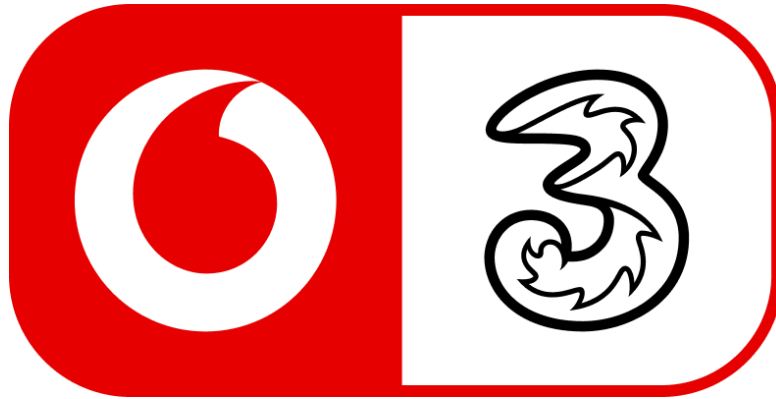


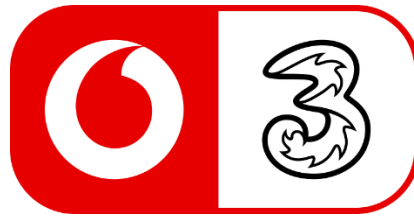


Comments on Comments:

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

October 2025

Non-Confidential Version



VodafoneThree

Introducing VodafoneThree

At the beginning of June 2025, Vodafone UK and Three UK merged to become VodafoneThree. The merger signals the start of an exciting new chapter in UK communications, allowing citizens and consumers to benefit from a market leading new company that has the scale, resources and the innovative spirit to deliver game changing connectivity.

A new era of connectivity

The merger signals not just a transition towards material enhancements in the UK's mobile coverage, but it will create more opportunities for more customers to benefit from competitively priced, quality business connectivity and broadband services.

Connecting every community

VodafoneThree is the UK's fastest growing broadband retailer, one that has a track record of championing the consumer, offering a top-quality customer experience, delivered over fibre wherever it is available. We are entrusted by the UK's top businesses and public sector organisations to provide the fixed connectivity that provides the circulatory system for our economy and public services.

The Telecoms Access Review – creating a framework fit for the future

This submission represents the views of VodafoneThree. Our integration journey has just begun, and we are optimistic for our own future and for what we can achieve to benefit UK connectivity. The importance of this market review cannot be overstated. It is fundamental to all UK telecommunications services, fixed and mobile, residential and business. We want the UK to succeed, with class leading communications infrastructure that underpins a retail market that delivers choice and innovation to the UK's businesses and citizens consumers.

To find out more about VodafoneThree, our brands and how we are building the United Kingdom's best network, visit: <https://vodafoneandthree.uk/>

Contents

Introducing VodafoneThree	2
Pricing notification waiver	4
ECC balancing charge	4
Bid pricing	5
Treatment of cross boundary circuits	5
Ethernet equivalents.....	6
Network Adjustments	6
Charge control volumes	7
Charge control variables	7

Business Connectivity Duct and Pole Access, Leased Lines Access, Interexchange connectivity

Pricing notification waiver

1. Openreach has proposed a waiver to the standard price notification process, allowing market review pricing changes to take effect immediately following the publication of the review statement, without observing the customary notification period. This period is critical for Retailers, as it provides the necessary lead time to adjust internal systems, update pricing tools, and ensure operational readiness. Departing from this established practice risks undermining Retailers' ability to implement changes in a timely and orderly manner, potentially impacting downstream pricing transparency and consumer outcomes.
2. Pricing outcomes are same under either approach. Whilst we appreciate immediate implementation of pricing changes would facilitate a simpler Y1 implementation, we are concerned that BT Group would disproportionately benefit from any waiver of pricing notification requirements. This concern stems from entrenched information asymmetries and BT's privileged engagement with Ofcom, which risks distorting competitive dynamics.
3. The current notification framework ensures that all Retailers have equal visibility of pricing changes, enabling fair commercial planning and customer engagement. Waiving these requirements, particularly in markets where BT holds Significant Market Power (SMP), potentially allows BT to act on pricing changes ahead of its competitors, leveraging its regulatory proximity and internal coordination across business units.

ECC balancing charge

4. We support Ofcom's proposal to align the "balancing connection charge" with the "inclusive ECC threshold amount". This alignment is long overdue. While the balancing connection charge has increased from £598 in April 2021 to £708 by October 2025, the inclusive ECC threshold has remained static at £2,800. Ofcom rightly calculates that the threshold should have risen to £3,493 to maintain proportionality.
5. Recognising the limitations of Openreach's systems in dynamically updating the threshold, Ofcom's proposal to set a fixed inclusive ECC threshold of £3,680 for the duration of the TAR period appears reasonable. This approach balances administrative simplicity with fairness, ensuring that the inclusive amount reflects the cumulative increase in the balancing charge.
6. However, VodafoneThree remains concerned about the broader integrity of ECC cost recovery. Over time, BT/Openreach appears to have shifted the boundary between what is recovered under the standard connection charge and what is recovered through ECCs. Given the scale of Openreach's pre-built duct and fibre footprint, it is increasingly difficult to justify the persistently high levels of ECCs being charged.
7. We believe a forensic comparison of cost allocations between 2014 and 2025 is essential. Without such scrutiny, there is a real risk that consumers are being overcharged due to unfair alterations to financial accounting approaches / shrinkflation of cost components that were previously all inclusive.

Bid pricing

8. We strongly oppose Openreach's proposal to revise pricing rules to permit bid pricing. The current framework rightly incentivises Openreach to make its most competitive pricing available to all users, rather than selectively offering discounts to win specific bids.
9. The principle of Equivalence of Inputs (EOI) is central to maintaining a fair and competitive market. Standardised and transparent pricing ensures that all customers benefit from improvements in network efficiency and competitiveness. Allowing Openreach to deviate from published price lists in bid scenarios would undermine this principle, creating a two-tier market where pricing is opaque and discriminatory.
10. From a practical standpoint, bid pricing introduces significant risks:
 - a. Market distortion: Openreach could exploit its ubiquitous coverage and cost advantages to undercut rivals only in competitive bids, while maintaining inflated prices elsewhere. This "cake and eat it" approach allows Openreach to price gouge in areas with limited competition and selectively discount where rivals are present.
 - b. Barrier to entry: Smaller competitors would struggle to match Openreach's selective pricing, especially in pooled site bids where Openreach's scale and reach give it an inherent advantage.
 - c. Loss of transparency: Bid pricing erodes the clarity and predictability of the pricing framework, making it harder for Retailers to plan and invest confidently.

Treatment of cross boundary circuits

11. We strongly oppose Openreach's suggestion to revise the treatment of cross boundary circuits as established by Ofcom in the WFTMR21. The current framework rightly reflects the economic and operational realities faced by Retailers.
12. Openreach's "local access variant" pricing for leased lines creates a powerful incentive for Retailers to provision connectivity between a customer's site and the designated serving (home) exchange. This pricing model has driven substantial Retailer investment in co-location and backhaul infrastructure. ✂
13. We observe that BT/Openreach is electing to redesign its exchange footprint. The exchange closure programme will reduce the available exchanges to ~950. Openreach is proactively electing to connect larger numbers of end user sites to a massively reduced pool of local exchanges.
14. Where Retailers provision circuits to non-home exchanges this is due to:
 - a. Economic infeasibility of co-locating at certain outlier exchanges.
 - b. Resilience requirements in network design. For instance, VodafoneThree limits the number of cell site backhaul connections per exchange to mitigate the impact of potential outages.

15. In these situations where the home exchange is by passed, the Retailer/Enterprise is financially penalised incurring the main link per meter rental charge associated with the non-local access variant.

Ethernet equivalents

16. Supplemental to the differences between leased lines and PON FTTP networks, we further note that FTTP uses a broadcast technique to transmit the downstream signal to all ONT connected to that fibre segment. Whilst encryption is employed at the ONT this means the data of one end customer is also transmitted into the premises of its neighbours. For business and in particular public sector, CNI and defence, this raises concerns as to whether sensitive data should be transmitted over FTTP when the property next door also receives that information. Data can be harvested now with encryption broken in the future with the event of Quantum computing. Point-to-point services such as DFA, EAD and OSS do not have this concern
17. Respondents commenting on ethernet equivalents identify the distinction between the location of leased lines network and PON FTTP networks, their capabilities and consequently the lack of prospective competition between these types of networks for leased lines during the TAR.
18. There are distinct demand profiles differentiating point-to-point leased lines and Broadband FTTP for Business (whether delivered over PON, XGS-PON, or via Ethernet emulation). While both markets are advancing in terms of bandwidth capabilities, they remain fundamentally different in architecture, service guarantees, and customer expectations.
19. As broadband technologies scale to higher capacities, leased line providers are responding with even greater performance thresholds. For example, Vorboss states it now deploys fibre with a minimum 10 Gbit/s point-to-point leased line for new customers.
20. Some respondents have attempted to conflate business broadband with leased lines. This is misleading. Leased lines are not delivered over shared PON networks such as MSN or XGS-PON. Instead, they rely on dedicated point-to-point infrastructure that guarantees performance, resilience, and service assurance. FTTP for business, particularly when delivered over XGS-PON, is not a leased line equivalent. We set out in our response that while XGS-PON can technically be configured to reserve symmetric capacity, this remains a niche and unproven use case with limited commercial maturity, while it reaches maturity the leased lines market itself will have evolved retaining an ongoing gap between Business FTTP.
21. Retailers like VodafoneThree engage directly with customers to understand their connectivity needs and provision accordingly. ✂

Network Adjustments

22. We disagree with Openreach's proposal to cease the Network Adjustment fund for PIA. The fund plays a critical role in enabling access seekers to overcome physical infrastructure barriers, such as duct blockages that would otherwise prevent viable deployment.
23. The Network Adjustment mechanism is not a discretionary benefit; it is a foundational enabler of the PIA remedy. As outlined in PIA Schedule 6 Network Adjustments October 2024(Draft), access seekers must demonstrate that they have exhausted reasonable alternatives before requesting adjustments. This ensures that the fund is used judiciously and only where necessary to unlock infrastructure access.

Charge control volumes

24. We disagree with Openreach's assertion that Ofcom has overestimated demand for Ethernet Access Direct (EAD) and underestimated volumes for Dark Fibre Access (DFA). While DFA is a valuable remedy, its adoption remains limited due to several well-recognised barriers. ✂
25. ✂
26. ✂
27. ✂

Charge control variables

28. EAD FTTP backhaul volumes are appropriately included. Exclusion would ignore actual network usage by these services and misrepresent the cost structure of the EAD service set. If Openreach receives revenue from FTTP backhaul EAD circuits, then that revenue must be matched to the cost base in the regulated model. Excluding these services creates a distorted picture of profitability.
29. EAD Rugged volumes are appropriately included. ✂ . EAD Rugged runs over the same physical infrastructure as other EAD services. These services share the network, and excluding their volumes would understate actual network usage and distort cost allocation.
30. We do not consider that EAD is in decline. ✂ . The capacity growth from EAD, Home Broadband, FTTP for business, and mobile connectivity in the access network needs to be matched with capacity across IEC links. IEC will have increased capacity demand between routes.
31. Ofcom has used national EAD costs. Any departure from this costing approach would require Ofcom to reprice rebalanced service in ALL geographies.
32. Efficiency targets are within Openreach's control and achievable. Decommissioning legacy asset costs are captured within the technology transformation and investment within the replacement products and services; thus, new products are generally not initially subject to strict cost-based charge controls i.e. Fibre Broadband. While some costs are "sticky" and do not decline in perfect proportion to volume reductions, this is not unique to Openreach. All infrastructure operators face this challenge. The key is to proactively manage overheads, streamline operations, and adopt automation where possible. Openreach's scale and maturity give it ample opportunity to do so. Without firm efficiency targets, Openreach risks passing on inflated costs to downstream providers and ultimately to consumers. Ofcom's approach ensures that cost reductions are not simply offset by price increases or service degradation. It enforces discipline and protects market integrity.