

Non-Confidential



WIGHTFIBRE RESPONSE TO OFCOM'S
TELECOMS ACCESS REVIEW
CONSULTATION

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EXECUTIVE SUMMARY

- 1 WightFibre is close to completing its full-fibre network deployment with 98% coverage of the Isle of Wight. WightFibre's network utilises a point-to-point fibre network architecture which exceeds the capabilities of XGS-PON broadband networks. WightFibre offers leased line equivalent services to businesses throughout the Isle of Wight which exceed the services that can be provide over XGS-PON networks and currently holds a market share of more than 98% in the business connections (leased lines and leased lines equivalent) market in the Isle of Wight.
- 2 Ofcom should, therefore, categorise the Isle of Wight as LLA Area 2 not LLA Area 3. Not doing so could put at risk the benefits currently enjoyed by Isle of Wight businesses through high quality and competitively priced connections to the WightFibre network.

ABOUT WIGHTFIBRE

- 3 Since 2001, WightFibre has owned and operated its' own telecommunications infrastructure. WightFibre provides phone, tv and broadband services to homes and businesses on the Isle of Wight. The WightFibre Gigabit Island Project has already reached 72,000 premises on the island Ready For Service (RFS) (87% coverage). By end 2027 the WightFibre network will offer FTTP connectivity to around 80,000 homes in the Isle of Wight (98% coverage).
- 4 WightFibre has recently received a number of S.135 information requests from Ofcom and welcomes the opportunity to respond to this timely consultation. Although it appears that this consultation is presented as a draft statement of the 2015 consultation, many operators, including WightFibre, were not receiving information requests from Ofcom at that time so we hope Ofcom will take the opportunity to take into account our views and experiences before making any final decisions.

INTRODUCTION

- 5 WightFibre is a member of INCA and supports INCA's response to Ofcom's Telecoms Access Review (TAR) review. This submission is supplementary to the INCA response to address specific issues relevant to WightFibre.
- 6 WightFibre is close to completion of its full-fibre network deployment across the Isle of Wight. Our network is a point-to-point (P2P) network architecture, not a G-PON or XGS-PON network as is the case for nearly all other full-fibre networks in the UK. P2P networks deliver services to premises using dedicated 'point to point' fibres into each home. This means there is no contention in the local loop. This allows WightFibre to guarantee headline speeds even at peak times and to provide symmetrical upload and download speeds at speeds up to 10Gbps.

- 7 WightFibre notes the analysis and recommendations relating to Ofcom's proposed approach to market definitions (particularly geographic market definitions) set out in the INCA TAR response and agrees with them. We will therefore not repeat those points in this submission.
- 8 WightFibre notes that Ofcom has included all postcode sectors in the Isle of Wight in the WLA Area 2 market but in the LLA Area 3 market. Although WightFibre is nearing completion of its network deployment, so Ofcom's regulatory approach cannot cause significant harm to our ability to attract investment, we are very concerned that Ofcom has considered that the Isle of Wight is not likely to experience competition in the LLA market. We set out below our current and planned market activities for business connections as well as an explanation of how we provide those services on our P2P broadband network architecture.

OFCOM'S DEFINITION OF LEASED LINES FOR THE LLA MARKET DEFINITION

- 9 Ofcom's leased lines access (LLA) product market definition is as follows:
 - a) "all wholesale fibre-based Ethernet and Wavelength Division Multiplexing (WDM) services, at all bandwidths;
 - b) leased line equivalent services delivered over symmetric PON (e.g. XGS-PON); and
 - c) dark fibre used to supply or self-supply leased line services.

The product market excludes:

- d) broadband services;
- e) wireless technologies (including FWA, satellite and point-to-point wireless links (such as microwave links) used to provide mobile backhaul); and
- f) IEC services between BT exchanges".¹

- 10 WightFibre is particularly concerned with point b) in the product market definition. This is because it suggests that Only XGS-PON broadband networks can deliver leased line equivalent services. WightFibre P2P network can deliver services superior to those even of XGS-PON and these certainly meet the definition of leased-line equivalent.

- 11 Ofcom further defines leased lines equivalent services in footnote 301, as follows:

"By 'leased line equivalent' we mean services with features such as uncontended capacity, symmetric download and upload speeds, and quality of service parameters similar to point-to-point leased line services (e.g. fast repair times compared to WLA services). These services can be provided over symmetric PONs e.g. XGS-PON with 10 Gbit/s capacity in both the downstream and upstream direction. GPON technology, which typically has asymmetric capacity (2.5 Gbit/s in downstream and 1.25 Gbit/s in upstream direction), is less

¹ TAR V2 Paragraphs 5.2 and 5.3.

able to provide 'leased line equivalent' services. We discuss this in more detail later in this section." [emphasis added]

- 12 WightFibre's P2P network, by virtue of it using individual dedicated fibre to serve each premise separately and that it has no contention in the access networks at all, is in fact much more similar to a conventional Ethernet P2P leased lines connection than anything than can be emulated on PON-style network architecture.
- 13 Additionally, WightFibre guarantees symmetrical headline speeds, just as it the case for conventional Ethernet leased lines.
- 14 Further, like for a PON-style network, WightFibre can set, monitor and commit to SLA and SLG and commit to response times parameters to suit individual customer requirements. Many business customers decide this is not necessary, due to the extremely high levels of network performance the WightFibre P2P delivers. SLAs and SLGs are negotiated on a bespoke basis with individual customers.
- 15 Based on the facts set out above, WightFibre considers that Ofcom has made an error in not including P2P broadband networks within the scope of leased lines equivalent services and WightFibre asks that Ofcom correct this for the Final Statement.

WIGHTFIBRE'S BUSINESS CONNECTIVITY SERVICES

- 16 The Isle of Wight has a limited number of businesses that require traditional leased line connections. The Isle of Wight has approximately 10 large businesses, 70 medium-sized businesses and around 550 smaller business. In addition to that there are many SOHO businesses registered in the Isle of Wight, with a total number of registered businesses of around 6,700..²
- 17 At present, Wight Fibre serves approximately 300 business with specific business connections. This is in addition to the very large numbers of small and SOHO businesses that use our residential broadband services.
- 18 Given the size of the Isle of Wight business connectivity market, WightFibre considers that has achieved a market share of over 30% and it is regularly adding new business customers to its customer base. It is therefore our view that Ofcom has erred in categorising the Isle of Wight postcode sectors in the LLA Area 3 market.

² <https://www.ukbusinessmentoring.co.uk/business-mentors/isle-of-wight#:~:text=The%20health%20industry%20employs%20the,based%20in%20Isle%20of%20Wight.>

REASONS FOR WIGHTFIBRE'S CONCERNS

- 19 WightFibre is concerned about Ofcom's proposal to categorise the Isle of Wight postcode sectors in the LLA Area 2 market because this would result in BT being able to introduce both geographic discounting and other commercial terms in the Isle of Wight without any regulatory restrictions.
- 20 Given the level of competition WightFibre is already representing to BT in the LLA, it is likely that BT would make full use of its regulatory freedom to target the isle of Wight with bespoke offers and pricing to prevent WightFibre from gaining more market share and try to win back customers that have already migrated across to WightFibre.
- 21 WightFibre, therefore urges Ofcom to reconsider how it categorises Isle of Wight postcode sectors in the WLA geographic markets.

OFCOM'S APPROACH TO THE ISLE OF WIGHT

- 22 In the rest of the UK, Ofcom has relied on the presence of primarily VMO2 and CityFibre plus a number of leased-lines-only providers to define the LLA Area 2 market.
- 23 Due to it being an island, the relatively small number of large businesses on the island and the established presence of WightFibre in both residential and business markets, neither of VMO2 or CityFibre have entered the Isle of Wight market. The standard approach to defining the LLA Area 2 market is therefore not appropriate.
- 24 The WightFibre network is a multi-service-network (MSN) and its ability to deliver leased lines equivalent services surpasses that of XGS-PON networks. It is therefore appropriate for Ofcom to classify the Isle of Wight as LLA Area 2.