likely to promote network competition in the longer term.
- 9.27 We note that Openreach could seek to undermine the development of network competition using market-wide offers. For example, we would be concerned if Openreach introduced market wide price cuts that undermine the opportunity for a reasonably efficient operator to recover its cost. As set out in Volume 4 Section 1, we would assess these schemes using our fair and reasonable pricing requirement. However, geographic discounts present an even greater risk to the development of network competition than market-wide offers. This is because they can be targeted specifically at areas where Openreach is seeking to undermine rival networks and/or where the potential harm to competition is greatest. As a result, geographic discounts may represent a lower-cost and more effective strategy for undermining rival networks than broad market-wide price cuts.
- 9.28 However, with our SMP regulation in place, we recognise that network competition is likely to continue developing. As competition develops, these concerns about geographic pricing

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<sup>659</sup> [Virgin Media O2](#) response to TAR26 March 2025 Consultation. Paragraphs 162 – 169.

<sup>660</sup> Ofcom. March 2021. [Promoting investment and competition in fibre networks – Wholesale Fixed Telecoms Market Review 2021-26, Volume 3](#). Paragraph 7.11.

may reduce during the review period. Openreach may seek consent for a geographic discount scheme at any point during the review period which will enable us to consider how the market is developing at that time. We will therefore take relevant developments in competitive conditions into account at the time of our assessment.

- 9.29 The above competition concerns primarily relate to new network build by altnets, rather than VMO2 within its established footprint, given the potential impact on longer term network competition.<sup>661</sup> VMO2's large existing network footprint and established customer base mean geographically targeted pricing is unlikely to negatively impact the long-term competitive constraint that it exerts on Openreach. Although VMO2 is upgrading its existing network, it already has a significant and established customer base in the areas where these upgrades are taking place. However, where VMO2 is building new network outside its existing footprint, we would consider this as new network build. Given that VMO2 does not have a significant established customer base in new network build areas, discounts targeted at these areas are more likely to raise competition concerns. We further explain our approach to assessing geographic discounts targeted at VMO2's network in paragraphs 9.97-9.99 below.
- 9.30 We disagree with Openreach's view that our competition concerns represent a shift in policy objective or raise questions about regulatory consistency, for the following reasons:
- a) Our overarching policy objective has remained constant: the promotion of long term network competition. In the WFTMR21, our primary focus was necessarily on promoting build, because at that stage large-scale roll-out by altnets was still underway and build is the critical first step for network competition. However, we were clear on our strategy to promote network competition in the long term. That necessarily requires not only that networks are built but that altnets are able to attract customers to those networks. Accordingly, our concern is not new and does not represent a shift in policy objective. The distinction Openreach seeks to draw between a focus on "build" in WFTMR21 and "take-up" in TAR26 is therefore artificial.
  - b) Against, this backdrop, the rationale for the geographic discrimination prohibition, namely addressing the risk that Openreach uses geographic pricing to undermine the development of network competition, remains unchanged.
  - c) As to the means by which Openreach could do this, in the WFTMR21, we focussed on Openreach undermining build by altnets. This featured prominently in our thinking because it was the primary focus of competition at that time. It remains a concern in the 2026-31 review period, as network expansion by rival networks continues to be an important driver of competitive pressure.
  - d) Our competition concerns for the 2026-31 review period also reflect changes in market conditions. While build by rival networks remains an important objective of our policy, it is no longer the central focus of competition; instead, competition has increasingly shifted toward gigabit capable networks attracting and retaining customers. As explained above and in Section 1 of this volume, Openreach could undermine the development of network competition in the long-term by undermining the opportunity for altnets to increase their take-up.

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<sup>661</sup> "New" network build includes recent build e.g. since we made our strategic shift to promoting network competition. It is not limited to build completed in the 2026-31 review period.

- e) The geographic discrimination prohibition was established in the 2018 WLA Statement, and we maintained this position in the WFTMR21.<sup>662</sup> It is therefore not a new requirement. In the WFTMR21, we stated that we would assess its necessity at each market review and expected to remove it once network competition was more established. We explicitly stated that it was not possible to set an end date for the geographic discrimination prohibition, given uncertainty about the future.<sup>663</sup> The WFTMR21 did not set out an expectation that the geographic discrimination prohibition would be removed in the TAR26. We will reassess the need for the geographic discrimination prohibition in the next market review.
- f) Consistent with WFTMR21, we also continue to recognise that not all forms of geographic pricing will raise competition concerns and are maintaining the consent process.

9.31 We also disagree with Openreach's argument that our regulation prevents it from competing on the merits, leading to higher prices for ISPs and end consumers and lower innovation and investment. Our regulation, in light of BT's SMP, is designed to promote network competition which will deliver long term benefits for consumers, including lower prices, greater innovation and investment. Openreach remains free to compete where its pricing does not raise the specific competition concerns we have identified. For example, it can compete by offering lower prices which are not geographically targeted, or by offering improved quality of service. Furthermore, through our consent process, we can approve geographic pricing schemes that do not raise competition concerns. As noted above, we will take relevant developments in competitive conditions into account when carrying out this assessment. We have provided further guidance on our approach to assessing geographic discounts in Annex 8.

## Rationale for ex-ante regulation of WLA geographic discounts

### Our proposals

9.32 In our March 2025 Consultation, we proposed imposing ex-ante regulation to address our competition concerns.

### Stakeholder responses

9.33 As noted above, most stakeholders that commented on the geographic discrimination prohibition agreed with the competition concerns outlined in our consultation and supported the need for ex-ante remedies to prevent such anti-competitive behaviour.<sup>664</sup>

9.34 However, Openreach said that Ofcom's proposals were disproportionate, unnecessary and would prevent Openreach from competing on the merits, leading to higher prices for ISPs and end consumers and lower innovation and investment. It considered that Ofcom should

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<sup>662</sup> Ofcom, 2018. [Wholesale Local Access Statement](#).

<sup>663</sup> Ofcom. March 2021. [Promoting investment and competition in fibre networks – Wholesale Fixed Telecoms Market Review 2021-26](#). Volume 3. Paragraph 7.74.

<sup>664</sup> See for example: [CityFibre](#) response to TAR26 March 2025 Consultation. Paragraphs 2.68-2.70. [Gigaclear](#) response to TAR26 March 2025 Consultation. Paragraph 100-102. [Hyperoptic](#) response to TAR26 March 2025 Consultation. Pages 15-17. [INCA](#) response to TAR26 March 2025 Consultation. Paragraphs 355-357. [nexfibre](#) response to TAR26 March 2025 Consultation. Main response. Pages 24-25. [Virgin Media O2](#) response to TAR26 March 2025 Consultation. Paragraph 157.

roll back the geographic discrimination prohibition, particularly since network build is now established.<sup>665</sup>

- 9.35 Openreach also queried the legal basis for the proposals. It said that setting a condition to restrict its ability to discriminate through geographically targeted price reductions went beyond what an SMP Condition relating to undue discrimination should focus on. Openreach said that Ofcom's proposed constraints on its geographic pricing were in effect a price control which did not fall within the remit of section 87(6)(a) of the Act.<sup>666</sup>

### Our reasoning and decisions

- 9.36 In line with our reasoning in the WFTMR21, we consider it important to impose ex ante regulation in light of BT's SMP, to address the competition concerns that we identify, rather than to rely on competition law. As noted in paragraph 1.23 above and in Section 1 of this Volume, our objective is to promote network competition, which goes beyond promoting altnet build. We consider that our objective of promoting network competition remains valid and therefore we disagree with Openreach that the geographic discrimination prohibition should be removed in the light of evidence on altnet build.
- 9.37 In carrying out our functions, Ofcom must have regard to (among other things) the desirability of promoting competition in relevant markets. Appropriate ex ante intervention at the upstream level can promote competition in downstream markets. It can also facilitate the emergence of stronger competition at the upstream level itself. The concerns we identify go beyond Openreach setting potentially anti-competitive prices within the meaning of competition law and extend to the broader impact that commercial terms may have on the strengthening of competition in the longer term.
- 9.38 We also note that competition law addresses anti-competitive behaviour after it has happened, and cases can take years to reach resolution. As a result, rival networks may be unable to secure deals or drive take-up while a competition case is ongoing (e.g. because it is unclear whether commercial terms introduced by Openreach will ultimately be deemed unlawful). Timeliness is a particular concern here, as otherwise altnets may miss out on the window of opportunity to drive WLA take-up, which arises from the migration of customers from legacy broadband products to products supplied by gigabit-capable networks.<sup>667</sup> If Openreach is able to undermine altnets' opportunity to compete for customers in this window, this may harm the development of long term network competition.
- 9.39 We have also considered whether our other SMP remedies are sufficient to address our concerns. Our charge controls apply a cap on certain charges, but they do not stop Openreach from introducing differential geographic pricing within WLA Area 2.
- 9.40 The general requirements for network access to be on fair and reasonable terms, conditions and charges may apply to certain offers that Openreach may make. However, they may not be sufficient on their own to address all the potential concerns that arise.
- 9.41 We explain in paragraphs 4.144-4.145, Volume 3, Section 4 why we consider it appropriate and proportionate to set the general prohibition on undue discrimination in the WLA

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<sup>665</sup> [Openreach](#) response to TAR26 March 2025 Consultation. Document 3. Paragraphs 449-452, 468 and 492.

<sup>666</sup> [Openreach](#) response to TAR26 March 2025 Consultation. Document 3. Paragraphs 526 – 528.

<sup>667</sup> When we use the term legacy broadband in this Section we mean copper-based broadband. Please see the Glossary in Annex 22 for the full definition of copper-based broadband.

market, and this could be used to regulate geographic discounts. However, setting further specific conditions provide additional clarity to Openreach and other networks in advance about the types of geographic pricing conduct that may be deemed to be undue discriminatory under that condition. This aids transparency, promotes regulatory certainty and provides everyone with confidence as to how the no undue discrimination obligation will be applied.

- 9.42 In response to the March 2025 Consultation, Openreach said that our proposals fell outside the remit of section 87(6)(a) of the Act, which empowers Ofcom to set SMP Conditions which prohibit undue discrimination “in relation to matters connected with network access”. In our view, the conditions on which Openreach offers network access, including the price, are plainly “matters connected with network access”. Therefore, SMP Conditions such as the ones that we have imposed on Openreach, which apply the undue discrimination prohibition to differential prices which Openreach offers for WLA rentals and connections, is within the scope of section 87(6)(a).
- 9.43 The geographic discrimination prohibition that we have imposed under the power<sup>668</sup> does not control the level of the price that Openreach charges for WLA so as to amount to a charge control. The relevant conditions each state that if Openreach charges different prices in different geographic areas within a market in which the condition applies, that may be deemed to amount to undue discrimination. To decide whether the prohibition is engaged, we may look at the level of the different prices to assess whether there is potential harm to competition. This is not for the purpose of controlling the level of prices, but as part of our analysis of the potential impact of the differential prices. Thus, if Openreach were to offer discounts that we found breached the condition, the likely remedy would be to require Openreach to remove the discriminatory terms, i.e. the elements of the pricing scheme which differentiate by geographic area, rather than regulating the level of the discriminatory price.<sup>669</sup>
- 9.44 In any event, while we consider that the geographic discrimination prohibition is not a charge control for the reasons set out, we are satisfied that the application of the prohibition meets the legal tests for a charge control in section 88 of the Act, for the reasons set out in Sections 1, 2 and 5 of Volume 4.
- 9.45 Our interpretation that the power in section 87(6)(a) applies to price discrimination is not novel. Our 2005 guidance on undue discrimination by SMP providers states that undue discrimination arises when an SMP provider does not reflect relevant differences between (or does not reflect relevant similarities in) the circumstances of customers in the transaction conditions it offers, and where such behaviour could harm competition.<sup>670</sup> The guidance makes clear that “transaction conditions” include both price and non-price terms.<sup>671</sup> As set out above, we first imposed a SMP Condition on Openreach applying the geographic discrimination prohibition to WLA rental charges in 2018.<sup>672</sup>

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<sup>668</sup> SMP Conditions 4.4 – 4.6, Volume 7.

<sup>669</sup> If we remained concerned about the level of prices in any revised scheme, it would remain open to us to address this under the requirement that Openreach’s charges are fair and reasonable (SMP Condition 1.3).

<sup>670</sup> Ofcom’s [2005 guidance on undue discrimination by SMP providers](#), paragraph 3.3.

<sup>671</sup> See, for example, paragraph 5.9.

<sup>672</sup> 2018 WLA Statement, Volume 1, Section 11, Condition 4.4 of Notification dated 28 March 2018 (Annex 33).

- 9.46 We are therefore satisfied that the SMP Conditions imposing the geographic discrimination prohibition on Openreach are within the scope of section 87(6)(a) of the Act and consistent with our previous interpretation of the power.

## Geographic scope

### Our proposals

- 9.47 In our March 2025 Consultation, we proposed to apply the geographic discrimination prohibition to WLA Area 2 only. We said that this is in line with our objectives for WLA Area 2, where we are seeking to promote investment and competition in gigabit-capable networks by Openreach and other communications providers. We explained that material and sustainable network competition is unlikely to develop in WLA Area 3. Therefore, we proposed not to extend this geographic prohibition to WLA Area 3.

### Stakeholder responses

- 9.48 VodafoneThree and Hyperoptic said they were supportive of Ofcom's proposed restrictions on geographically targeted discounting.<sup>673</sup>
- 9.49 AllPoints Fibre, CityFibre, Fibrus, INCA and Gigaclear said the geographic discrimination prohibition should apply in WLA Area 3. These respondents stated that Ofcom had underestimated the potential for competition in WLA Area 3 and underestimated the risk that geographically targeted discounts present to the emergence of such competition.<sup>674</sup>
- 9.50 Fibrus said the proposal not to apply the geographic prohibition in WLA Area 3 risked chilling future investment.<sup>675</sup> AllPoints Fibre said Ofcom had underestimated the extent to which commercial build and Project Gigabit funding meant altnets would be present in WLA Area 3. In support of its view that Ofcom had underestimated the extent of future altnet investment, it also said that previously the WFTMR21 underestimated the extent of altnet investment during 2021-2026.<sup>676</sup> Gigaclear and CityFibre said that the location of future build was uncertain.<sup>677</sup>
- 9.51 Gigaclear and CityFibre said altnets had already invested and were planning to invest significantly in rolling out in rural areas.<sup>678</sup> Gigaclear and INCA said that Ofcom's proposed approach risked undermining existing altnet investment in WLA Area 3.<sup>679</sup>

### Our reasoning and decisions

- 9.52 The competition concerns we have identified above are about the use of geographically targeted price reductions or retail inducements to undermine the development of network

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<sup>673</sup> [VodafoneThree](#) response to TAR26 March 2025 Consultation. Page 17.

<sup>674</sup> [AllPoints Fibre](#) response to TAR26 March 2025 Consultation. Paragraph 8, 30-33. [CityFibre](#) response to TAR26 March 2025 Consultation. Paragraphs 2.71-2.73, 3.19-3.27. [Fibrus](#) response to TAR26 March 2025 Consultation. Paragraphs 36, 40. [INCA](#) response to TAR26 March 2025 Consultation. Paragraphs 361-365. [Gigaclear](#) response to TAR26 March 2025 Consultation. Paragraphs 103-104.

<sup>675</sup> [Fibrus](#) response to TAR26 March 2025 Consultation. Paragraphs 36, 40.

<sup>676</sup> [AllPoints Fibre](#) response to TAR26 March 2025 Consultation. Paragraph 8, 30-33.

<sup>677</sup> [Gigaclear](#) response to TAR26 March 2025 Consultation. Paragraph 103. [CityFibre](#) response to TAR26 March 2025 Consultation. Paragraphs 1, 2.71-2.72, 3.19-3.27.

<sup>678</sup> [Gigaclear](#) response to TAR26 March 2025 Consultation. Paragraphs 103-104. [CityFibre](#) response to TAR26 March 2025 Consultation. Paragraph 3.18 and Annex 3.

<sup>679</sup> [Gigaclear](#) response to TAR26 March 2025 Consultation. Paragraphs 103-104. [INCA](#) response to TAR26 March 2025 Consultation. Paragraphs 361-365.

competition. We are therefore particularly concerned about this occurring in areas where there is the potential for material and sustainable network competition to develop, and so we propose to apply the geographic discrimination prohibition to WLA Area 2. We consider that this is in line with our objectives for WLA Area 2, where we are seeking to promote investment and competition in gigabit-capable networks by Openreach and other telecoms providers.

- 9.53 While there is some altnet build in WLA Area 3, and altnets may have plans for further build in this area, we consider it unlikely that material and sustainable network competition will develop there. Most altnets present in WLA Area 3 have less than 50,000 premises (current and planned build) and are unlikely to become material and sustainable competitors.<sup>680</sup> Although there is some overlap with potential material and sustainable competitors, this overlap is limited. As a result, Openreach is unlikely to have a strong incentive to target this build, as doing so would only have a limited impact on the development of network competition.
- 9.54 Therefore given the limited prospects for network competition and the low risk of Openreach targeting altnets in WLA Area 3, we consider it would not be proportionate to apply the specific geographic discrimination prohibition in WLA Area 3 to place further constraints on Openreach's commercial freedom.
- 9.55 Whilst we are not imposing the specific geographic discrimination prohibition in WLA Area 3, if Openreach's pricing were to raise potential concerns, we would have the option to scrutinise it under our general prohibition on undue discrimination (SMP Condition 4.1) and our requirement for Openreach's prices to be fair and reasonable (SMP Condition 1.3).<sup>681</sup>

## Products and charges that the WLA geographic discrimination prohibition would apply to

### Our proposals

- 9.56 In our March 2025 Consultation, we proposed to extend the geographic discrimination prohibition to apply to connection charges for all VULA products, and MPF when used in combination with VULA. We also proposed to extend the prohibition to retail inducements offered by Openreach to encourage consumers to purchase its VULA products. We also proposed that it would continue to apply to rental charges for these products.

### Stakeholder responses

- 9.57 Openreach said it was counter-intuitive for Ofcom to extend the scope of the geographic discrimination prohibition to include connection charges and retail inducements given increases in competition since 2021.<sup>682</sup>
- 9.58 It also said that the additional restrictions on geographic pricing for connection charges reduced its agility and were unjustified in the absence of legitimate and evidenced competition concerns. Openreach said it was legitimate for it to respond to competitive conditions and/or to use lower connection charges to support the pace of migration in

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<sup>680</sup> See Volume 2, Section 4.

<sup>681</sup> See Section 4 and Volume 7.

<sup>682</sup> [Openreach](#) response to TAR26 March 2025 Consultation. Document 3. Paragraphs 450 and 480.

certain areas. It could not be assumed that such an approach would give rise to competition concerns.<sup>683</sup>

- 9.59 VMO2 welcomed the clarification on migration credits and encouraged Ofcom to acknowledge that it is not feasible to identify all specific geographically targeted mechanisms that might present a competition concern.<sup>684</sup> Similarly, INCA stated that the definition of ‘geographic pricing’ should be sufficiently flexible to include pricing that does not explicitly define a geographic scope but which in practice applies only in areas where BT faces network competition.<sup>685</sup>

### Our reasoning and decisions

- 9.60 The geographic discrimination prohibition will apply to the following products and charges in WLA Area 2:

- a) all VULA products (FTTC, G.fast and FTTP), and MPF when used in combination with VULA;<sup>686</sup> and
- b) rental charges, connection charges and retail inducements offered by Openreach to encourage consumers to purchase its VULA products.

- 9.61 In terms of the rationale for products covered:

- a) The non-discrimination condition would continue to apply to all VULA products (FTTC, G.fast and FTTP) as we consider Openreach could use geographic discounts on any of these products in order to undermine altnets’ ability to become stronger competitors and deter the use of altnet FTTP.<sup>687</sup>
- b) The restriction will also continue to apply to MPF when used in combination with VULA. This is because the benefit of this provision could be undermined if Openreach were able to target price reductions on MPF where it is used alongside VULA.

- 9.62 In terms of the rationale for charges covered:

- a) Given their significance and monthly recurrence, rental charges continue to be within scope of the rules.
- b) Unlike in the WFTMR21, we have decided to include connection charges within the scope of the geographic discrimination prohibition.<sup>688</sup> We consider that connection charge discounts could act as a substitute for lower rental charges, given they would reduce the total cost of using Openreach VULA. In addition, information since 2021 shows the importance of connection charges to ISPs and consumers. In particular:

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<sup>683</sup> [Openreach](#) response to TAR26 March 2025 Consultation. Document 3. Paragraphs 489 – 491.

<sup>684</sup> [Virgin Media O2](#) response to TAR26 March 2025 Consultation. Paragraph 161.

<sup>685</sup> [INCA](#) response to TAR26 March 2025 Consultation. Paragraph 359.

<sup>686</sup> We are not replicating the WFTMR21 carve-out for prices that pre-date the current SMP condition 4.6. This carve-out applied to Openreach’s geographic discounts that were live at the time of the WFTMR21 Statement. See [here](#) for the consent decision for these offers.

<sup>687</sup> We consider that Openreach could be incentivised to offer geographically targeted discounts on FTTC products in areas where it has not yet deployed FTTP, to make altnet FTTP less attractive relative to Openreach FTTC.

<sup>688</sup> We consider connection charges to include migration charges that are incurred by ISPs as a result of premises being migrated between ISPs while remaining on the same Openreach product.

- i) Stakeholders have told us that connection charges are an important component of altnets' and ISPs' cashflow.<sup>689</sup>
- ii) When Openreach reduced its FTTP prices in the Equinox Offers, it cut both connection and rental charges, rather than just rental charges.<sup>690</sup> More recently, it introduced an additional discount on FTTP connection charges by offering free connections on "New to Network" orders nationwide.<sup>691</sup> This pattern suggests that Openreach sees connection charges as being significant to ISPs and consumers and relevant to their purchase decisions. Further, [redacted].<sup>692</sup>
- iii) In the WFTMR21, we expected that over the longer term, connection charges for FTTP 40/10 would be £0 for premises with an active Openreach connection, once Openreach meets the first copper retirement threshold. We thus considered that altnets would need to respond to this zero connection charge, regardless of any regulation of geographic discounts. However, in practice, Openreach continues to set connection charges above £0 as explained in Volume 4, Section 5. In addition, we are amending our approach to the cap on FTTP connection charges, meaning that this part of rationale we set out in 2021 no longer applies.

9.63 We interpret the rules as also applying to other pricing measures which might have the same effect as geographically differentiated rental or connection charges. For example, we consider that Openreach applying a migration credit of any form in effect reduces rental and/or connection charges.<sup>693</sup> As such, we consider that applying a migration credit on a geographic basis is equivalent to charging different prices in different geographic areas.

9.64 We have also set an SMP Condition which applies the geographic discrimination prohibition to retail inducements offered by Openreach on a geographic basis to encourage consumers to purchase its VULA products.<sup>694</sup> Examples of retail inducements that are covered by our condition include offers by Openreach to consumers in some locations of 'free' products if they purchase Openreach FTTP, such as consumer retail vouchers or a subscription to a streaming service. This is because such retail inducements could have the same effect as geographically targeted wholesale price cuts by Openreach, although we note that their potential impact will depend on the scope, duration and attractiveness of the inducement in question.

9.65 We disagree with Openreach that it is counter-intuitive to increase the scope of the remedy in light of increased competition. As explained above, the remedy remains necessary to address the competition concerns discussed, and so not adapting it to reflect developments in Openreach's pricing strategy could undermine its effectiveness. We have broadened the scope of the remedy to include connection charges and retail inducements based on the evidence and experience of Openreach introducing such offers since 2021. Furthermore,

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<sup>689</sup> INCA. August 2024. Submission for TAR26: Strengthening infrastructure competition by addressing barriers to expansion. Page 17. CityFibre. May 2020. [Response to WFTMR Consultation](#), Paragraphs 7.79-7.81.

<sup>690</sup> This was the case with both the Equinox 1 and 2 Offers.

<sup>691</sup> Openreach. September 2025. [NGA2013/25 Special offer on FTTP New to Network Connections](#). Accessed 6 March 2026.

<sup>692</sup> [redacted] response dated [redacted] to s135 notice dated [redacted], question [redacted].

<sup>693</sup> For example, a migration credit could take the form of a payment or rebate from Openreach to the retail ISP that is paid when a customer takes an Openreach FTTP service for the first time.

<sup>694</sup> Openreach has already trialled such a scheme in summer 2024. It ran a two-month trial offering £50 One4All gift cards to end customers who ordered FTTP with an ISP of their choice on the Openreach network. The customer portal briefing is [here](#).

through our consent process, we can approve geographically differentiated schemes that would otherwise be prohibited. We have provided additional guidance on how we would assess geographic pricing in Annex 8.

- 9.66 VMO2 asked that we acknowledge that it is not feasible to identify and pre-empt all specific geographically targeted mechanisms that might present a competition concern. Similarly, INCA requested that the definition of ‘geographic pricing’ is sufficiently broad. Our geographic discrimination prohibition as implemented in the SMP Conditions covers rental and connection charges as well as retail incentives and so is sufficiently broad to provide appropriate protection. If other problematic schemes or non-price mechanisms emerge during the review period, we would have the option to scrutinise these using our rules on providing network access on fair and reasonable terms (SMP Condition 1.3) and the general prohibition on undue discrimination (SMP Condition 4.1).<sup>695</sup>

## Carve-out for existing Equinox Offer connection charges

### Our proposals

- 9.67 Under Openreach’s Equinox Offers, FTTP connection fees differ between WFTMR21 Area 2 and WFTMR21 Area 3, with higher connection fees in WFTMR21 Area 3. The market boundaries in our TAR 2026 Statement are different to those in the WFTMR21 and therefore from 1 April 2026, connection fees will vary within the newly defined TAR26 WLA Areas 2 and 3 under the Equinox Offers. The geographic variation in connection charges within the newly defined TAR26 WLA Area 2 would in principle be subject to the geographic discrimination prohibition.<sup>696</sup>
- 9.68 In our October 2025 Consultation, we proposed to permit Openreach to continue charging for FTTP connections in line with the existing Equinox Offers.<sup>697</sup> To secure this outcome, we proposed to amend the proposed geographic discrimination prohibition by introducing a carve-out. This carve-out would permit geographic differences in connection charges, where such differences reflect the terms of the Equinox 1 or Equinox 2 contracts (as applicable at 1 April 2026) and also align with WFTMR21 geographic market boundaries.

### Stakeholder responses

- 9.69 Sky and Zen both supported our proposal for a targeted carve-out to the geographic discrimination prohibition.<sup>698</sup> Openreach also agreed with our proposed carve-out, including the proposed drafting of the legal instrument. It noted that this would best support Ofcom’s approach of pricing continuity.<sup>699</sup>

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<sup>695</sup> See Section 4 and Volume 7.

<sup>696</sup> In the remainder of this sub-section we refer to the WLA Area 2 and WLA Area 3 geographic boundaries defined in this Statement as ‘TAR26 WLA Area 2’ and ‘TAR26 WLA Area 3’. The locations classified as Area 2 and Area 3 based on the boundaries defined in our WFTMR21 are referred to in the remainder of this sub-section as ‘WFTMR21 Area 2’ and ‘WFTMR21 Area 3’.

<sup>697</sup> In our March 2025 Consultation, we noted that Openreach could apply to us in writing for consent for these different geographic connection charges to avoid disruption to the market. In Openreach’s response to our March 2025 Consultation, it said that it would not be able to follow the consent process at this time as its pricing remains consistent with the WFTMR21 rules and the proposed rules under the TAR26 do not yet apply.

<sup>698</sup> Sky response to TAR26 October 2025 Further Consultation. Pages 4-5. Zen response to TAR26 October 2025 Further Consultation. Page 5.

<sup>699</sup> Openreach response to TAR26 October 2025 Further Consultation. Paragraphs 59-61.

- 9.70 In contrast, Utility Warehouse said that if Ofcom’s assessment of the competitiveness of a location has changed, then the rules in place around that location should change to reflect that.<sup>700</sup>
- 9.71 INCA acknowledged that the continued application of the higher connection charges in TAR26 WLA Area 2 locations that were in WFTMR21 Area 3 could improve the economics for altnets competing with Openreach in those locations. However, it considered that this would be complex to manage and of little real benefit.<sup>701</sup>
- 9.72 On balance, INCA considered that Ofcom needs to apply the remedies without exception. This is to avoid creating perverse incentives for Openreach to establish contractual frameworks during one market review period to constrain Ofcom’s ability to apply appropriate remedies in the following market review period.<sup>702</sup> UKCTA expressed a similar concern.<sup>703</sup> While VMO2 agreed with our proposal for a narrow carve-out to maintain price continuity, it also raised concerns about the potential for this approach to incentivise Openreach to seek to enter into longer-term offers with a view that they will skew future regulatory procedures.<sup>704</sup>
- 9.73 [S<] accepted the carve-out but only if narrowly scoped, time-limited, and transparent, in order to avoid the risk of “stealth” discrimination. It suggested the following requirements:<sup>705</sup>
- a) It must be strictly linked to current Equinox Offer terms.
  - b) It must expire after a fixed period (e.g. 24 months) or upon review trigger.
  - c) A mapping of the qualifying areas and charges must be published.
- 9.74 PXC did not agree with our proposed carve-out. PXC considered that connection prices should be aligned to the lower effective / discounted price for both Areas 2 and 3.<sup>706</sup>
- 9.75 VodafoneThree said that any regulatory carve-out should be 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.<sup>707</sup>

## Our reasoning and decisions

- 9.76 We agree with Utility Warehouse that remedies should reflect updated market analysis, based on competitive conditions in each defined area, and we have taken this approach in our package of remedies. In assessing the Equinox Offer prices, and whether an exclusion is appropriate and reasonable, we have considered whether they give rise to the competition concerns that the geographic discrimination prohibition is intended to tackle in TAR26 WLA Area 2 (i.e. within our updated market definition).
- 9.77 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

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<sup>700</sup> [Utility Warehouse](#) response to TAR26 October 2025 Further Consultation. Paragraph 3.7.

<sup>701</sup> [INCA](#) response to TAR26 October 2025 Further Consultation Paragraphs 39-45 and 50.

<sup>702</sup> [INCA](#) response to TAR26 October 2025 Further Consultation Paragraphs 39-45 and 50.

<sup>703</sup> [UKCTA](#) response to TAR26 October 2025 Further Consultation. Paragraph 27.

<sup>704</sup> [VMO2](#) response to TAR26 October 2025 Further Consultation. Paragraphs 29-35.

<sup>705</sup> [S<] response to TAR26 October 2025 Further Consultation. Page 3. It also suggested additional requirements which relate to matters other than geographic discrimination.

<sup>706</sup> [PXC](#) response to TAR26 October 2025 Further Consultation. Paragraphs 2.27-2.32.

<sup>707</sup> [VodafoneThree](#) response to TAR26 October 2025 Further Consultation. Paragraph 38.

give altnets more opportunities to win customers. Furthermore, the geographic difference in prices within the newly defined TAR26 WLA Area 2 would be a direct result of a shift in how market boundaries are defined for regulatory purposes. It would not be a result of Openreach choosing to target price cuts at particular parts of TAR26 WLA Area 2 in order to harm the development of competition.

- 9.78 Accordingly, we consider it appropriate and reasonable to include a narrow carve-out for existing Equinox Offer FTTP connection charges only. This approach provides greater regulatory certainty for FTTP connections under the existing Equinox Offers and reduces the risk of market disruption.
- 9.79 Rather than provide an exclusion for all prices, terms or conditions introduced before 1 April 2026 we are only excluding price differences in FTTP connection charges where these are charged in accordance with the Equinox 1 or the Equinox 2 Offers as at that date. We consider that it would not be necessary or appropriate to have a blanket carve-out from the geographic prohibition for all prices, terms or conditions introduced before 1 April 2026 as it goes beyond our intent in introducing this carve-out, namely to permit Openreach to continue charging for FTTP connections in line with the existing Equinox Offers.
- 9.80 We disagree with stakeholders that this approach will create a precedent for future market reviews or Openreach commercial offers. We have been clear that this is a specific and narrowly defined carve-out, applied in a case where the risks to competition are low (and in fact, higher connection prices will provide altnets with greater opportunities to win customers). We are not making a more general exception for existing commercial agreements. In this case our decision to do so has been balanced against considerations such as the risk of market disruption, the risk of harming development of network competition and regulatory certainty. Overall, we consider our approach in implementing this carve-out delivers the benefit of pricing continuity and reducing market disruption without harming competition.
- 9.81 We disagree with [3<] that the carve-out should expire after a fixed period or if some pre-specified trigger is met. Given our assessment in paragraph 1.78 above regarding the existing price differentiation we consider that there is little benefit to doing so. [3<] also requested that we publish qualifying areas and charges. Only areas that were previously in the WFTMR21 Area 3 which are now in TAR26 WLA Area 2 qualify for the carve-out. These areas are published in Schedule 2 of the Notification dated 18 March 2021 in the WFTMR21<sup>708</sup> and Schedule 2 of the Notification dated 17 March 2026 in Volume 7 of this Statement, respectively. The relevant Equinox Offer Connection Fees are published on Openreach's website.<sup>709</sup>
- 9.82 PXC's position implies that prices in those parts of TAR26 WLA Area 2 that were formerly in WFTMR21 Area 3 should be aligned with the lower prices available elsewhere in TAR26 WLA Area 2. We do not agree. The geographic discrimination prohibition is intended to tackle geographic pricing that harms network competition in the long term. For the reasons set out in paragraph 9.77 the higher prices in locations formerly in WFTMR21 Area 3 do not do so. Other aspects of our decisions – specifically the charge controls we are imposing on

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<sup>708</sup> See Volume 7, WFTMR21.

<sup>709</sup> Openreach. 1 February 2026. [Full Fibre broadband \(FTTP\) pricing for service providers](#). Accessed 6 March 2026.

WLA rentals and connections – will provide adequate protection to consumers from excessive prices. Maintaining the Equinox Offer prices is compatible with our charge controls.

- 9.83 VodafoneThree’s view that Openreach should be permitted to selectively reduce connection charges in more parts of WLA Area 2, beyond the pre-existing position set out in the Equinox Offers, may give rise to the harm to network competition that the geographic discrimination prohibition is intended to tackle.<sup>710</sup> We thus do not consider that a broader exclusion is appropriate. Rather, geographic pricing that goes beyond the Equinox Offers should be assessed as set out below.

## Guidance on the assessment of the WLA geographic discrimination prohibition

### Our proposals

- 9.84 In our March 2025 Consultation, we proposed maintaining the existing consent process, under which Openreach may apply for consent to implement geographic pricing or retail inducements that would otherwise be prohibited.
- 9.85 We proposed that in assessing differential geographic pricing we would consider:
- a) any objective justification provided by Openreach for the differential pricing; and
  - b) whether it is consistent with our overarching policy objectives (including our strategy to promote network competition).
- 9.86 We also proposed that price differences reflecting geographic variations in cost are less likely to be considered unduly discriminatory, particularly where certain conditions are met.

### Stakeholder responses

- 9.87 nexfibre said it was concerned that Ofcom could permit Openreach geographic pricing schemes in some circumstances. It considered outright prohibition of such pricing schemes would provide greater certainty to rivals and investors and promote competition in Area 2.<sup>711</sup>
- 9.88 nexfibre said that there was likely to be significant variation in costs across Area 2. nexfibre said such differences should not be used by Openreach to justify a discount scheme. In nexfibre’s view, there are no circumstances in which geographic price variations would be consistent with Ofcom’s overarching policy objectives.<sup>712</sup>
- 9.89 Openreach said that Ofcom should consider whether discounted prices were potentially exclusionary, not whether they target altnets.<sup>713</sup> Openreach said that when assessing its price levels, the Ofcom Fibre Cost Model (which is based on the ARPU that a hypothetical entrant might need to earn on its fibre investment) will not be the only relevant consideration given that altnets will set prices looking to recover forward-looking costs.<sup>714</sup>

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<sup>710</sup> The geographic discrimination prohibition would not prevent Openreach setting a uniform price across TAR26 WLA Area 2 if it wished.

<sup>711</sup> [nexfibre](#) response to TAR26 March 2025 Consultation. Main response. Page 28.

<sup>712</sup> [nexfibre](#) response to TAR26 March 2025 Consultation. Main response. Page 29.

<sup>713</sup> [Openreach](#) response to TAR26 March 2025 Consultation. Document 3. Paragraph 477.

<sup>714</sup> [Openreach](#) response to TAR26 March 2025 Consultation. Document 3. Paragraph 478-479

- 9.90 Openreach said that the proposals only allowed for a cost-based price variation while under the WFTMR21 framework Ofcom indicated that it would consider a wider set of grounds. Openreach said that the proposed approach was overly restrictive. In particular, it implied that Ofcom would not consent to geographic pricing even if a price was fair and reasonable, consistent with wider competition law obligations, and would be allowed on a national basis.<sup>715</sup>
- 9.91 Openreach and VMO2 both made submissions about the extent to which geographic pricing targeted at VMO2 raises competition concerns. These are summarised in paragraphs 9.21-9.23 above.

### Our reasoning and decisions

- 9.92 We recognise that there were divergent views on this issue. Furthermore, we recognise that significant changes to competitive outcomes could occur during the review period and that we will need to take relevant developments into account at the time of any assessment of a geographic discount scheme. The way we plan to apply these rules and take developments in competitive conditions into account is clearly important for stakeholders. Therefore, we have provided more detailed guidance on our assessment of geographically differentiated discounts. This guidance is set out in Annex 8. This additional detail is to provide greater transparency and clarity on our likely approach.<sup>716</sup> We also set out our guidance in relation to WLA separately from our guidance in relation to LLA, given different considerations apply. In the following paragraphs, we address the comments raised by stakeholders.
- 9.93 We disagree with nexfibre's view that we should impose an outright ban on geographic discounting. As set out above, in some circumstances there could be an objective justification for, or benefits from, geographic pricing. Furthermore, there may be cases where the geographic discrimination does not raise competition concerns. Therefore, to prevent Openreach from pricing geographically in all circumstances would be disproportionate. We consider it important that our regulation continues to provide for Openreach to request consent to use different geographic prices that would otherwise be prohibited.
- 9.94 While this process places some additional burden on Openreach, we consider it justified in the context of the competition concerns we have identified and our overarching strategy to promote network competition. In paragraphs A8.8 – A8.46 in Annex 8 we provide guidance on the analytical steps we plan to take. While the full process is available to us, we may streamline certain steps where appropriate, for example, where the evidence indicates that the proposed geographic price differences are objectively justifiable and/or where the issues are limited in scope. The extent to which each step is applied will therefore depend on the specific circumstances, including the competitive conditions at the time of our assessment. We have explained how we would look to adapt this process as competition develops.

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<sup>715</sup> [Openreach](#) response to TAR26 March 2025 Consultation. Document 3. Paragraph 487-488.

<sup>716</sup> We note that the market is changing rapidly and the development of competitive conditions over the review period is uncertain, and so we may supplement this guidance if necessary so it remains relevant and suitable.

- 9.95 We consider that Openreach has interpreted the proposed guidance set out in the March 2025 Consultation more narrowly than we intended. Our proposed guidance was not intended to mean only cost-based price variations could be permitted. Our guidance in Annex 8 makes this clear.<sup>717</sup>
- 9.96 Openreach considered that it should not have to request consent when competing with VMO2, which is an established retail competitor that intends to compete in the wholesale market. On the other hand, VMO2 stated that our competition concerns should also apply to it as it is upgrading its network.
- 9.97 It is important to note that our concerns relate to the potential impact of geographic discounts on the long term development of network competition – not specifically whether there is any impact on VMO2 or any other individual competitors.
- 9.98 As explained in paragraph 9.29, VMO2’s large existing network footprint and established customer base mean geographically targeted pricing is unlikely to negatively impact the long-term competitive constraint that it exerts on Openreach. Therefore contrary to VMO2’s view, we are less likely to be concerned about the effect of such offers on VMO2 within its established network footprint, even where it is upgrading that network. Consequently, our application of the analytical framework in Annex 8 will reflect VMO2’s position.
- 9.99 However, there are altnets that overlap with VMO2’s footprint that could also be affected by offers targeted at VMO2, and this could impact the development of network competition in the long term.<sup>718</sup> We recognise that these altnets may, in any event, need to compete with VMO2, which could limit the incremental impact of Openreach’s proposed scheme although we note this might not always be the case. For example, in some instances that competition may not be direct, particularly as VMO2 is not currently a wholesale competitor. Furthermore, Openreach could still target deeper price cuts than those previously offered by VMO2.<sup>719</sup> Accordingly, we would need to assess the extent to which any geographic pricing scheme has effects on altnets and whether those effects are capable of harming the long term development of network competition. For these reasons, we do not agree with Openreach that competition concerns cannot arise when it uses geographic discounts to compete with VMO2.

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<sup>717</sup> This is not a change in policy position relative to the WFTMR21 where it was also clear that we would potentially consent to geographic prices for reasons other than variations in geographic costs. Ofcom. March 2021. [Promoting investment and competition in fibre networks – Wholesale Fixed Telecoms Market Review 2021-26](#) Volume 3, Paragraphs 7.131-7.139.

<sup>718</sup> Nearly 47% of all premises covered by VMO2 (including nexfibre) are also covered by at least one altnet. Provider responses to CN request named CN-FT24, dated 17 June 2024. Provider responses to CN request named CNPND24-F04, dated 4 March 2024. Provider responses to s135 notice dated June or July 2025 Questions F.

<sup>719</sup> Openreach’s discounts may also result in VMO2 reacting with its own price cuts, further increasing the competitive pressure on altnets.

## LLA geographic discounts

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### Competition concerns

#### Our proposals

9.100 In our March 2025 Consultation, we explained that Openreach could use geographic discounts on leased lines to undermine altnets' and LL-only operators' ability to strengthen their position as competitors to Openreach.

#### Stakeholder responses

9.101 Openreach said that Ofcom's justification for restricting geographic pricing in LLA Area 2 was opaque. Openreach said that geographic pricing was a common commercial practice in bidding markets and limiting Openreach's ability to do so would weaken overall competition.<sup>720</sup>

9.102 Openreach said that prior to the WFTMR21 it had operated a 28-day notice period for geographic discounts in the LLA market with no impact on competitive entry evident.<sup>721</sup>

9.103 Other stakeholders generally agreed with our overall competition concerns and supported the need for ex-ante remedies to prevent anti-competitive behaviour.<sup>722</sup> However, most did not specifically comment on the LLA-related competition issues, although VodafoneThree disagreed with Openreach's view in relation to LLA bidding markets.<sup>723</sup>

#### Our reasoning and decisions

9.104 Our competition concerns with LLA geographic discounts are similar to WLA. Such discounts can affect both altnets and LL-only operators. We are concerned that Openreach could use geographic discounts on leased lines to undermine the development of long term network competition.

9.105 We consider that our existing geographic pricing rules are promoting competition in line with our objectives. However, it takes time for altnets to overcome the barriers to entry and expansion we have identified (see Volume 2, Section 5). During the review period, there is also an opportunity to support further build by LL-only operators. Supporting evidence is set out in Volume 4, Section 2.

9.106 Therefore, we consider it is important to maintain the geographic discrimination prohibition for LLA services. As with the WLA market, with our SMP regulation in place, competition is likely to continue developing. As it does so, these concerns may reduce during the review period. We will take relevant competition developments into account at the time of any assessment of a geographic discount scheme for which Openreach seeks consent, as explained in the guidance below.

9.107 We deal with Openreach and VodafoneThree's comments regarding geographic discounts in bidding markets in paragraphs 9.133-9.135 below.

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<sup>720</sup> [Openreach](#) response to TAR26 March 2025 Consultation. Document 3. Paragraph 520-521.

<sup>721</sup> [Openreach](#) response to TAR26 March 2025 Consultation. Document 3]. Paragraph 522.

<sup>722</sup> [CityFibre](#) response to TAR26 March 2025 Consultation. Paragraphs 2.68-2.70. [INCA](#) response to TAR26 March 2025 Consultation. Paragraphs 355-357. [nexfibre](#) response to TAR26 March 2025 Consultation. Main response. Pages 24-25.

<sup>723</sup> [VodafoneThree](#) further response to TAR26 March 2025 Consultation. Paragraphs 8-10.

## Rationale for ex-ante regulation of LLA geographic discounts

### Our proposals

9.108 In our March 2025 Consultation, we proposed imposing ex-ante regulation to address our competition concerns.

### Stakeholder responses

9.109 As noted above, Openreach generally opposed the need for ex-ante regulation of geographic discounts in the LLA market.

9.110 Openreach queried the legal basis for the proposals. It said that setting a condition to restrict its ability to discriminate through geographically targeted price reductions went beyond what an SMP Condition relating to undue discrimination should focus on. Openreach said that Ofcom's proposed constraints on its geographic pricing were in effect a price control which did not fall within the remit of section 87(6)(a) of the Act.<sup>724</sup>

9.111 Other stakeholders generally agreed with our overall competition concerns and supported the need for ex-ante remedies to prevent anti-competitive behaviour.<sup>725</sup> However, most did not specifically comment on the LLA-related competition issues.

### Our reasoning and decisions

9.112 In line with our reasoning in the WFTMR21, we consider it important to impose ex ante regulation to address the competition concerns that we identify in this Section, rather than to rely on competition law.

9.113 We consider that the rationale set out above (paragraphs 9.36-9.40) in relation to the need for ex-ante regulation to address our geographic pricing concerns in the WLA market also apply in the LLA market. As noted above, competition law addresses anti-competitive behaviour after it has happened and cases can take years to reach resolution. As a result, rival networks may be unable to secure deals or drive take-up while a competition case is ongoing (e.g. because it is unclear whether commercial terms introduced by Openreach will ultimately be deemed unlawful). Timeliness is also a concern in the LLA market, as otherwise rival networks may miss opportunities created by emerging approaches to offering LLA services, such as via XGS-PON.

9.114 Our response to Openreach's view that our proposals fell outside the remit of section 87(6)(a) of the Act is set out in paragraphs 9.42-9.46 above.

## Geographic scope

### Our proposals

9.115 In our March 2025 Consultation, we proposed to continue to apply the geographic discrimination prohibition to LLA Area 2 only. We said that this is in line with our objectives for LLA Area 2, where we are seeking to promote investment and competition in gigabit-capable networks by Openreach and other communications providers. Material and sustainable network competition is unlikely to develop in LLA Area 3. Therefore, we

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<sup>724</sup> [Openreach](#) response to TAR26 March 2025 Consultation. Document 3. Paragraphs 526 – 528.

<sup>725</sup> [CityFibre](#) response to TAR26 March 2025 Consultation. Paragraphs 2.68-2.70. [INCA](#) response to TAR26 March 2025 Consultation. Paragraphs 355-357. [nexfibre](#) response to TAR26 March 2025 Consultation. Main response. Pages 24-25.

proposed not to extend the geographic discrimination prohibition to LLA Area 3. We also recognised there is already greater network competition in the HNR Area. Therefore, we proposed not to extend the geographic discrimination prohibition to the HNR Area.

### Stakeholder responses

- 9.116 INCA said the geographic discrimination prohibition should also apply in LLA Area 3 since some altnets are deploying fibre networks in this area.<sup>726</sup>
- 9.117 Vorboss said that the geographic discrimination prohibition should extend to the HNR Area. Vorboss said that while there was greater network competition in the HNR Area, competition still needed to become established and geographic discounting risked undermining it. Vorboss said that Ofcom should consider requiring Openreach to justify why any special offer would not result in anti-competitive effects.<sup>727</sup>
- 9.118 WightFibre was concerned that Ofcom's proposed categorisation of the Isle of Wight in the LLA Area 3 market would allow BT to introduce geographic discounting and other commercial terms in the Isle of Wight without any regulatory restrictions.<sup>728</sup>

### Our reasoning and decisions

- 9.119 The competition concerns we have identified above – that Openreach could use geographically targeted price reductions to undermine the development of network competition – are particularly concerning in areas where there is the potential for material and sustainable network competition to develop. Therefore, we have decided to apply the geographic discrimination prohibition to LLA Area 2. We consider that this is in line with our objectives for LLA Area 2, where we are seeking to promote investment and competition in networks that offer LLA services by Openreach and other telecoms providers.
- 9.120 We remain of the view that the competition concerns set out above should generally not apply in LLA Area 3 where we do not expect alternative LLA providers to have a significant presence. While we do not rule out the possibility of build in LLA Area 3, we consider that material and sustainable network competition is unlikely to develop in LLA Area 3.
- 9.121 Furthermore, as discussed in Volume 2, Section 5, in light of updated evidence on altnets' competitive positioning and improvements to our modelling, we are now more accurately capturing areas where material and sustainable network competition is unlikely to develop (i.e. LLA Area 3).<sup>729</sup> As a result, the overall size of LLA Area 3 has decreased compared to the provisional findings in the March 2025 Consultation.
- 9.122 On balance, given the limited prospects for network competition, we consider it would not be proportionate to apply a specific geographic discrimination prohibition in LLA Area 3 to place further constraints on Openreach's commercial freedom.
- 9.123 In the HNR Area, there is already a significant presence of alternative leased line networks and stronger network competition (see Volume 2, Section 5). While Openreach has SMP in the HNR Area, we consider that it has limited ability to undermine network competition by

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<sup>726</sup> [INCA](#) response to TAR26 March 2025 Consultation. Paragraphs 361-365.

<sup>727</sup> [Vorboss](#) response to TAR26 March 2025 Consultation. Page 8.

<sup>728</sup> [WightFibre](#) response to TAR26 March 2025 Consultation. Paragraphs 19-21.

<sup>729</sup> For example, compared to the March 2025 Consultation, fewer altnets are now present in LLA Area 3. In particular, WightFibre's network – which would have been in LLA Area 3, as proposed in the March 2025 Consultation – is now mostly in LLA Area 2.

geographically targeting discounts within this area, given the presence of multiple overlapping competing networks. This is supported by the fact that we have not previously prohibited geographic discounts in the HNR Area, and BT's share of new connections has declined since 2020.

- 9.124 On balance, given Openreach's limited ability to undermine network competition by geographically targeting discounts within the HNR Area, we consider it would not be proportionate to apply a specific geographic discrimination prohibition in the HNR Area.
- 9.125 Whilst we are not imposing the specific geographic discrimination prohibition in LLA Area 3, if Openreach's pricing were to raise potential concerns in these areas, we would have the option to scrutinise it under our general prohibition on undue discrimination (SMP Condition 4.1) and our requirement for Openreach's prices to be fair and reasonable (SMP Condition 1.3).<sup>730</sup>

## Products and charges that the LLA geographic discrimination prohibition would apply to

### Our proposals

- 9.126 In our March 2025 Consultation, we proposed to extend the geographic discrimination prohibition to apply to connection charges for Ethernet and WDM services, and to other pricing measures such as migration credits. We also proposed that it would continue to apply to rental charges for these products.

### Stakeholder responses

- 9.127 Openreach said that Ofcom's justification for extending the geographic discrimination prohibition to restrict LLA connection discounting was opaque. Openreach said that geographic pricing was a common commercial practice in bidding markets and limiting Openreach's ability to do so would weaken overall competition.<sup>731</sup>
- 9.128 VodafoneThree stated that it strongly opposed Openreach's view that we should permit geographic pricing (and other conditional terms) in the LLA market where bidding is prevalent. It noted that the WFTMR21 framework rightly incentivised Openreach to make its most competitive pricing available to all users, rather than selectively offering discounts to win specific bids. It said that allowing Openreach commercial freedom when bidding would introduce significant risks including market distortion, increased barriers to entry and loss of transparency.<sup>732</sup>

### Our reasoning and decisions

- 9.129 We have decided that the geographic discrimination prohibition will apply in LLA Area 2 to:
- all Ethernet and WDM services;<sup>733</sup> and
  - rental charges and connection charges.
- 9.130 In terms of the rationale for the products covered, the geographic discrimination prohibition will continue to apply to all Ethernet and WDM products as we consider

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<sup>730</sup> See Section 4 and Volume 7.

<sup>731</sup> [Openreach](#) response to TAR26 March 2025 Consultation. Document 3. Paragraph 520-521.

<sup>732</sup> [VodafoneThree](#) further response to TAR26 March 2025 Consultation. Paragraphs 8-10.

<sup>733</sup> We consider that Ethernet leased lines services delivered over XGS-PON and EAD2.0 fall within the definition of "Ethernet".

Openreach could use discriminatory geographic discounts on any of these types of leased line products to undermine the development of competition.

- 9.131 In terms of the rationale for the charges covered:
- a) Rental charges will continue to be within scope of the rules given their significance and monthly recurrence.
  - b) In addition, we include LLA connection charges in the scope of the geographic discrimination prohibition. This is because we consider that discounts on connection charges, which form a significant portion of the total price, could be used to undermine competition in leased lines in a similar way to rental charges.<sup>734</sup> In 2025, Openreach reduced some LLA connection charges while increasing rental charges.<sup>735</sup> This suggests that Openreach sees connection charges as being significant to telecoms providers and relevant to their purchase decisions.
- 9.132 We interpret the rules as also applying to other pricing measures which might have the same effect as geographically differentiated rental or connection charges. For example, we consider that Openreach applying a migration credit of any form in effect reduces rental and/or connection charges.<sup>736</sup> As such, we consider that applying a migration credit on a geographic basis is equivalent to charging different prices in different geographic areas.
- 9.133 Openreach argued that geographic pricing is a common commercial practice in bidding markets and that limiting Openreach's ability to use such pricing would weaken overall competition. We do not agree that the geographic discrimination prohibition is likely to weaken LLA competition. Openreach has not provided evidence that it has previously used the flexibility available to it to geographically discriminate using connection charges to compete in LLA bidding markets. Nor has it demonstrated that the existing prohibition on geographic discrimination for rental prices has impeded its ability to compete.
- 9.134 Although Openreach does not appear to have used geographic pricing on LLA connection services in the past, we remain concerned that retaining this flexibility risks harming the development of network competition. This is not least because Openreach could selectively lower prices for large, strategic contracts without regulatory scrutiny. The geographic discrimination prohibition is designed to prevent such risks.
- 9.135 We note VodafoneThree's concerns that if we were to remove bid pricing from the scope of the prohibition, this would reduce transparency about geographic pricing by Openreach and could raise concerns about market distortion.<sup>737</sup>

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<sup>734</sup> See Openreach's Ethernet services price list which shows that LLA connection charges are significant. (Openreach. [Ethernet services price list](#). Accessed 26 February 2026).

<sup>735</sup> Openreach. July 2025. [ETH015/25 Ethernet Access Direct \(EAD\) 1000Mb Local Access alternative pricing for the UK excluding CLA and HNR areas](#). Accessed 6 March 2026.

<sup>736</sup> For example, a migration credit could take the form of a payment or rebate from Openreach to the downstream telecoms provider that is paid when an end-customer takes an Openreach leased line for the first time.

<sup>737</sup> We address Openreach's request for an exemption from the LLA RO requirement for services that will support bids in Volume 3, Section 7.

## Guidance on the assessment of the LLA geographic discrimination prohibition

9.136 As explained in paragraph 9.92 above, we set out our guidance in relation to LLA in Annex 8. We provide guidance on the analytical steps we plan to take in relation to LLA at paragraphs A8.47 – A8.63. A summary of our March 2025 Consultation proposals and stakeholder responses is set out in paragraphs 9.84-9.91 above.

## Consent process for WLA and LLA geographic pricing

### Our proposals

9.137 In our March 2025 Consultation, we proposed to follow the same consent process that was set out in the WFTMR21.

### Stakeholder responses

- 9.138 nexfibre said that BT should not be allowed to have informal discussions about geographic pricing with Ofcom or Openreach’s customers before formal notification. It said that this would prevent pricing signalling or Ofcom from being perceived as having given buy-in to a proposed scheme.<sup>738</sup>
- 9.139 Openreach stated that legitimate discussions with ISPs on amending its FTTP prices cannot give rise to any feasible competition concerns.<sup>739</sup>
- 9.140 Openreach requested that we set out proportionate timeframes within which any geographic pricing would be assessed and consent granted. It said that it expected that the process, including any wider consultation with stakeholders, should take no longer than two months and allow for expedited review in relation to shorter term offers.<sup>740</sup>
- 9.141 INCA said it was important that there was a consent mechanism for instances where BT considered that geographic pricing initiatives might be in the overall long-term interest of consumers. It considered that the process should include stakeholder consultation.<sup>741</sup>

### Our reasoning and decisions

- 9.142 We disagree with nexfibre’s view that BT should be prohibited from having informal discussions with Ofcom prior to notification.
- 9.143 We are empowered to take actions that are incidental or conducive to our statutory functions. Where we consider that pre-notification discussions with Openreach could be beneficial to a potential exercise of our powers, we may engage in such discussions.
- 9.144 We will exercise our discretion in deciding whether to engage informally with Openreach taking account of the potential benefits of an informal approach and the associated resource implications. We believe this flexibility can reduce the likelihood that Openreach notifies a scheme which would be clearly problematic and aids the overall expediency of

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<sup>738</sup> [nexfibre](#) response to TAR26 March 2025 Consultation. Main response. Page 29.

<sup>739</sup> [Openreach](#) response to TAR26 March 2025 Consultation. Document 3. Paragraph 517.

<sup>740</sup> [Openreach](#) response to TAR26 March 2025 Consultation. Document 10. Paragraph 6. INCA submitted a briefing note to Ofcom stating that this Openreach response should not be taken into account because it was provided late (January 2026). INCA briefing note, submitted to Ofcom on 27 February 2026.

<sup>741</sup> [INCA](#) response to TAR26 March 2025 Consultation. Paragraph 360.

the notification process. However, Ofcom will not greenlight proposals pre-notification, and so any scheme proposed by Openreach should not be considered as having regulatory 'buy-in'.<sup>742</sup>

- 9.145 We also maintain our position that Openreach needs to be able to engage with its wholesale customers and understand their commercial needs. Discussions of this nature are generally a pro-competitive aspect of commercial life. We would be concerned if Openreach's behaviour was anti-competitive or raised credible competition issues which required specific ex-ante regulation. In the absence of such evidence, we consider that further ex-ante restrictions on Openreach's ability to discuss offers or propose new offers is not proportionate.<sup>743</sup>
- 9.146 In response to INCA's request for the process to include stakeholder consultation, our guidance on the consent process already includes the expectation that we would consult for one month (see point g) in paragraph 9.148 below). We will exercise our discretion in deciding whether to consult considering the circumstances of the case and our statutory obligation to consult where we are proposing to give a consent under Section 49A of the Act.
- 9.147 In response to Openreach's request that we set a specific timeline for the consent process (e.g. two months), we consider that it is not appropriate to pre-set fixed timeframes for our assessment. The time required will depend on the specifics and complexity of each case. Nonetheless, we are also mindful that there may be benefits from any proposal, and so will seek to reach a view promptly and efficiently, focusing on plausible (rather than purely theoretical) concerns.
- 9.148 As such, and in line with the approach set out in the WFTMR21, the steps we plan to follow when assessing geographically differentiated WLA and LLA offers are outlined below. While the full process is available to us, we may streamline certain steps where appropriate, for example, where the evidence indicates that the proposed geographic price differences are objectively justifiable and/or where the issues are limited in scope. The extent to which each step is applied will therefore depend on the circumstances of the case:
- a) Openreach can discuss the proposed consent request with us on an informal basis. This is not a requirement but may be helpful i.e. so we can share any initial concerns with Openreach, and it could allow us to conduct initial analysis ahead of formal notification which could aid overall efficiency of the process.
  - b) Openreach formally notify us in writing that it is requesting consent for specific geographic pricing. We would expect the notification to include:
    - i) the services and areas the geographic pricing would apply to; and
    - ii) the prices, terms and conditions that would apply.
  - c) We would expect Openreach to explain the purpose of the scheme, whether and why it believes there is an objective justification and, if there is no such justification, why it will not undermine network competition.<sup>744</sup>

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<sup>742</sup> Since commencing its scale full fibre deployment programme, Openreach has discussed proposed offers with Ofcom on a number of occasions on an informal basis. See Volume 1 at paragraphs 2.38 – 2.39.

<sup>743</sup> See paragraphs 9.217-9.225 below.

<sup>744</sup> In cases where Openreach considers there is an objective justification, it would nevertheless be prudent for it to explain why it will not undermine network competition.

- d) We expect to communicate to stakeholders that Openreach has formally applied for consent and to provide details of the geographic pricing scheme in question.
- e) We may gather further information from Openreach and other stakeholders (as appropriate) using our statutory information gathering powers. We will decide what information to gather on a case-by-case basis depending on the details of the proposed pricing and likely impact on the market.
- f) We will assess the information and evidence to reach a provisional view, considering our assessment criteria and guidance set out in Annex 8. Having done so, we will consider the appropriate next steps in each case.
- g) We would expect to consult for one month.<sup>745</sup> Our consultation would set out our assessment and provisional view on whether consent should be granted or not.
- h) At the end of the consultation period we would consider stakeholder responses and aim to issue a final decision as soon as possible (clearly this would depend on the nature and extent of responses).

9.149 If we have decided to consent to the geographic pricing, we would then expect Openreach to issue an Access Change Notice.

## Other commercial terms

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### Competition concerns

#### Our proposals

9.150 In our March 2025 Consultation, we said that we remained of the view that Openreach could use other commercial terms to undermine the development of network competition in the longer term. We explained that we are particularly concerned about terms such as loyalty discounts or pricing contingent on large volume commitments.

#### Stakeholder responses

9.151 Most stakeholders agreed with the competition concerns outlined in our consultation and supported the need for ex-ante remedies to address these concerns.<sup>746</sup>

9.152 Openreach did not specifically address the competition concerns related to other commercial terms in the WLA market. However, its overall position was not supportive of our proposals.<sup>747</sup> It expressed particular concern about what it described as “additional regulatory hurdles” which it considered disproportionate given the levels of competition now achieved. We discuss these points below.

9.153 In the LLA market, Openreach said that there was no justification for continuing to apply restrictions on conditional and volume offers. It said that the risk of such offers being loyalty inducing or disadvantaging a particular altnet was lessened as their impact is limited to just a specific bid and all bidders had a credible chance of competing for the same level

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<sup>745</sup> We would consider our statutory obligation to consult under section 49A of the Act.

<sup>746</sup> See for example, [AllPoints Fibre](#) response to TAR26 March 2025 Consultation. Paragraphs 11 and 34. [CityFibre](#) response to TAR26 March 2025 Consultation. Paragraphs 2.73-2.79. [INCA](#) response to TAR26 March 2025 Consultation. Paragraphs 366-367. [Hyperoptic](#) response to TAR26 March 2025 Consultation. Pages 15-17. [nexfibre](#) response to TAR26 March 2025 Consultation. Main response. Page 28. [Sky](#) response to TAR26 March 2025 Consultation. Paragraphs 53 and 56. [Virgin Media O2](#) response to TAR26 March 2025 Consultation. Paragraphs 173-192.

<sup>747</sup> [Openreach](#) response to TAR26 March 2025 Consultation. Document 3. Pages 106-107 and Page 116.

of volumes. It said the regulation was a de facto prohibition on conditional and volume offers as a 90 day or 120 day notification period was longer than the typical response window for a bid. Further many such bids were subject to confidentiality agreements, which made the obligation to publish all pricing as part of a RO problematic.<sup>748</sup>

### Our reasoning and decisions

- 9.154 We remain concerned that Openreach could use other commercial terms to undermine the development of network competition.
- 9.155 We recognise that rollout by altnets and LL-only operators has progressed since 2021. However, similar to our competition concerns in relation to geographic discounts as set out in paragraphs 9.24-9.31 and 9.104-9.107 above, we consider that Openreach maintains the incentive and ability to use other commercial terms to undermine the development of network competition in the longer term.
- 9.156 In this context, terms such as Openreach offering lower prices in return for large volume commitments are a particular concern because this could deter access seekers from switching demand to rival networks. Openreach is the only operator with a national footprint. Telecoms providers wishing to offer services on a national scale have no choice but to purchase WLA and/or LLA from Openreach in certain areas. Openreach could design commercial terms which mean access seekers face a significantly higher average charge for services purchased from Openreach if they do not purchase all their services from Openreach. For example, Openreach could make discounts on telecoms providers' purchases conditional on buying significant volumes and/or range of services, which mean in effect telecom providers cannot use rival networks for any meaningful volumes without losing those discounts.<sup>749</sup> This could exclude rival networks even if telecoms providers found them preferable, depriving them of demand and undermining the development of network competition in the long run.<sup>750</sup>
- 9.157 We consider these competition concerns are unlikely to diminish during the review period. Even as competition develops, Openreach is expected to remain the only operator with a national footprint. As a result, the risk that it could leverage its unique position through the design of its commercial terms would persist.
- 9.158 We consider that these competition concerns also apply to specific bids in the LLA market. Openreach possesses SMP in the supply of LLA (other than in the CLA) and thus we do not agree that other suppliers have the same ability as Openreach to offer conditional and/or volume discounts, particularly where those bids are for large scale and valuable contracts.<sup>751</sup>

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<sup>748</sup> [Openreach](#) response to TAR26 March 2025 Consultation. Document 3. Paragraph 523-524.

<sup>749</sup> We assessed Openreach's Equinox 1 Offer and Equinox 2 Offer and found that these concerns did not arise in relation to either pricing arrangement. Ofcom. September 2021. [Statement on Openreach proposed FTTP offer \(Equinox\)](#). Ofcom. May 2023. [Statement on Openreach proposed FTTP offer starting 1 April 2023 \(Equinox 2\)](#).

<sup>750</sup> Competitors would need not only to offer a better deal than Openreach for those volumes that switch to them, but they would also need to compensate the telecoms provider for having to pay a higher price for those volumes that they cannot switch away from Openreach.

<sup>751</sup> We address Openreach's request for an exemption from the LLA RO requirement for services that will support bids in Volume 3, Section 7.

## Rationale for ex-ante regulation of other commercial terms

### Our proposals

9.159 In our March 2025 Consultation, we proposed imposing ex-ante regulation to address our competition concerns.

### Stakeholder responses

9.160 Most stakeholders agreed with the competition concerns outlined in our consultation and supported the need for ex-ante remedies to address these concerns.<sup>752</sup>

9.161 As discussed above, Openreach's overall position was not supportive of our proposals.<sup>753</sup>

### Our reasoning and decisions

9.162 In line with our reasoning in the WFTMR21, we consider it important to impose ex ante regulation to address our competition concerns, rather than to rely on competition law. We consider that the rationale set out above in relation to the need for ex-ante regulation to address our geographic pricing concerns also applies here.

9.163 We have also considered whether our other SMP remedies are sufficient to address our concerns. Our charge controls apply a cap on certain charges, but they do not stop Openreach from introducing other commercial terms that may raise the competition concerns outlined above.

9.164 The general requirements for network access to be on fair and reasonable terms, conditions and charges may apply to certain offers that Openreach may make. However, they may not be sufficient on their own to address all the potential concerns that arise.

9.165 We explain in paragraphs 4.144-4.145, Volume 3, Section 4 why we consider it appropriate and proportionate to set a no undue discrimination obligation in the WLA and LLA markets, and this could be used to regulate geographic discounts. The prohibition on undue discrimination may not address all conditional offers. We thus regard it as important to retain a notification requirement for certain commercial offers, as part of a suite of ex ante regulations, so that we may intervene before problematic terms come into effect.

## Form of ex-ante regulation

### Our proposals

9.166 In our March 2025 Consultation, we proposed to retain a notification regime for commercial terms where the price or other contractual conditions are conditional on the volume and/or range of services purchased and to extend the notification period from 90 days to 120 days. We also proposed to continue to provide guidance on the types of conditional terms that we might consider to be problematic.

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<sup>752</sup> See for example, [AllPoints Fibre](#) response to TAR26 March 2025 Consultation. Paragraphs 11 and 34. [CityFibre](#) response to TAR26 March 2025 Consultation. Paragraphs 2.73-2.79. [INCA](#) response to TAR26 March 2025 Consultation. Paragraphs 366-367. [Hyperoptic](#) response to TAR26 March 2025 Consultation. Pages 15-17. [nexfibre](#) response to TAR26 March 2025 Consultation. Main response. Page 28. [Sky](#) response to TAR26 March 2025 Consultation. Paragraphs 53 and 56. [Virgin Media O2](#) response to TAR26 March 2025 Consultation. Paragraphs 173-192.

<sup>753</sup> [Openreach](#) response to TAR26 March 2025 Consultation. Document 3. Pages 106-107 and Page 116.

## Stakeholder responses

- 9.167 Altnets and ISPs were generally in favour of extending the notification period. FCS,<sup>754</sup> INCA,<sup>755</sup> Sky,<sup>756</sup> VMO2,<sup>757</sup> and VodafoneThree<sup>758</sup> agreed with the proposal to extend the notification period to 120 days. VodafoneThree cautioned against an extension beyond 120 days to ensure a balance was struck between safeguarding competition and allowing Openreach to respond commercially to market movements.<sup>759</sup> Sky stated that the proposed extension should allow ample time, noting that pre-notification discussions with Ofcom allow Openreach to avoid multiple rounds of formal notification and unnecessary delay.<sup>760</sup>
- 9.168 CityFibre considered that the notification period should be extended to 150 days. CityFibre said that the Equinox 2 Offer investigation had only considered the first of three questions in the analytical framework and that were Ofcom to also consider the others then the process would likely take longer.<sup>761</sup>
- 9.169 Community Fibre and nexfibre recommended extending the notification period to 180 days. nexfibre also recommended that the period should be extended by the number of public holidays in the review period.<sup>762</sup>
- 9.170 Openreach opposed extending the notification period. It stated that it would always consult Ofcom ahead of notification, which allows Ofcom to consider offers before the notification period commences. Openreach believed 90 days remained more than sufficient for other stakeholders to consider any proposed commercial propositions.<sup>763</sup>
- 9.171 Openreach said an extension would slow market dynamism and delay the benefit of competition for end customers.<sup>764</sup> Further, it stated that it was wrong in principle and disproportionate to increase the regulatory burden on Openreach given increasing levels of competition.<sup>765</sup> Openreach stated that if Ofcom did extend the notification period, the 120 days should represent the maximum notification period, but that a shorter notification period should be permissible where appropriate.<sup>766</sup>
- 9.172 Openreach also queried the legal basis for the proposals. It said that setting a condition to restrict its ability to discriminate through conditional or volume discounts went beyond what an SMP Condition relating to notification should focus on. Openreach said that Ofcom's proposals were in effect a price control which did not fall within the remit of section 87(6) of the Act.<sup>767</sup>

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<sup>754</sup> [FCS](#) response to TAR26 March 2025 Consultation. Page 6.

<sup>755</sup> [INCA](#) response to TAR26 March 2025 Consultation. Paragraph 366.

<sup>756</sup> [Sky](#) response to TAR26 March 2025 Consultation. Paragraph 55.

<sup>757</sup> [Virgin Media O2](#) response to TAR26 March 2025 Consultation. Paragraph 171.

<sup>758</sup> [VodafoneThree](#) response to TAR26 March 2025 Consultation. Section 1. Paragraph 60.

<sup>759</sup> [VodafoneThree](#) response to TAR26 March 2025 Consultation. Section 1. Paragraph 60.

<sup>760</sup> [Sky](#) response to TAR26 March 2025 Consultation. Paragraph 55.

<sup>761</sup> [CityFibre](#) response to TAR26 March 2025 Consultation. Paragraphs 2.82-2.83.

<sup>762</sup> [Community Fibre](#) response to TAR26 March 2025 Consultation. Paragraph 7.13. [nexfibre](#) response to TAR26 March 2025 Consultation. Main response. Page 31.

<sup>763</sup> [Openreach](#) response to TAR26 March 2025 Consultation. Document 3. Paragraph 495.

<sup>764</sup> [Openreach](#) response to TAR26 March 2025 Consultation. Document 3. Paragraph 494-495.

<sup>765</sup> [Openreach](#) response to TAR26 March 2025 Consultation. Document 3. Paragraph 493.

<sup>766</sup> [Openreach](#) response to TAR26 March 2025 Consultation. Document 3. Paragraph 497.

<sup>767</sup> [Openreach](#) response to TAR26 March 2025 Consultation. Document 3. Paragraphs 526 – 528.

## Our reasoning and decisions

- 9.173 Given the competition concerns set out above, we remain of the view that it is appropriate to retain a notification regime for commercial terms where the price or other contractual conditions are conditional on the volume and/or range of services purchased. We refer to these below as “conditional terms”. This will allow Ofcom time to investigate these terms on a case-by-case basis before they are implemented and, if appropriate, intervene before they come into force.
- 9.174 We provide updated guidance on the types of conditional terms that we might consider problematic in Annex 8.
- 9.175 We consider that this approach is more appropriate and proportionate than an outright prohibition on specific commercial terms, for the following reasons:
- a) A case-by-case assessment is appropriate since the impact of a particular Openreach proposal will depend on the facts, including the specifics of that proposal and the wider market context.
  - b) A case-by-case assessment lessens the risk that Openreach is deterred from introducing schemes that benefit consumers while posing little or no risk to competition.<sup>768</sup>
- 9.176 Stakeholder responses focused on our proposal to extend the notification period from 90 to 120 days.
- 9.177 Openreach considered that the existing 90 day notification period should be sufficient and an extension to the period risked slowing market dynamism. From our experience of undertaking reviews of proposed schemes and discounts, we consider extending the notification period to 120 days is required to allow us to carry out an adequate assessment.<sup>769</sup>
- 9.178 We recognise that a longer notification period may delay the introduction of new offers by Openreach. However, we consider any downsides of extending the notification period by 30 days are outweighed by the potential benefits from safeguarding network competition. While we are extending the notification period to reflect our experience of the assessment process to date, if our initial investigation suggested that ex ante intervention was not required, we would indicate this to the market as soon as practicable to aid certainty.
- 9.179 We disagree with the suggestion of some stakeholders to extend the notification period beyond 120 days. We consider the 120 day period strikes the right balance between allowing Ofcom to carry out an appropriate assessment and delaying Openreach’s ability to introduce new commercial offers which might benefit consumers. While, as pointed out by CityFibre, the 2023 Equinox 2 Statement only reached a conclusion on the first part of the analytical framework, it also considered a number of issues other than the conditional nature of the discounts. Moreover, should an Openreach pricing proposal engage all three

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<sup>768</sup> Under the current regime, we scrutinised Openreach’s discount schemes (Equinox 1 and 2 Offers) and found that they did not raise competition concerns requiring ex ante intervention.

<sup>769</sup> Producing the 2021 Equinox 1 Statement took 92 days (counting from 1 July 2021 when the offer was notified to 30 September 2021 when this statement was published). Producing the 2023 Equinox 2 Statement took 162 days (counting from 14 December 2022 when the offer was notified to 24 May 2023 when the statement was published).

parts of the analytical framework, we can choose to devote additional resources to the assessment.

- 9.180 As is currently the case, we consider that this notification requirement should apply to the supply by Openreach of all WLA and LLA services where the price or contractual terms are conditional on the volume or range of services purchased. As set out above, we would be concerned if Openreach were to undermine the development of network competition in the longer term in any of these markets.
- 9.181 The condition applies in WLA Area 2, WLA Area 3, LLA Area 2, LLA Area 3 and the HNR Area. In the case of WLA Area 2, LLA Area 2 and the HNR Area this is because competitors have a significant presence in these areas and it is important that this competition is not undermined. We recognise that there is unlikely to be the potential for material and sustainable competition in WLA Area 3 and LLA Area 3. However, we are concerned that Openreach could use pricing structures where the price paid in one geographic area where it has SMP depends on whether customers purchase from Openreach in another area. For example, a discount on leased line services in LLA Area 3 might be conditional on maintaining broadband volumes with Openreach in WLA Area 2. Such structures might only apply to the terms in LLA Area 3 (say), but would affect incentives to use altnets in WLA Area 2.
- 9.182 We disagree with Openreach's position that a notification condition is a control on Openreach's prices. The requirement in question is limited to setting out how and when Openreach must provide information about any changes to its commercial terms where this includes conditional terms. This is permitted under section 87(6)(b) and (c) of the Act.
- 9.183 Our guidance (which is set out in Annex 8) does not control Openreach's pricing but provides transparency as to the circumstances in which we may consider intervening in future to prevent such conditional terms, including through our direction making powers. If we ultimately decide to intervene following notification, then we will set out how the intervention falls within the scope of our powers under the Act and meets any relevant legal tests.<sup>770</sup>

## Guidance on conditional terms

- 9.184 While any decision to intervene to prevent conditional terms taking effect would depend on the specific circumstances, in paragraphs A8.64 – A8.77 in Annex 8 we set out our guidance on the types of conditional terms that we might consider to be problematic. In paragraphs 9.186-9.193 below we address stakeholder comments on the proposed version of this guidance set out in the March 2025 Consultation. Also, in paragraphs 1.194-1.204, we discuss the concern that Openreach uses conditional terms to significantly accelerate migration of ISPs' legacy broadband customers to its FTTP network before wholesale altnets can compete.

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<sup>770</sup> We note that a direction which requires Openreach to remove a conditional element from a particular contractual term would not be a control on prices.

## Arrangements which deter telecoms providers from switching volumes to rival networks

### Our proposals

9.185 In our March 2025 Consultation, we proposed an approach to the assessment of notified commercial terms which was consistent with the approach in the WFTMR21 and the three question framework we applied in the 2021 Equinox 1 Statement and the 2023 Equinox 2 Statement, and also takes account of the judgment of the Competition Appeal Tribunal in the Equinox 1 Appeal.

### Stakeholder responses

9.186 Openreach stated that the three question framework proposed in the March 2025 Consultation was not included in the WFTMR21. It considered the questions complicated the consent process by increasing the number of issues to be considered and that it was disproportionate for Ofcom to increase regulatory requirements in a market where competition was increasing.<sup>771</sup> Openreach also said that Ofcom should not set hurdles higher than the obligations that already apply under competition law.<sup>772</sup>

9.187 CityFibre welcomed the inclusion of the three questions into the analytical framework. It stated that Question 1 should be interpreted as a gating question used to screen out only those offers where it was clear on the evidence that there was no possibility of an impact on competition.<sup>773</sup>

9.188 nexfibre welcomed the clarification that both Questions 2 and 3 would need to be satisfied to justify an arrangement which fulfilled the conditions of Question 1. However, it was concerned by what it characterised as the vague and unquantified materiality threshold in Question 2. nexfibre considered that an impact which may seem minor could have an outsized effect on the development of competition. nexfibre also stated that it was important that copper retirement was not used by Openreach to justify arrangements which caused barriers to switching.<sup>774</sup>

### Our reasoning and decisions

9.189 We do not agree with Openreach that the three question framework set out in Annex 8 complicates the assessment process. With one minor modification<sup>775</sup>, the questions align with our approach to the assessment of the Equinox 1 and 2 Offers under the WFTMR21 framework. We do not consider that it creates any additional complexity. Breaking the assessment down into several elements assists market participants in understanding our approach. For the avoidance of doubt and contrary to Openreach's suggestion, there is not a consent process for conditional terms that it notifies. As set out in the guidance at Annex 8, we use the three question framework to determine whether to use our ex ante powers to intervene, for example by making a direction.

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<sup>771</sup> [Openreach](#) response to TAR26 March 2025 Consultation. Document 3. Paragraph 498-499.

<sup>772</sup> [Openreach](#) response to TAR26 March 2025 Consultation. Document 3. Paragraph 500.

<sup>773</sup> [CityFibre](#) response to TAR26 March 2025 Consultation. Paragraph 2.80.

<sup>774</sup> [nexfibre](#) response to TAR26 March 2025 Consultation. Main response. Page 33.

<sup>775</sup> In the WFTMR21 we specifically referred to nascent network competitors and altnets (e.g. Ofcom. March 2021. [Promoting investment and competition in fibre networks – Wholesale Fixed Telecoms Market Review 2021-26](#) Volume 3, Paragraph 7.154). However, our regulation and this guidance also apply to the LLA market which includes LL-only operators. Therefore, we have amended the wording in our guidance to more clearly reflect that our regulation also applies to these competitors.

- 9.190 We also disagree with Openreach that, when assessing commercial terms that are conditional on the volume and/or range of services purchased from Openreach, we should go no further than competition law. As set out above, we are concerned about the development of network competition and, in WLA Area 2 and LLA Area 2, our objective is to promote such competition. This is a continuation of our approach from the WFTMR.<sup>776</sup>
- 9.191 We recognise that Openreach may wish to use conditional terms to compete with VMO2. However, in doing so it is important that the development of network competition in the longer term is not undermined. We consider that our approach allows us to strike an appropriate balance between these considerations.
- 9.192 nexfibre said that considering whether Openreach’s proposed terms are likely or unlikely to have a material impact on network competition was vague and unquantified. We do not consider it is fruitful to elaborate on our guidance on this point, as the question of materiality may be specific to the offer and circumstances at the time.
- 9.193 We disagree with CityFibre’s comment that Question 1 should be used to screen out only those offers where it is clear on the evidence that there is no possibility of an impact on competition and note the same argument was expressly rejected by the Competition Appeal Tribunal in the Equinox 1 Appeal. Instead, the Tribunal held that there could be a range of different degrees of plausibility which might arise in particular scenarios and that it was Ofcom’s task to determine whether these scenarios are real enough to justify intervention, bearing in mind its wider duties and responsibilities.<sup>777</sup> In line with this, and as set out in the guidance at Annex 8, in answering Question 1, we will consider whether there is a plausible concern that the notified terms might create a barrier to using rival networks.

## Openreach commercial terms that significantly accelerate migration to FTTP

### Our proposals

- 9.194 In the March 2025 Consultation, we identified an additional concern that Openreach could use commercial terms to encourage ISPs to significantly accelerate the migration of their existing customer bases on legacy broadband services to Openreach’s FTTP network, before ISPs are able to migrate their bases to an altnet instead.
- 9.195 We explained the particular circumstances in which this concern might arise, namely where ISPs were not yet in a position to migrate their legacy customers to an altnet that is available (for example, where a wholesale agreement is imminent, or an ISP has recently signed a wholesale agreement but has not yet completed the integration necessary for it to place substantial order volumes). In these circumstances, such terms could exclude altnets, even if ISPs will prefer them to Openreach once the ISP is in a position to place orders with them.
- 9.196 We considered this concern to be greatest in relation to conditional terms, and noted that any such terms would already need to be notified under our proposed notification requirements. To the extent that the terms deter ISPs from switching volumes to rival

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<sup>776</sup> The 2023 Equinox 2 Statement said that “The framework we set out in the WFTMR and applied in the Equinox 1 Statement ... was designed to place much tougher limits on Openreach’s ability to use volume and loyalty discounts than would arise under ex post competition law.” Ofcom. February 2023. [Statement on Openreach proposed FTTP offer \(Equinox 2\)](#). Paragraph 3.20. See also Ofcom. August 2021. [Statement on Openreach proposed FTTP offer \(Equinox\)](#). Paragraph 3.66.

<sup>777</sup> [CityFibre Limited v Ofcom](#) [2022] CAT 33, paragraph 147.

networks, then they could be considered using the same analytical framework as the Equinox Offers. However, we provided an example of conditional terms that would fall outside the scope of that framework, while still raising concerns about accelerated migration. We therefore outlined how we proposed to evaluate any such terms.

### Stakeholder responses

- 9.197 Openreach said that Ofcom’s concerns around accelerated migration were unfounded. Openreach considered that there will be plenty of scope for consumers to switch between networks, even after they have had FTTP installed for the first time. In support, it pointed to the introduction of One Touch Switch [8].<sup>778</sup> Openreach said that slowing migration would delay the benefits of FTTP to consumers, delay the cost savings associated with FTTP and weaken incentives to invest, contrary to broader Government objectives. It also said that Ofcom’s proposals would prevent Openreach introducing lower prices for consumers.<sup>779</sup> Finally, Openreach said that, since the March 2025 Consultation, the agreement between Sky and CityFibre has become operational.<sup>780</sup>
- 9.198 INCA agreed that terms that significantly accelerate migration to FTTP can give rise to competition concerns.<sup>781</sup> CityFibre supported our proposals.<sup>782</sup> nexfibre also supported our proposals and said that, when assessing such schemes, Ofcom should not sacrifice the long-term benefits of network competition for short term consumer benefits.<sup>783</sup>

### Our reasoning and decisions

- 9.199 Where conditional terms that incentivise accelerated migration could deter ISPs from switching volumes to rival networks in the way described at paragraph 9.156, these could be considered using the analytical framework set out in Annex 8.
- 9.200 In the March 2025 Consultation, we identified a potential concern about conditional terms that incentivise accelerated migration but are not captured by the analytical framework set out in Annex 8. For example, if Openreach offered lower prices conditional on hitting targets related to the migration of the ISP’s legacy customer base off legacy broadband services, but it did not matter which services they migrate to (e.g. Openreach FTTP, altnet FTTP, VMO2). In theory, under such an offer, use of an altnet does not affect the price that an ISP pays for Openreach services. However, the offer could raise concerns if the ISP is not practically able to migrate those customers to an altnet it would find preferable (e.g. due to systems integration or operational readiness). In such circumstances, offers like these could undermine the development of network competition in the long term.
- 9.201 Market developments since the March 2025 Consultation mean that this concern is reduced. In particular, given the extent of altnet-ISP wholesale deals that are now up and running, if Openreach were to offer such a conditional scheme on a wide basis (e.g. nationally or across WLA Area 2), it is likely to benefit altnets on their existing network

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<sup>778</sup> [Openreach](#) response to TAR26 March 2025 Consultation. Document 3. Paragraphs 493 and 502-505.

<sup>779</sup> [Openreach](#) response to TAR26 March 2025 Consultation. Document 3. Paragraph 505. [Openreach](#) response to TAR26 March 2025 Consultation. Annex 1. Section 4.6.1.2.

<sup>780</sup> [Openreach](#) response to TAR26 March 2025 Consultation. Document 3. Paragraph 505.

<sup>781</sup> INCA also raised concerns in relation to vertically integrated altnets. [INCA](#) response to TAR26 March 2025 Consultation. Paragraphs 367-368.

<sup>782</sup> CityFibre also identified completing network build and post-merger integration as temporary barriers to using altnet FTTP. [CityFibre](#) response to TAR26 March 2025 Consultation. Paragraphs 2.75-2.80.

<sup>783</sup> [nexfibre](#) response to TAR26 March 2025 Consultation. Main response. Question 3.9, pages 34-35.

footprints. This is because any orders ISPs place with altnets would contribute to hitting the targets set by Openreach.

- 9.202 We recognise that there may be locations within WLA Area 2 where ISPs are not yet in a position to migrate significant numbers of legacy customers to altnets.<sup>784</sup> We consider there remains a risk that Openreach could offer geographically targeted offers – which may or may not be conditional – in areas where such temporary barriers exist. Such conduct is captured by our rules in relation to geographic discounts. We have clarified our guidance on the assessment of the geographic discrimination prohibition to provide further details on how we would assess whether this concern arises at particular locations within WLA Area 2 (see paragraphs A8.25-A8.32 in Annex 8).
- 9.203 Furthermore, to the extent that any such area-wide offer to accelerate migration involves low FTTP pricing, the requirement on Openreach to maintain sufficient margin for reasonably efficient altnets to compete limits how low Openreach can price (see Volume 4 Section 1 for further details).
- 9.204 Therefore, given market developments and our existing regulatory framework we consider that additional rules or standalone guidance on terms which might accelerate migration are no longer necessary.

## Process in relation to conditional terms

### Our proposals

- 9.205 In our March 2025 Consultation, we outlined a proposed process in relation to commercial terms where the price or other contractual conditions are conditional on the volume and/or range of services purchased. This was in line with the approach set out in WFTMR21 and included the proposal that Openreach could discuss proposed commercial terms with us on an informal basis.

### Stakeholder responses

- 9.206 Stakeholder responses focused on Openreach discussing proposed commercial terms with Ofcom on an informal basis prior to formal notification of the terms.
- 9.207 nexfibre stated that Openreach should not be able to discuss potential price changes with any external parties, including Ofcom, before releasing its proposals to all stakeholders. Prior discussions between Ofcom and Openreach could be seen as Ofcom giving buy-in to proposed offers that are notified.<sup>785</sup> INCA similarly stated that Ofcom should not engage in such informal discussions since they generate a level of ‘buy in’ by Ofcom to the proposed terms and risk biasing Ofcom’s assessments.<sup>786</sup> Community Fibre was concerned by the lack of transparency around informal discussions and made a similar point.<sup>787</sup>
- 9.208 INCA asked Ofcom to require Openreach to submit data and analysis explaining why it considers the proposed commercial terms to be compliant as part of the notification.<sup>788</sup>

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<sup>784</sup> This could be a subset of a network’s footprint, for example the premises covered by an altnet it has newly acquired.

<sup>785</sup> [nexfibre](#) response to TAR26 March 2025 Consultation. Main response. Pages 33-34.

<sup>786</sup> [INCA](#) response to TAR26 March 2025 Consultation. Paragraphs 389-390.

<sup>787</sup> [Community Fibre](#) response to TAR26 March 2025 Consultation. Paragraphs 7.15 – 7.19.

<sup>788</sup> [INCA](#) response to TAR26 March 2025 Consultation. Paragraph 387.

9.209 INCA also asked Ofcom to commit to always consulting stakeholders on its assessment of terms that have been notified under the other commercial terms remedy.<sup>789</sup> CityFibre stated that unless there is no plausible basis for concluding that an offer is conditional on the volume and/or range of services purchased, Ofcom should err on the side of caution and consult with interested stakeholders on whether the offer gives rise to competition concerns.<sup>790</sup>

### Our reasoning and decisions

9.210 We are able to take actions which are incidental or conducive to our functions. Where we consider pre-notification discussions with Openreach could be beneficial to a potential exercise of our duties, we will have such discussions.

9.211 We will exercise our discretion in deciding whether to engage informally with Openreach taking account of the potential benefits of an informal approach and the potential resource implications. We believe this flexibility can reduce the likelihood that Openreach notifies a scheme which would be clearly problematic and aids the overall expediency of the notification process. However, Ofcom will not greenlight proposals pre-notification, and so any scheme proposed by Openreach should not be considered as having regulatory ‘buy-in’.

9.212 We do not consider it necessary to require Openreach to submit evidence explaining why it considers the proposed commercial terms are compliant with its regulatory obligations. Openreach can submit its views if it wishes, and we consider it to be in its interests to do so. As proposed in the March 2025 Consultation, we will determine the most appropriate way to gather information relevant to our consideration on a case-by-case basis.

9.213 In relation to INCA and CityFibre’s request for the process to include stakeholder consultation, our guidance on the process provides for consultation where appropriate. We will exercise our discretion in deciding whether to consult considering the circumstances of the case and our statutory obligation to consult under section 49A of the Act. For example:

- a) If our view on an initial assessment is that the terms do not raise competition concerns warranting further review, we will not proceed beyond step d) in paragraph 9.214 below. We will not usually provide an opportunity to comment before we take this decision.
- b) If our analysis following a formal review indicates that there are no substantive concerns requiring ex ante intervention, we would expect to announce closure of our review to give certainty to the market. In certain cases, we may consider that fairness requires us to provide an opportunity for relevant stakeholders to comment before we finalise our decision to close the review but in other cases, we may consider that is not required, given the need for a proportionate, streamlined process. As noted below, stakeholders may raise concerns with us at any stage, even where no formal consultation process is initiated.
- c) Where we propose to make a direction to address competition concerns raised by the notified terms, we would expect to consult for one month (see step g) i) in paragraph 9.214 below).

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<sup>789</sup> INCA response to TAR26 March 2025 Consultation. Paragraph 392.

<sup>790</sup> CityFibre response to TAR26 March 2025 Consultation. Paragraph 2.81.

- 9.214 Accordingly, in line with the approach set out in the WFTMR21, the steps we plan to follow when assessing conditional terms are as outlined below:
- a) Openreach can discuss the proposed commercial terms with us on an informal basis. This is not a requirement.
  - b) Openreach formally notify the proposed commercial terms to us. The notification must include:
    - i) the services included in the offer; and
    - ii) the prices, terms and conditions that would apply.
  - c) Openreach must also notify industry through an Access Change Notice.
  - d) We will form a preliminary view on whether the proposed commercial terms raise competition concerns. Stakeholders are welcome to raise any initial concerns with us.
  - e) If we decide the proposed commercial terms may raise competition concerns, we will publicly announce a review and start initial evidence gathering. The exact form of the process will depend on the proposed terms and the nature of any potential concerns. In some cases, it may be appropriate for us to issue a general call for inputs/evidence from interested stakeholders. In other cases, we may only require specific input or evidence from Openreach and specific stakeholders. We anticipate using our statutory information gathering powers.
  - f) We will assess the information and evidence to reach a provisional view. We discuss the analytical framework and provide guidance on specific types of terms in Annex 8.
  - g) The next steps depend on whether we plan to use ex ante intervention:
    - i) If we consider that there are competition concerns that would be addressed by a direction under our powers under SMP Conditions, we would generally expect to consult for one month.<sup>791</sup> At the end of the consultation period we would consider stakeholder responses and aim to issue a final decision (and where appropriate direction) shortly after the consultation period (clearly this would depend on the nature and extent of responses).
    - ii) If our analysis suggested that there were no substantive concerns requiring ex ante intervention, we would expect to announce that we were closing our review to give certainty to the market. We may also consider consulting with stakeholders before closing the review on the basis of no substantive concerns.
- 9.215 It should be noted that the process outlined above applies only to conditional terms which fall within scope of the notification requirement set out in SMP Condition 8.6 in Volume 7. If we have other concerns (or these are raised by third parties) under BT's SMP Conditions about other terms of an offer that Openreach is considering or has notified in an Access Change Notice, or other aspects of Openreach's conduct, these will be handled, as appropriate, in accordance with Ofcom's Regulatory Enforcement Guidance or our Dispute Resolution Guidelines.<sup>792 793</sup> Openreach and third parties may be invited to make separate, reasoned submissions on matters which may be considered for regulatory enforcement or dispute resolution. For the avoidance of doubt, the 120 day period specified in SMP Condition 8.6 will not apply to Ofcom's consideration of such matters.

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<sup>791</sup> We would consider our statutory obligation to consult under section 49A of the Act.

<sup>792</sup> Ofcom. [Regulatory Enforcement Guidelines](#).

<sup>793</sup> Ofcom. [Dispute Resolution Guidelines](#). We plan to consult on updating these guidelines in Spring 2026.

## Terms that are not conditional

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9.216 While terms that are conditional on the volume and/or range of services purchased are more likely to give rise to competition concerns, and thus require particularly early notification to Ofcom, it is possible that terms that do not fall within the scope of this notification requirement could also be problematic. It is not possible to pre-empt all possible terms. Where Openreach proposes other types of pricing or commercial terms which are not conditional on the volume and/or range of services purchased but which undermine network competition, we may consider the use of our ex ante powers to direct Openreach to modify such terms. In particular, we note our non-discrimination obligation (see Section 4) and requirement for the terms and conditions of network access to be fair and reasonable (see Section 4).

## Openreach's practice of discussing and amending its FTTP prices

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9.217 In our March 2025 Consultation, we explained that stakeholders ([3<] and nexfibre) raised the concern that Openreach's practice of trailing, negotiating and updating its FTTP offers (i.e. 'drip-feeding' price changes) creates pricing instability. They said this reduces the willingness of ISPs to use altnets which in turn acts as a barrier to altnet entry and expansion.<sup>794</sup> This concern does not necessarily relate to a particular discussion or the specific terms of a proposal – it can relate to a pattern of Openreach behaviour.

## Stakeholder responses

9.218 nexfibre stated that it remains concerned that Openreach's practice of previewing future FTTP offers with its ISP customers before launch has an anticompetitive effect. As noted above, nexfibre stated that Openreach should not be able to discuss potential price changes with any external parties before releasing its proposals to all stakeholders.<sup>795</sup>

## Our reasoning and decisions

9.219 Considering stakeholders' submissions, we have identified various hypothetical theories of harm to explain why such a pattern of Openreach behaviour might raise competition concerns:

- a) **Theory of harm 1:** It can create an ISP expectation that Openreach may introduce conditional discounts that are difficult to obtain if the ISP uses (or commits to use) altnet FTTP i.e. a concern about leveraging in the future.

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<sup>794</sup> [3<] [nexfibre](#). June 2024. Non-confidential pre-consultation submission. UK fibre: a fork in the road, Telecoms Access Review. Paragraph 97.

<sup>795</sup> [nexfibre](#) response to TAR26 March 2025 Consultation. Main response. Page 34. In addition to its consultation response, nexfibre referred to these issues in its letter to Ofcom regarding Openreach's proactive migration offer. nexfibre. 10 November 2025. nexfibre letter to Ofcom re Openreach FTTP proactive upgrades special offer NGA2014\_25

- b) **Theory of harm 2:** It can create an ISP expectation of future reductions in Openreach's FTTP prices. ISPs might prefer not to use (or commit to use) altnet FTTP, as they anticipate that they will instead benefit from lower future Openreach FTTP prices.<sup>796</sup>
- c) **Theory of harm 3:** ISPs lack the resources to consider offers from altnets while they are engaging with Openreach.

- 9.220 Stakeholders also raised these concerns in response to the Equinox 2 Offer. We investigated these concerns in detail, and we concluded that the evidence did not support any of the three theories of harm described in paragraph 9.219.<sup>797</sup> Since March 2025, Openreach has introduced multiple offers in the WLA and LLA markets. We have continued to monitor the market in light of these new offers, including considering whether frequent price changes by Openreach are creating market uncertainty.<sup>798</sup> As set out in Volume 1, our monitoring showed the recent proactive migration offer having a limited impact consistent with the expectations set out in our open letter to industry and we were satisfied that no further action was warranted. We have also seen no evidence to date to suggest that Openreach's recent practices and pricing offers, including the frequency of price changes, are having an anticompetitive effect or raising concerns in line with the theories of harm outlined in paragraph 1.223.
- 9.221 Furthermore, we consider that our package of remedies for the TAR26 review period provide ISPs with sufficient transparency and confidence that Ofcom would intervene to prevent a scheme that introduced other commercial terms that would harm network competition i.e. Ofcom would prevent leveraging in the future. Therefore, we consider that theory of harm 1 is already addressed by our remedies.
- 9.222 Theory of harm 2 relates to ISPs' expectations about Openreach's future FTTP prices. We have not seen any evidence to support this theory of harm.<sup>799</sup> Furthermore, ISPs' expectations about future prices will reflect their views on how far Openreach could reduce its prices. As set out in Volume 4, Section 1, we would be concerned if Openreach set its FTTP prices at a level that undermines the opportunity for a reasonably efficient competitor to recover its costs.
- 9.223 Lastly, in relation to theory of harm 3, we have not seen any evidence to suggest that ISPs lack the resources to engage with altnets whilst they are engaging with Openreach. Several ISPs have announced wholesale agreements with altnets in recent months.<sup>800</sup> Furthermore,

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<sup>796</sup> nexfibre raised a similar theory of harm regarding Openreach's proactive migration offer, stating that it represents another instance of Openreach "drip-feeding" lower prices to the market. According to nexfibre, this pattern of behaviour creates a degree of "regret aversion", whereby ISPs fear that a change of supplier could lead to a worse outcome and therefore choose to remain with the status quo (i.e. Openreach) even when better alternatives may exist. In nexfibre's view, Openreach is exploiting this "regret aversion" or "status quo bias" by developing a reputation for offering new discount schemes. nexfibre. 10 November 2025. nexfibre letter to Ofcom re Openreach FTTP proactive upgrades special offer NGA2014\_25.

<sup>797</sup> 2023 Equinox 2 Statement. Ofcom. February 2023. [Statement on Openreach proposed FTTP offer \(Equinox 2\)](#). Paragraphs 5.24-5.34.

<sup>798</sup> In October 2025, we published an open letter to industry given concerns raised with Ofcom about Openreach's recent proactive upgrades special offer. In this letter we committed to monitor the impact of the proactive migration offer and to monitor whether frequent price changes by Openreach are creating market uncertainty. Ofcom. October 2025. [Open letter to industry](#).

<sup>799</sup> We have collated and reviewed ISPs' recent internal documents discussing current and potential wholesale agreements.

<sup>800</sup> See Volume 2, Section 4.

ISPs' internal documents illustrate that they have the resources to consider and engage with multiple potential suppliers simultaneously.<sup>801</sup>

- 9.224 More generally, Openreach needs to be able to engage with its wholesale customers and understand their commercial needs. Discussions of this nature are generally a pro-competitive aspect of commercial life. We would clearly be concerned if Openreach's behaviour was anti-competitive or raised credible competition issues which required specific ex-ante regulation. In the absence of such evidence, we consider that further ex-ante restrictions on Openreach's ability to discuss offers or propose new offers would not be proportionate.
- 9.225 Overall, given the evidence we reviewed to date and our remedies, we consider that further ex-ante regulation is neither warranted nor proportionate. While we are not introducing further ex-ante regulation, if there is future evidence of potentially anti-competitive behaviour during the review period, we would consider intervention.<sup>802</sup>

## Conclusion

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- 9.226 We consider that the geographic discrimination prohibition (including the carve-out for the Equinox 1 and 2 Offers) and the requirement to notify terms that are conditional on the volume or range of services are both appropriate and proportionate in relation to BT's market power in each of the markets where we impose them.
- The geographic discrimination prohibition seeks to prevent undue discrimination that would adversely affect competition and ultimately cause detriment to consumers. We consider that our geographic discrimination prohibition represents the minimum required to address our competition concerns.
  - The carve-out for geographic price differences arising from the different connection charges payable under the Equinox 1 and 2 Offers provides clarity to stakeholders without undermining the objective of the geographic discrimination prohibition.
  - The requirement to notify terms that are conditional on the volume and/or range of services seeks to provide transparency and allows us to consider commercial terms that could potentially undermine network competition in the longer term and ultimately cause detriment to consumers. We consider that this requirement is the minimum that is necessary to address our competition concerns.
  - We recognise that the extension to the notification period for such terms from 90 days to 120 days may slightly delay Openreach introducing new schemes and responding to rivals. However, we consider that the extra 30 days relative to the current notification period is necessary and proportionate given the competition risks outlined above and in light of our experience of reviewing two offers notified under the existing process.
- 9.227 SMP Conditions 4.4 to 4.8 and 8.6 in Volume 7 implement these remedies. Section 87(6)(a) of the Act authorises the setting of an SMP services condition requiring the dominant provider not to discriminate unduly against particular persons, or against a particular

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<sup>801</sup> [redacted] [redacted] response dated [redacted] to s135 notice dated [redacted], question [redacted]. [redacted] [redacted] response dated [redacted] to s135 notice dated [redacted], question [redacted]. [redacted] [redacted] response dated [redacted] to s135 notice dated [redacted], question [redacted].

<sup>802</sup> Through our regular formal and informal engagement with Openreach, ISPs and altnets, we consider that we have sufficient transparency and oversight of Openreach's discussions and pricing proposals before they are formally notified and therefore can look to intervene promptly where there is a risk of harm to competition.

description of persons, in relation to matters connected with network access to the relevant network or with the availability of relevant facilities. Section 87(6)(b) of the Act authorises the setting of a SMP services condition requiring the dominant provider to publish, in such manner as we may direct, all such information as they may direct for the purpose of securing transparency in relation to such matters. In Section 4 above we also explain our SMP Conditions with certain powers of direction in respect of fair and reasonable terms, conditions and charges, undue discrimination and reference offers.

# 10. Legal tests

- 10.1 In Sections 4 to 9 we set out our decisions to require Openreach to provide network access and associated remedies designed to support and make effective that network access. In summary we have decided to impose the following in each of the physical infrastructure, wholesale local access (WLA Area 2 and WLA Area 3), leased lines access (LL Area 2, LL Area 3 and the HNR areas) and IEC services markets (BT Only exchanges and BT+1 exchanges, and for a transitional period BT+2 exchanges):
- Requirement to provide network access on reasonable request;
  - Requirement to publish and operate a process for new forms of network access;
  - Requirement not to unduly discriminate;
  - Requirement to provide certain forms of network access on an EOI basis;
  - Requirement to publish a Reference Offer;
  - Requirement to notify changes to charges, terms and conditions;
  - Requirement to notify technical information;
  - Requirement for quality of service; and
  - Specific network access and associated requirements.
- 10.2 In order to give regulatory effect to our decisions we have decided to set the SMP conditions and Directions set out in Volume 7.

## Section 47 tests

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- 10.3 For each SMP condition, we consider that the conditions we have set satisfy the tests set out in section 47 of the Act, namely that the obligation is:
- objectively justifiable in relation to the networks, services or facilities to which it relates;
  - not such as to discriminate unduly against particular persons or against a particular description of persons;
  - proportionate to what the condition or modification is intended to achieve; and
  - transparent in relation to what it is intended to achieve.

## Objectively justifiable

- 10.4 We consider that each of the SMP conditions we have set is objectively justifiable. The remedies that we are imposing are designed to address the competition concerns that we have identified in our market analysis (see Volume 2). As explained in Volume 2, Section 7, our market analysis has found that Openreach has the ability and incentive to:
- refuse to supply access and thus restrict competition in the provision of products and services in the relevant downstream market;
  - provide access to its services on less favourable terms than to its own business divisions (Openreach or divisions downstream of Openreach), to the detriment of its competitors in the relevant wholesale and retail markets, by both price and non-price discrimination;
  - (in some markets) target price reductions or adopt other commercial terms in relation to access to its network in order to undermine the development of material and sustainable network competition; and

- not continuously deliver an adequate level of service quality in relation to network access.
- 10.5 Therefore, in the absence of a requirement to provide network access, supported by associated obligations, Openreach could refuse or impede access, or it could provide access on less favourable terms and conditions compared to those obtained by its own downstream businesses. We have decided to exercise our discretion in setting these obligations in favour of an approach that is intended to promote competition and investment in gigabit-capable networks, by Openreach and other providers, in areas with the potential for material and sustainable competition, while protecting consumers and existing models of downstream competition in the short term. In the remaining areas, we have chosen an approach to remedies to promote access-based competition and protect consumers and additionally in WLA Area 3 to promote investment by Openreach.
- 10.6 We explain in Sections 4 to 9 for each obligation we have imposed why we consider that obligation is objectively justified in the context of the markets which we have reviewed.

## Not such as to discriminate unduly

- 10.7 We consider that each of the SMP conditions does not discriminate unduly against BT. It is the only telecoms provider we have found to hold SMP in the markets that we have identified (or can be treated as such under s.46(8A) of the Act regarding IEC BT+2 exchanges) and the SMP conditions seek to address that market position.

## Proportionate

- 10.8 We consider that each of the SMP conditions is proportionate to what that condition is intended to achieve. In each case, we are imposing an obligation on BT that is effective to achieve our aim, is no more onerous than is required to achieve that aim and does not produce adverse effects which are disproportionate to our aim. We explain why we consider each remedy is proportionate in the context of the markets we are reviewing in Sections 4 to 9.

## Transparent

- 10.9 We consider that each of the SMP conditions is transparent in relation to what is intended to be achieved. The text of the SMP conditions is published in Volume 7 and the operation of those SMP conditions is aided by our explanations in this statement. Our statement sets out our analysis of responses to the March 2025 Consultation, the TAR26 October Consultation, the TAR26 November Consultation and the basis for our final decision.

## Section 46

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- 10.10 In Section 8 we are imposing SMP conditions to apply to newly deregulated BT exchanges<sup>803</sup> for a transitional period of 12 months in relation to active IEC services and a transitional period of three years in relation to DFX.
- 10.11 Section 46(8A) of the Act provides that we can continue to treat a person (here BT) previously determined as having SMP in a given market, who we determine no longer has SMP in that market, as continuing to have SMP in that market for so long as we consider

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<sup>803</sup> i.e. those exchanges we have defined as BT+2 in this statement.

necessary to ensure a sustainable transition for those benefiting from the obligations imposed as a result of the previous SMP determination.

- 10.12 For the reasons we set out in Section 8, we consider that the 12 month period for active IEC services and three-year transitional period for DFX are in each case necessary for a sustainable transition for telecoms providers to alternative services and, are no longer than necessary to achieve this aim. We therefore consider our decisions to be consistent with section 46(8A) of the Act.

## Section 49 tests

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### Direction in relation to publication of retail offers to consumers

- 10.13 In Section 4 we have decided to make a Direction in the WLA Area 2 and Area 3 markets, requiring Openreach to publish any retail offer which it makes to consumers to encourage them to purchase its VULA products and notify such offers to Ofcom at least 28 days in advance of the offer taking effect.
- 10.14 We have made this Direction under SMP condition 8 which requires BT to publish charges, terms and conditions and act in the manner as Ofcom may from time to time direct.
- 10.15 We consider that the Direction meets the criteria set out in section 49(2) of the Act. In particular, it is:
- a) objectively justifiable, in that it provides transparency about retail offers that Openreach makes to consumers and enables Ofcom to monitor that such offers comply with Openreach's obligation not to engage in undue discrimination;
  - b) not unduly discriminatory, in that the Direction applies only to BT, which is the only operator to have a finding of SMP in the markets in which the Direction applies;
  - c) proportionate, in that the obligations to publish and notify such offers are no more than necessary to achieve the intended objective; and
  - d) transparent, in that it is clear in its requirements and intention, as explained in this document and the text of the Direction is set out at Volume 7.

### Direction in relation to VULA contract lengths

- 10.16 In Section 6 we have decided to make a Direction in the WLA market (Area 2 and Area 3) limiting the length of the minimum contract period following VULA migrations and connections to no longer than one month.
- 10.17 We consider that this Direction meets the tests set out in the Act. As set out in Section 4, we have decided make provision for Ofcom to direct the terms of access as part of the SMP condition requiring BT to provide network access on fair and reasonable terms, conditions and charges. We have decided to make this Direction pursuant to that provision.
- 10.18 We consider that the Direction meets the criteria set out in section 49(2) of the Act. In particular, it is:
- a) objectively justifiable, in that it will promote competition by preventing BT from over recovering the cost of supplying VULA services. It is also likely to facilitate switching and promote retail competition for VULA services;
  - b) not unduly discriminatory, in that the Direction applies only to BT, which is the only operator to have a finding of SMP in the markets in which the Direction applies;

- c) proportionate, in that, while it will promote competition, the overall impact on BT's incentives to invest, and more generally on take-up of fibre, is likely to be limited and the measure is, therefore, no more intrusive than necessary to achieve its intended goals;
- d) transparent, in that it is clear in its requirements and intention, as explained in this document and the text of the Direction is set out at Volume 7.

## Section 87 factors

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- 10.19 We are imposing SMP conditions requiring BT to give entitlements as respects the provision of network access to the relevant network, the use of the relevant network and the availability of the relevant facilities. As explained in Sections 4 to 8, in determining which conditions are authorised by section 87, we have taken into account in particular the factors set out in section 87(4) of the Act.

## Section 88 tests

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- 10.20 We are imposing SMP conditions requiring BT to provide network access on reasonable request on fair and reasonable terms, conditions and charges where no charge control applies or where no basis of charges obligation applies in each of the PIA, WLA (Area 2 and Area 3), LLA (Area 2, Area 3 and the HNR Area) and IEC markets (BT Only exchanges and BT+1 exchanges, and for a transitional period BT+2 exchanges). In addition, we have decided that this fair and reasonable requirement should apply to FTTP services where a charge control applies. We set out how we consider these SMP conditions satisfy the tests set out in section 88 of the Act in Volume 4.

## Ofcom's duties

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- 10.21 As set out in Volume 1, we consider the package of SMP conditions and the directions we have set both individually and together meet our duties in sections 3 and 4 of the Act.