



Leased lines forecasts and trends

Submission to the
Telecoms Access
Review

17/10/2025

Summary

This additional submission to Ofcom's TAR provides Openreach's latest forecasts and information on key trends in the leased lines markets. The information on forecasts updates that provided [§¹] and evidence of FTTP substitution further supports our view of this competitive constraint as set out to Ofcom in response to its March 2025 consultation ("TAR Consultation").

This evidence demonstrates the strength of the competition faced by Openreach and supports our previous submission in the following areas:

- FTTP-based leased line equivalent services should be included in the LLA product definition, in line with Ofcom's TAR Consultation proposals, but Ofcom should also recognise the constraint from contended FTTP services.
- Multi-Service Networks ("MSNs") offering business services over FTTP must therefore be taken into account when defining LLA geographic markets and in the subsequent SMP assessment and decision around appropriate SMP remedies to apply.
- Ofcom should re-consider its proposed cost-based charge control in LLA Area 3 (which we believe should as a minimum be considerably smaller than currently proposed) and as a minimum update [§] the volumes used to set the level of the control [§].

- 1.1. In the TAR Consultation, Ofcom saw significantly less scope for competition in leased line services than in 2021. Ofcom proposed to increase the size of Area 3 to cover almost half of UK postcode sectors and impose a new charge control on low bandwidth services in these locations.

¹ [§]

- 1.2. Openreach disagrees with this assessment (as do a number of other operators in their TAR Consultation responses²). The view that over the TAR period our leased lines services will face less competition than five years ago is erroneous and ignores evidence Openreach has already submitted. We are facing increasing competitive pressure on our leased lines portfolio from competitors offering their own ethernet and high-bandwidth FTTP services.
- 1.3. We wish to ensure Ofcom has the latest information and further data available to it as it forms its view at this stage in the TAR process, which we provide below. Ofcom should take into account the latest evidence in addition to the evidence provided in Openreach June submission, to conduct its market review assessment and analysis of market power under section 79 of the Act in its assessment of appropriate remedies under sections 87 and 88 of the Act.

The latest volume and forecast data

- 1.4. Demand for Openreach's ethernet services [X]. Net adds to our ethernet base are [X] (see Figure 1 below) and are forecast to be [X]. This means our base of ethernet customers [X].

Figure 1: Ethernet net adds by quarter (000s)

[X]

- 1.5. Relevant factors influencing our net adds include the following.

1.5.1. [X]

1.5.2. [X]

- 1.6. [X]. We therefore see a desire amongst end users and resellers to reduce connectivity costs. There is a much-increased availability of FTTP based services and point to point leased lines services as a result of fibre network build by Altnets and Openreach. [X] This is unsurprising given many Altnets phased their commercial rollout to first focus on residential customers but more recently have started to expand more into the provision of business services³. In addition,

² Ofcom, [Consultation: Promoting competition and investment in fibre networks: Telecoms Access Review 2026-31](#); City Fibre, INCA, ITS, VMO2 responses to consultation.

³ INCA TAR Consultation response, para 269.

Altnets are successfully selling FTTP services, via their multi-service networks, as a leased lines substitute.⁴ This is driving a trend toward hybrid bids with a mix of FTTP and point to point leased lines where previously only point to point leased lines would be included.

1.7. CPs have advised that increased competition, alternatives such as FTTP and tough economic conditions [REDACTED]

1.8. [REDACTED] Across all leased line products, we are now anticipating finishing the year with a base of [REDACTED], and finishing FY27 with [REDACTED].

1.9. We maintain forecasts of our future volumes that are based on the latest trends and support our commercial plans. [REDACTED].

1.10. Our MTO for leased line services, takes account of the recent trends affecting our leased line volumes. [REDACTED].

Table 1: EAD low bandwidth, MTO vs MTP25 variance

[REDACTED]

Note: MTO forecast shown here is as per September 2025.

1.11. EAD low bandwidth lines are by far the largest proportion of our leased lines base. [REDACTED].

1.12. Above we identified the key trends [REDACTED], we now provide further evidence of these trends.

CP insight

1.13. We regularly engage with our customers to understand their needs and expectations about future demand for our services.

1.14. [REDACTED]

1.15. Increasingly CPs are seeing bids involving FTTP. In some cases, the bid is looking to replace [REDACTED] existing ethernet circuits with FTTP from our CPs and our competitors depending on availability.

⁴ CFH TAR Consultation response para 5 - 6, ITS TAR Consultation response para 50.

FTTP substitution: Recent bids

1.16. Our CPs regularly engage in bids for end-customers, especially where end-customers are large organisations that require multi-site solutions. Our CPs engage with us to understand how our services can support their bids and in doing so we gain a degree of market insight into end-customer and CP preferences. We have recently been made aware of several large-scale bid tenders that demonstrate a clear intention to substitution ethernet services by FTTP. The nature of these bids demonstrates that end-customers are open to switching to other Altnets if they can fulfil their needs.

1.17. [X]

FTTP substitution: competitor offerings

1.18. Openreach has observed that competitors continue to launch new services targeted at businesses, including promoted leased-line equivalent services provided over symmetric PONs. We set out many examples of these in our Network Technology Report, Annex 2 to our June 2025 TAR submission.⁵

1.19. VMO2 recently announced in September 2025⁶ a dedicated Fixed Wholesale unit to combine both consumer and business facing teams into one unit. This supports Ofcom's view of a converging product market as the joined up, single sales approach is enabled by the increased substitutability between FTTP and traditional leased lines enabled by new XGS-PON networks.

1.20. CityFibre recently disclosed that it has integrated its BDUK footprint expanding its ethernet coverage to unlock business locations.⁷ This is further evidence that Ofcom's assertion that there is no prospect for sustainable competition in Area 3 is misjudged, given we expect much of the BDUK footprint overlaps with Area 3.

Conclusion

⁵ [Network Technology Report, Annex 2, Openreach TAR submission.](#)

⁶ [Virgin Media O2 brings together new team to challenge the fixed wholesale market - Virgin Media O2](#)

⁷ [Ethernet Services | CityFibre](#)

1.21. [REDACTED]

1.22. Ofcom must ensure it accounts for this in its TAR statement including reflecting the following:

- **Product market definition** – [REDACTED]. This reinforces Ofcom's TAR Consultation proposals to include such services within the LLA product market. In addition, clear demand-side substitutability from ethernet to FTTP by some customers means Ofcom must also recognise the constraint that these services are providing, either directly within the product market definition or indirectly when determining appropriate remedies. We have provided sufficient evidence of these constraints and ignoring those would significantly impair the reasonableness of Ofcom's conclusions and, evidently, not discharge the requirement to assess the market on a forward-looking basis, as we noted in our earlier submission.
- **Geographic market definition** – Ofcom must take into account all MSNs when looking at their presence and defining geographic markets, having regard to structural and behavioural indicators, including characteristics of demand and customer switching. This is the only appropriate approach to accounting for competitive conditions given the ever-increasing examples of FTTP substituting for dedicated leased lines. To do otherwise, is flawed.
- **Pricing remedies** – Ofcom must consider whether a cost-based charge control is justified and proportionate in LLA Area 3, given the demonstrable constraint that is being shown from other networks and product types. If Ofcom does retain its TAR Consultation proposal for a cost-based charge control, it must take into account [REDACTED].