

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

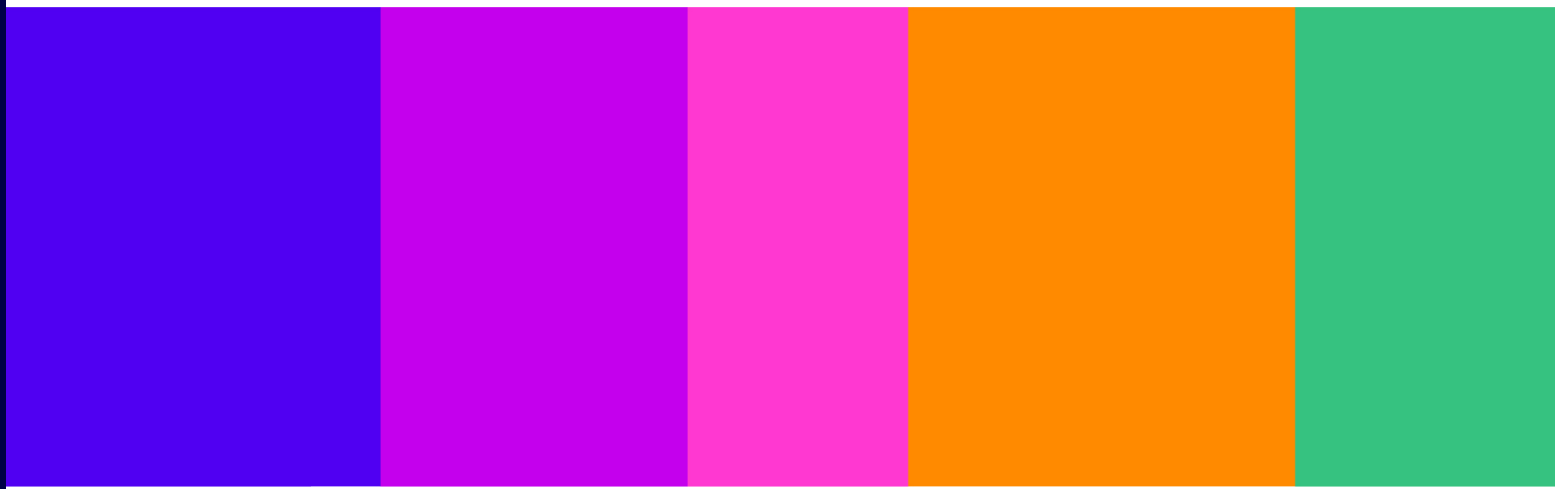
Further consultation on leased lines market analysis and various pricing issues

Consultation

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1. Overview

- 1.1 In March 2025, we consulted on proposals for our regulation of the fixed telecoms markets that underpin broadband, mobile and business connections, for the Telecoms Access Review 2026-31 (TAR26) period from April 2026 to March 2031.^{1 2} This included proposed remedies in the markets for wholesale local access (WLA), leased lines access (LLA), physical infrastructure, and inter-exchange connectivity (IEC), in which we provisionally identified BT as having significant market power (SMP).
- 1.2 This document sets out our proposal to reflect a greater potential impact of the Physical Infrastructure Access (PIA) products in the way we define the boundaries of the LLA market. We are also consulting on a number of changes to our cost modelling and charge controls in light of responses to our March 2025 Consultation.

What we are proposing – in brief

- **Leased Lines Access market definition** – we are consulting on a proposal to extend the buffer distance,³ which we use to define the boundaries between the LLA Area 2 and LLA Area 3 markets.⁴ This reflects new evidence that PIA could have a greater potential impact on providers' ability to build customer-specific network extensions than we had previously assumed in our modelling. In response to stakeholder comments, we are also clarifying our view on the potential impact of altnet consolidation on LLA competitive conditions in this review period.
- **PIA pricing** – we are consulting on a change to the way we calculate the simplified lead-in duct rental charge. We are proposing to update our approach to how we apply discount rates to certain components.
- **Fibre cost reallocations** – we are consulting on a proposal to incorporate certain fibre cost reallocations which BT plans to capture in its 2026 RFS in our charge control modelling for the TAR Statement. This proposal impacts our proposed cost-based charge controls for leased line access services up to and including 1Gbit/s sold in LLA Area 3, and dark fibre services sold in LLA Area 3 and in SMP exchanges (i.e. BT Only exchanges and BT+1 exchanges) within the IEC market. As a consequence of this, we are also proposing to amend the sub-cap on each Main Link service charge

¹ Referred to in this document as the 'March 2025 Consultation'. Ofcom. March 2025. [Promoting competition and investment in fibre networks: Telecoms Access Review 2026-31](#).

² TAR26 refers to the Telecoms Access Review, relating to the period 2026-31.

³ The buffer distance is a key parameter of the network reach model (NRM) which underpins our assessment of geographic markets. In particular, the NRM counts network presence by identifying an LLA competitor as 'within reach' if its network is measured to be within a certain distance of a demand site. We refer to this as the "buffer distance". Within our overall approach, when we model geographic boundaries, the proportion of demand sites within reach of a given number of relevant competing networks determines the classification of postcode sectors into geographic markets.

⁴ LLA Area 2: postcode sectors in which there is, or there is likely to be potential for, material and sustainable competition to BT in the commercial deployment of competing networks. LLA Area 3: postcode sectors in which there is not, and there is unlikely to be potential for, material and sustainable competition to BT in the commercial deployment of competing networks. See Section [3].

within each of the Ethernet charge control baskets in the LLA and IEC markets, from CPI-0% to CPI+5%.

- **Low Bandwidth (LBW) services cost-based charge control in LLA Area 3** – we are consulting on a proposal to adopt an updated glidepath that allows Openreach to maintain national LLA pricing at CPI-0% for a one-year transition period, followed by a glidepath down to cost-based prices by the end of the TAR period.
- **Dark fibre cost modelling** – we are consulting on a proposal to change the treatment of Openreach sales product management component costs within our dark fibre cost modelling. This change follows on from BT’s recent amendments to its cost allocation methodology for this component, which took effect in BT’s 2025 RFS.

1.3 We received a wide range of responses to our March 2025 Consultation which go beyond the specific topics on which we are consulting in this document. We are still considering these responses, including whether we need to make changes to our approach as a result.

1.4 We intend to set out our final decisions in March 2026.⁵

The overview section in this document is a simplified high-level summary only. The proposals we are consulting on and our reasoning are set out in the full document.

⁵ We published a further consultation on 17 October 2025 on WLA pricing remedies. That consultation closes today. In that consultation, we noted that we intend to consult in March 2026 on more detailed proposals for the second threshold of the copper retirement regulatory framework.

2. Our duties and impact assessment

- 2.1 In light of responses to our March 2025 Consultation, we are consulting further on the buffer distance in the LLA market, our approach to simplified lead-in PIA pricing, and the modelling approach to some of our proposed costs and relevant charge controls in the LLA and IEC markets.

Structure of this document

- 2.2 This consultation is structured as follows:
- a) In this Section, we set out our duties under the Act and a roadmap to our impact assessment.
 - b) In Section 3, we set out proposals to extend the buffer distance used to determine the boundaries between the LLA Area 2 and LLA Area 3 geographic markets, and provide clarification on how we propose to assess the impact that potential altnet consolidation might have on LLA competitive conditions.
 - c) In Section 4, we update our proposals from the March 2025 Consultation relating to the methodology of our modelling approach to PIA pricing.
 - d) In Section 5, we update our proposals from the March 2025 Consultation relating to the modelling approach of costs and relevant charge controls in the LLA and IEC markets, in light of BT's planned changes to its methodology for allocation Core Junction Fibre (CJF) and Access Spine Fibre costs.
 - e) In Section 6, we set out our proposal to change the treatment of Openreach sales product management component costs within our dark fibre cost modelling.

Our duties under the Act

- 2.3 In this consultation, we propose refinements to remedies that we proposed in the March 2025 Consultation based on the nature of the competition concerns that we have identified, taking into account our legal powers and duties. We consider that the proposals in this consultation are consistent with our duties in section 3 of the Communications Act 2003 (the Act). This includes our principal duty to further the interests of citizens in relation to communication matters, and to further the interests of consumers in relevant markets, where appropriate by promoting competition. In particular, we further the interests of citizens and consumers by setting proportionate regulation to create appropriate conditions to incentivise both Openreach and other operators to invest in gigabit-capable networks, through network competition where viable, and appropriate investment incentives where not.
- 2.4 Of the other factors mentioned in section 3 of the Act, we have had regard, in particular, to the desirability of promoting competition in relevant markets, the desirability of encouraging investment and innovation in relevant markets, the desirability of encouraging the availability and use of high speed data transfer services throughout the United Kingdom, as well as to the interests of consumers in respect of choice, price, quality of service and value for money.

- 2.5 We have also had regard to the principles under which our regulatory activities should be transparent, accountable, proportionate, consistent and targeted only at cases where action is needed. The revised remedies we are proposing in the PIA access market and the markets for LLA and IEC access services take account new information. Ensuring our proposals are responsive to new information ensures that we can make transparent and proportionate decisions when setting regulatory remedies.
- 2.6 We consider that our proposals in this consultation are consistent with our duties set out in section 4 of the Act. In particular, and for the reasons set out above:
- a) the first requirement to promote competition;
 - b) the second requirement to promote the interests of all members of the public in the United Kingdom;
 - c) the third requirement to take account of the desirability of Ofcom carrying out its functions in a manner which, so far as practicable, does not favour one form of or means of providing electronic communications networks, services or associated facilities over another;
 - d) the fourth requirement to encourage the provision of network access for the purposes of securing efficiency and sustainable competition, efficient investment and innovation and the maximum benefit for persons who are customers of communications providers and of persons who make associated facilities available; and
 - e) the sixth requirement to promote connectivity and access to very high capacity networks by members of the public and businesses in the United Kingdom.
- 2.7 As required by section 2B(2) of the Act, we have had regard to the previous government's Statement of Strategic Priorities (SSP) for telecoms, management of radio spectrum and postal services.⁶ In particular, we have had regard to the following priority areas covered by the SSP: world-class digital infrastructure, furthering the interests of telecoms consumers and ensuring secure and resilient telecoms infrastructure. Our view is that the proposals on which we are consulting are consistent with the UK Government's ambition to provide gigabit-capable networks and make them widely available across the UK and is supportive of the target of nationwide gigabit coverage by 2030. We will have regard to the replacement SSP, which we expect to be designated by the Secretary of State before we publish our final statement, when reaching our final decisions.
- 2.8 When developing these proposals, we had regard to our "growth duty".⁷ We consider that our proposals will incentivise investment in new networks by a broad range of existing and new providers, and provide a stable regulatory environment for long-term investments already made. We expect this investment and the resulting network competition to promote economic growth by enabling the provision of faster and better communications services to consumers and businesses, driving innovation, increased efficiency and reduced costs.

⁶ DCMS. [Statement of Strategic Priorities for telecommunications, the management of radio spectrum, and postal services](#). Accessed on 29 September 2025.

⁷ Our growth duty is a statutory obligation under section 108 of the Deregulation Act 2015 to have regard to the desirability of promoting economic growth in undertaking this review, and to the statutory guidance that accompanies that growth duty.

Impact assessment and equality impact assessment

Impact assessment

- 2.9 Section 7 of the Act requires us to carry out and publish an assessment of the likely impact of implementing a proposal which would be likely to have a significant impact on businesses or the general public, or when there is a major change in Ofcom's activities.
- 2.10 More generally, impact assessments form part of good policy making and we therefore expect to carry them out in relation to a large majority of our proposals. We use impact assessments to help us understand and assess the potential impact of our policy decisions before we make them. They also help us explain the policy decisions we have decided to take and why we consider those decisions best fulfil our applicable duties and objectives in the least intrusive way. Our impact assessment guidance⁸ sets out our general approach to how we assess and present the impact of our proposed decisions.
- 2.11 For the purpose of section 7 of the Act, we identify below the specific sections of the document where we have undertaken a more detailed assessment of the likely impact of implementing each of our proposals:
- a) LLA buffer distance: see Section 3, Paragraphs 3.76 to 3.79, Figure 3.4 and Table 3.3.
 - b) PIA pricing: see Section 4, Paragraphs 4.17 to 4.18.
 - c) Fibre cost reallocations: see Section 5, Paragraphs 5.13 to 5.21 and 5.35 to 5.47.
 - d) Glidepath design for Low Bandwidth (LBW) services cost based control in LLA Area 3: see Section 5, Paragraphs 5.31 to 5.47.
 - e) Dark fibre cost modelling: see Section 6, paragraphs 6.7 to 6.19.

Equality impact assessment

- 2.12 Ofcom is also subject to duties under the Equality Act 2010 ('the EA 2010'). These include the public sector equality duty set out in section 149, which requires Ofcom, in the exercise of our functions, to have due regard to the need to: a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the EA 2010; b) advance equality of opportunity between persons who share a "relevant protected characteristic"⁹ and persons who do not share it; and c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
- 2.13 In addition, section 75 of the Northern Ireland Act 1998 requires us to promote good relations between people sharing specified characteristics, including people of different religious beliefs, political opinions or racial groups.
- 2.14 In our March 2025 Consultation, we set out possible impacts of our proposals in LLA, IEC and PI markets and services on equality groups. We consider that the proposals within this further consultation are likely to produce the same impacts on equality groups as was discussed in the Equality Impact Assessment at Annex 21 of our March 2025 Consultation.

⁸ Ofcom. 2023. [Impact assessment guidance](#).

⁹ The relevant protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation. We refer to groups of people with these protected characteristics as 'equality groups'.

This is because the proposals within this further consultation go to the same strategy and objectives as were set out and assessed within our March 2025 Consultation.

Next steps

- 2.15 The closing date for this consultation is 17 December 2025. We will consider and address stakeholder comments on this document alongside those received in response to our March 2025 Consultation, as part of reaching our conclusions in the TAR 2026 Statement expected to be published in March 2026.

3. Leased line access market and modelling the boundaries of the geographic markets

- 3.1 In Volume 2 of the March 2025 Consultation, we set out the evidence, analysis and reasoning for our proposed approach to defining the geographic markets within the leased line access (LLA) market, as well as the provisional results of our modelling of the boundaries of those markets.
- 3.2 In light of responses to the March 2025 Consultation and the additional evidence gathered since then, the following sections:
- a) clarify our reasoning on how we consider consolidation when we define the geographic markets within the LLA market; and
 - b) set out our proposal to change the buffer distance parameter used in the network reach model.

Clarification of our approach to consolidation

Background

- 3.3 In the March 2025 Consultation, we explained that a key consideration in defining geographic markets is to identify areas within which competitive conditions are sufficiently similar for them to be grouped together as one geographic market.¹⁰ We also said that as our market reviews are forward looking, we need to sufficiently capture not only the existing competitive conditions but also the expected or foreseeable developments that may affect competition over the review period.¹¹
- 3.4 We said that competition in LLA relies on the presence of competing networks able to supply a customer who requires a leased line.¹² However, we also said that we do not consider that all networks have the ability or the potential to exert a material and sustainable constraint on BT in this review period.¹³
- 3.5 We described the analytical framework we proposed to adopt to identify areas with similar competitive conditions and define geographic markets. The first step of that framework involved an assessment to identify the types of LLA providers that we consider to be, or

¹⁰ Ofcom. March 2025. [Consultation: Promoting competition and investment in fibre networks: Telecoms Access Review 2026-31](#). Volume 2. Paragraph 5.66.

¹¹ Ofcom. March 2025. [Consultation: Promoting competition and investment in fibre networks: Telecoms Access Review 2026-31](#). Volume 2. Paragraph 5.67.

¹² Ofcom. March 2025. [Consultation: Promoting competition and investment in fibre networks: Telecoms Access Review 2026-31](#). Volume 2. Paragraph 5.70.

¹³ Ofcom. March 2025. [Consultation: Promoting competition and investment in fibre networks: Telecoms Access Review 2026-31](#). Volume 2. Paragraph 5.71.

have the potential to be, material and sustainable competitors to BT in the LLA market over the review period.¹⁴

- 3.6 To conduct this assessment, we looked at a range of evidence including network architecture, business models, volumes sold and business plans; this was with a view to considering whether a network operator would be likely to overcome barriers to entry and expansion in the LLA market.¹⁵
- 3.7 On the basis of this assessment we provisionally concluded that all leased-line-only (LL-only) providers exert a material and sustainable constraint on BT.¹⁶ In addition to LL-only providers, we also considered that VMO2 exerts, and CityFibre has the potential to exert, a material and sustainable constraint on BT.¹⁷ However, given the lack of historical evidence and the existence of high barriers to entry and expansion, we considered that it was not sufficiently clear that other altnets would have the potential to exert a material and sustainable constraint on BT over the review period in the LLA market.¹⁸
- 3.8 In response to the March 2025 Consultation, some stakeholders argued that we should have considered the potential for additional network operators to become material and sustainable competitors to BT as a result of consolidation.¹⁹
- 3.9 While the March 2025 Consultation covered our reasoning on the likely implications of consolidation on competitive conditions in the WLA market, it did not cover this in relation to the LLA market.²⁰ Therefore, we are setting out our reasoning on this point so that it is transparent to stakeholders.
- 3.10 We note that some stakeholders also argued that even in the absence of consolidation, we have underestimated the extent to which individual altnets have the ability or the potential to exert a material and sustainable constraint on BT over the review period.²¹ We are still considering these responses.

Clarification of how we view consolidation in the LLA market

- 3.11 Market definition requires us to capture not only the existing competitive conditions but also the expected or foreseeable developments that may affect competition over the review period. As set out in the March 2025 Consultation, the evidence indicates that there

¹⁴ Ofcom. March 2025. [Consultation: Promoting competition and investment in fibre networks: Telecoms Access Review 2026-31](#). Volume 2. Paragraph 5.74.

¹⁵ Ofcom. March 2025. [Consultation: Promoting competition and investment in fibre networks: Telecoms Access Review 2026-31](#). Volume 2. Paragraph 5.75.

¹⁶ Ofcom. March 2025. [Consultation: Promoting competition and investment in fibre networks: Telecoms Access Review 2026-31](#). Volume 2. Paragraphs 5.77-5.81.

¹⁷ Ofcom. March 2025. [Consultation: Promoting competition and investment in fibre networks: Telecoms Access Review 2026-31](#). Volume 2. Paragraphs 5.85-5.91.

¹⁸ Ofcom. March 2025. [Consultation: Promoting competition and investment in fibre networks: Telecoms Access Review 2026-31](#). Volume 2. Paragraphs 5.92-5.94.

¹⁹ See, for example: [CityFibre](#) response to TAR26 March 2025 Consultation. Paragraphs 3.41-3.43. [Virgin Media O2](#) response to TAR26 March 2025 Consultation. Paragraph 106. [INCA](#) response to TAR26 March 2025 Consultation. Paragraph 288. [Openreach](#) response to TAR26 March 2025 Consultation. Document 1. Paragraphs 84-85.

²⁰ Some stakeholders commented that our approach was therefore inconsistent.

²¹ See, for example: [Virgin Media O2](#) response to TAR26 March 2025 Consultation. Paragraph 106. [INCA](#) response to TAR26 March 2025 Consultation. Paragraphs 287. [WightFibre](#) response to TAR26 March 2025 Consultation. Paragraphs 1-2.

is consensus that some form of consolidation between players in the WLA market is likely to occur.²² However, we consider that only a subset of these possible mergers or acquisitions would be likely to affect our geographic assessment of competitive conditions in the LLA market.

- 3.12 Based on the evidence, we consider that not all altnet consolidation would result in a provider that would exert, or have the potential to exert, a material and sustainable constraint on BT in the LLA market over the review period. Rather, we believe this would depend on the identity of the acquirer.
- 3.13 If one of the current or potential material and sustainable competitors in the LLA market were to acquire another network, the resulting entity would likely have the ability or the potential to exert a material and sustainable constraint on BT on the footprint of the acquired network. This is because, once integrated, the acquirer would likely be able to leverage their business capabilities and reputation to offer LLA services and exert a similar level of constraint over the footprint of the acquired network.
- 3.14 On the contrary, if consolidation occurs between altnets that are neither current nor potential material and sustainable competitors in the LLA market, it is not sufficiently clear that the resulting entity would have the ability or the potential to exert a material and sustainable constraint on BT over the 2026-31 review period:
- a) Such consolidation would create a fibre network with greater scale than either of the merging parties alone and, in most cases, the technical capability to offer leased lines or LL-equivalent services across its footprint.
 - b) However, as set out in the March 2025 Consultation, beyond the high costs of building a scale network there are additional barriers to entry and expansion that affect suppliers' ability to gain customers in the LLA markets. These include the importance of a track record of service, reliability and the ability to provide continuity of service through low repair times and continuous support, which is costly. High switching costs and typically long contract lengths also mean that existing suppliers are likely to have a competitive advantage.²³
 - c) Therefore, where the altnets involved are neither current nor potential material and sustainable competitors, we consider that the additional scale gained through consolidation and the potential technical capability to offer LLA services are not sufficient to demonstrate that the consolidated network would exert, or have the potential to exert, a material and sustainable constraint on BT over the 2026-31 review period.
- 3.15 In the March 2025 Consultation, we provisionally considered that most altnets are neither current nor potential material and sustainable competitors in the LLA market for the 2026-31 review period.²⁴ Given this, out of all the possible altnet mergers and acquisitions that

²² Ofcom. March 2025. [Consultation: Promoting competition and investment in fibre networks: Telecoms Access Review 2026-31](#). Volume 2. Paragraph 4.73.

²³ Ofcom. March 2025. [Consultation: Promoting competition and investment in fibre networks: Telecoms Access Review 2026-31](#). Volume 2. Paragraphs 5.181-5.200. Regarding switching costs, in the March 2025 Consultation we also noted that, unlike in the WLA market, there is no market-wide upgrade to a new technology in the LLA market which could create a particular opportunity for competing networks to win existing LLA business. See: Ofcom. March 2025. [Consultation: Promoting competition and investment in fibre networks: Telecoms Access Review 2026-31](#). Volume 2. Paragraph 5.197.

²⁴ Ofcom. March 2025. [Consultation: Promoting competition and investment in fibre networks: Telecoms Access Review 2026-31](#). Volume 2. Paragraphs 5.92-5.94.

could occur over the 2026-31 review period, we consider that for only a subset – those involving at least one current or potential material and sustainable competitor in the LLA market – the resulting entity would likely have the ability or the potential to exert a material and sustainable constraint on BT in the LLA market in the 2026-31 review period.

- 3.16 It is currently uncertain whether one of these relevant transactions will occur and, if it does, who the merging parties will be such that we can reflect this in our assessment of competitive conditions in the LLA market (as appropriate). The uncertainty around the timing and form of consolidation was noted in the March 2025 Consultation and confirmed by additional evidence we have since received.²⁵
- 3.17 Therefore, at present, these transactions are not expected or foreseeable developments that we can take into account in our LLA geographic market definition. However, we will keep these developments under review in the lead up to our statement and take into account any emerging evidence on the likelihood of a relevant transaction occurring.²⁶

Impact of PIA on modelling the boundaries between LLA geographic markets

- 3.18 In the March 2025 Consultation, we explained our proposed modelling approach to identify areas within which competitive conditions are sufficiently similar for them to be grouped together as one or more geographic markets.²⁷
- 3.19 Among other things, we proposed to group postcode sectors by reference to the number of current or potential material and sustainable LLA competitors located within 50m of each demand site. In WFTMR21 we referred to this 50m distance as the ‘buffer distance’.²⁸
- 3.20 We have considered responses to the March 2025 Consultation, along with further evidence regarding the buffer distance which we have gathered since the March 2025 Consultation. This section sets out our proposals for the buffer distance parameter used in the network reach model (NRM) and is structured as follows:
- a) First, we provide some background on the role of the buffer distance within the NRM;
 - b) Secondly, we summarise stakeholders’ views on the buffer distance and set out the evidence underpinning our current proposals on the buffer distance; and
 - c) Finally, we set out our proposals and illustrate the impact they would have on geographic markets.

²⁵ Ofcom. March 2025. [Consultation: Promoting competition and investment in fibre networks: Telecoms Access Review 2026-31](#). Volume 2. Paragraph 4.75. [X] response dated [X] to s135 notice dated [X], question [X]. [X] response dated [X] to s135 notice dated [X], question [X]. [X] response dated [X] to s135 notice dated [X], question [X]. [X] response dated [X] to s135 notice dated [X], question [X].

²⁶ If we consider by the time of our statement that it is sufficiently foreseeable that a specific current or potential material and sustainable competitor in the LLA market will acquire another specific altnet, we would expect to reflect this in our final geographic market analysis as relevant. For example, we might attribute the network footprint of the acquired network to the acquiror.

²⁷ Ofcom. March 2025. [Consultation: Promoting competition and investment in fibre networks: Telecoms Access Review 2026-31](#). Volume 2. Paragraphs 5.103-5.116. Our modelling approach and the results of the model presented in this section are explained in more detail in Annex 9.

²⁸ Ofcom. March 2021. [Consultation: Promoting competition and investment in fibre networks: Telecoms Access Review 2021-26](#). Volume 2. Paragraph 7.68.

Background

- 3.21 In the March 2025 Consultation, we proposed to define three geographic markets, as we expected competitive conditions within each of those markets to be sufficiently homogenous over the 2026-31 market review period:
- a) the High Network Reach (HNR) Area: postcode sectors 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;
 - b) LLA Area 2: postcode sectors in which there is, or there is likely to be potential for, material and sustainable competition to BT in the commercial deployment of competing networks; and
 - c) LLA Area 3: postcode sectors in which there is not, and there is unlikely to be potential for, material and sustainable competition to BT in the commercial deployment of competing networks.
- 3.22 In March 2025 Consultation, we explained that we consider that competitive conditions in LLA are primarily (but not solely) driven by the number of nearby competing networks to leased line demand sites.²⁹ We explained that the NRM is the best way available to us to model the presence of relevant networks that offer leased lines and for the purposes of defining geographic markets.^{30 31}
- 3.23 In particular, our NRM counts network presence by identifying a relevant LLA provider as ‘within reach’ if its network is measured to be within a certain distance of a demand site (in line with the WFTMR21, we refer to this as the ‘buffer distance’). The purpose of the buffer distance is therefore to capture the distance at which LLA providers can supply – and compete for – customers who require a leased line, thereby informing our assessment of competitive conditions. Within our overall approach, when we model geographic boundaries, the proportion of demand sites within reach of a given number of relevant competing networks determines the classification of postcode sectors into geographic markets.
- 3.24 In the March 2025 Consultation, we proposed to use a buffer distance of 50m, as we had previously used in BCMR 2019 and WFTMR 2021.^{32 33} We considered that a 50m buffer distance would be an appropriate proxy for network presence since it would capture:
- a) networks with existing connections to a demand site (‘fibre-connected’). Where they are already fibre-connected to the customer, rival suppliers can offer the full suite of bandwidths relatively quickly and at little incremental cost.³⁴

²⁹ Ofcom. March 2025. [Consultation: Promoting competition and investment in fibre networks: Telecoms Access Review 2026-31](#). Volume 2. Paragraph 5.99.

³⁰ We proposed to use the NRM to identify all of the different LLA geographic markets, i.e. the HNR Area, LLA Area 2 and LLA Area 3. Ofcom. March 2025. [Consultation: Promoting competition and investment in fibre networks: Telecoms Access Review 2026-31](#). Volume 2. Paragraphs 5.104-5.106.

³¹ Relevant networks are current and/or potential material and sustainable competitors, as explained above.

³² Ofcom. 2019. [Promoting competition and investment in fibre networks: review of the physical infrastructure and business connectivity markets](#). Volume 2.

³³ Ofcom. March 2021. [Promoting investment and competition in fibre networks – Wholesale Fixed Telecoms Market Review 2021-26](#).

³⁴ In the NRM, each demand site is represented by a single point, whereas in reality it extends over a certain area. Therefore, networks connected to a site at its edge may appear some distance away from the point that represents the site. We need to account for a degree of ‘buffer distance’ to ensure we capture those networks as ‘within reach’ of that demand site.

- b) networks which need short customer-specific network extensions.³⁵ This was based on evidence indicating that LLA providers would need to dig to install new duct and reach a customer, and that LLA providers would typically find it economic to dig only short distances for customer-specific network extensions.³⁶

Stakeholder views and evidence on the buffer distance

- 3.25 In response to the March 2025 Consultation, CityFibre, INCA and Openreach argued that we should use a longer buffer distance to reflect the impact of PIA, which makes it less costly and/or easier to connect customers over longer distances.^{37 38 39} On the other hand, Vodafone argued that buffer distance should be shorter.⁴⁰
- 3.26 In light of the arguments put to us, we have revisited previous evidence and gathered additional evidence from providers. Overall, as detailed below, the evidence available to us indicates that:
- a) Consistent with the position set out in the March 2025 Consultation, a 50m buffer distance is an appropriate proxy to capture cases where networks are already fibre-connected to, or are a short distance from, demand sites, and that LLA providers would typically find it economic to dig only short distances for customer-specific network extensions.
 - b) PIA has the potential to increase the distance over which a LLA provider can extend their network to connect and compete for customers. However, there is uncertainty as to when and where LLA providers will be able to use PIA to build customer-specific network extensions and the extent to which they will be able to use PIA to meaningfully compete and win customers against BT over different distances.

Evidence on the 50m buffer distance

- 3.27 We have analysed the network presence we are likely to capture with a 50m buffer distance.
- 3.28 First, we have looked at the extent to which a 50m buffer distance captures fibre-connected LLA end-user sites.⁴¹ To do so, we have measured the distance between fibre-connected sites (using on-net provisions between 2020-2024) and the 2025 network footprints.⁴²

³⁵ As set out in Annex 22 of the March 2025 Consultation, these are business as usual connections where a telecoms provider extends its existing network to connect a specific customer site. Ofcom. March 2025. [Consultation: Promoting competition and investment in fibre networks: Telecoms Access Review 2026-31](#). Annex 22.

³⁶ As set out in the March 2025 Consultation, although limited data was provided on the dig distances of competing networks in the period 2020 to 2023, the data we received was consistent with the findings in the WFTMR21 that the median dig distances tend to be short across all geographic markets (in all cases less than 20m). Ofcom. March 2025. [Consultation: Promoting competition and investment in fibre networks: Telecoms Access Review 2026-31](#). Volume 2. Paragraph 5.220. Footnote 391.

³⁷ [CityFibre](#) response to TAR26 March 2025 Consultation. Paragraphs 3.35 and 3.40.

³⁸ [INCA](#) response to TAR26 March 2025 Consultation. Page 74. Paragraph 286.

³⁹ [Openreach](#) response to TAR26 March 2025 Consultation. Document 2. Pages 55-56. Paragraphs 159-162.

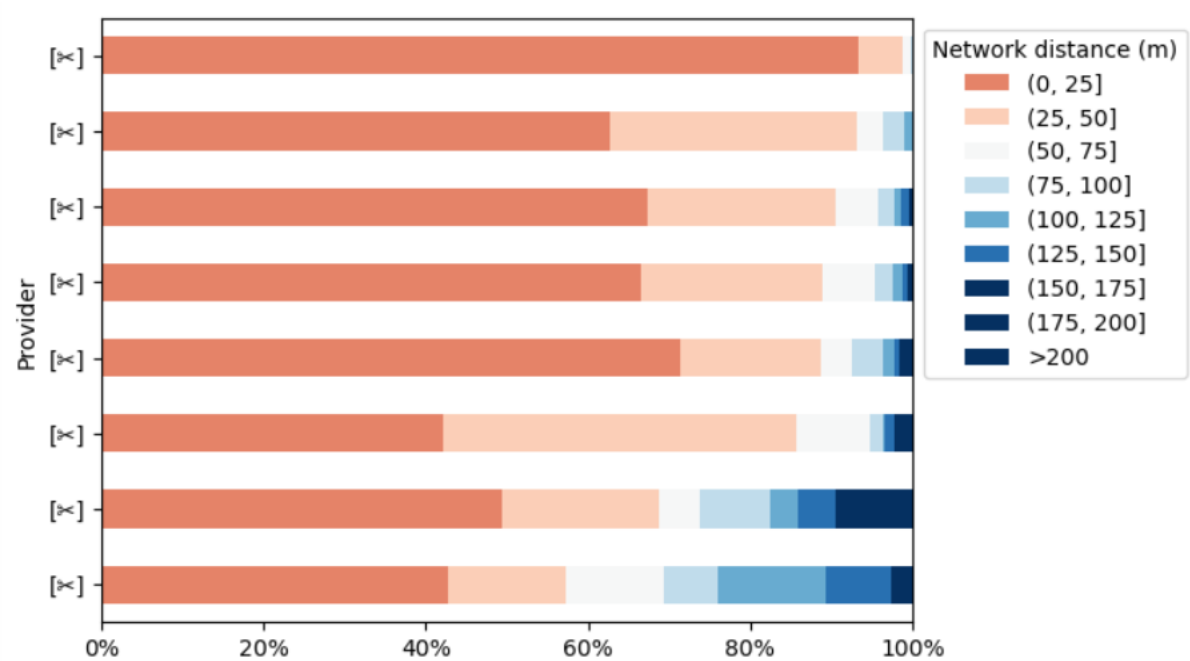
⁴⁰ [VodafoneThree](#) response to TAR26 March 2025 Consultation. Page 40. Paragraph 63.

⁴¹ As set out above, in the NRM, each demand site is represented by a single point, whereas in reality the site extends over a certain area. Therefore, networks connected to a site at its edge may appear some distance away from the point that represents the site. We need to account for a degree of 'buffer distance' to ensure we capture those networks as 'within reach' of that demand site.

⁴² Some fibre-connected sites may have been connected outside this period, which we will not be able to capture. Also, end-user sites provisioned in this period may have been disconnected by now.

3.29 As set out in Figure 3.1, the data suggests that fibre-connected LLA end-user sites are largely concentrated within a 50m buffer distance. In a minority of cases, the distances between the end-user sites and the networks are longer, but this may be due to a number of factors.⁴³

Figure 3.1: Distribution of current fibre-connected LLA end-user sites by distance from network physical infrastructure⁴⁴



Note: Fibre-connected LLA end-user sites are approximated by LLA circuit ends provisioned on-net in 2020-2024 by the respective LLA provider.

Source: Ofcom analysis of provider data.

3.30 Secondly, we have looked at whether a 50m buffer distance is appropriate to capture instances where a site is close to a network, but it is not fibre-connected. As set out above, we considered that in such cases LLA providers would still find it economic to reach a customer by digging to install new duct.

3.31 Specifically, we looked at data on dig distances for LLA circuit ends provisioned between 2020 and 2024 to update our assessment of LLA providers’ digging behaviour.⁴⁵ As summarised in Table 3.1, data is only available for a subset of LLA providers. The available

⁴³ This may be due to sites extending over relatively large areas being represented by a single point, which may appear a longer distance away from networks connected to the edge of that area. Also, some sites are represented by their postcode centroid where the exact coordinates were not provided.

⁴⁴ [redacted] responses dated [redacted] to s135 notices dated [redacted], section [redacted]. [redacted] responses dated [redacted] to s135 notices dated [redacted], section [redacted]. [redacted] responses dated [redacted] to s135 notices dated [redacted], section [redacted]. [redacted] responses dated [redacted] to s135 notices dated [redacted], section [redacted]. [redacted] responses dated [redacted] to s135 notices dated [redacted], section [redacted]. [redacted] responses dated [redacted] to s135 notices dated [redacted], section [redacted]. [redacted] responses dated [redacted] to s135 notices dated [redacted], section [redacted]. We note that, due to stakeholder data issues, this chart does not include data from all LLA providers included in the NRM from the March 2025 Consultation.

⁴⁵ Only a minority of LLA providers were able to report the dig distances for customer-specific network extensions.

data indicates that dig distances are typically short. This is consistent with our finding in the March 2025 Consultation.⁴⁶

- 3.32 Overall, this evidence indicates that a 50 metres buffer distance is likely to capture sites which are either fibre-connected or a short distance from a network such that a LLA provider could economically dig to supply them.

Table 3.1: Summary of dig distances for LLA customer-specific network extensions in 2020-2024⁴⁷

Provider	Period ⁽¹⁾	Number of observations ⁽²⁾	Lower quartile ⁽³⁾	Median ⁽³⁾	Upper quartile ⁽³⁾
[REDACTED]	2020-2023	2,423	[REDACTED] [0-10m]	[REDACTED] [20-30m]	[REDACTED] [50-75m]
[REDACTED]	2020-2024	398	[REDACTED] [0-10m]	[REDACTED] [0-10m]	[REDACTED] [20-30m]
[REDACTED]	[REDACTED]	44	[REDACTED] [0-10m]	[REDACTED] [0-10m]	[REDACTED] [10-20m]
[REDACTED] ⁽⁴⁾	2020-2023	39	[REDACTED] [300-350m]	[REDACTED] [550-600m]	[REDACTED] [800-850m]
[REDACTED]	2020-2023	14	[REDACTED] [0-10m]	[REDACTED] [10-20m]	[REDACTED] [20-30m]
Openreach	2020-2024	[REDACTED]	[REDACTED] [0-10m]	[REDACTED] [0-10m]	[REDACTED] [30-40m]

Notes:

- (1) The period reported is the period for which we have data on dig distances from a specific LLA provider.
- (2) The number of observations indicates the total number of LLA circuit ends for which we have data on dig distances from a specific LLA provider. This means that the number of observations presented in this table is lower than the total number of LLA circuit ends provisioned by the LLA provider in the relevant period.

⁴⁶ As set out in the March 2025 Consultation, although limited data was provided on the dig distances of competing networks in the period 2020 to 2023, the data we have received are consistent with the findings in the WFTMR21 that the median dig distances tend to be short across all geographic markets (in all cases less than 20m). Ofcom. March 2025. [Consultation: Promoting competition and investment in fibre networks: Telecoms Access Review 2026-31](#). Volume 2. Paragraph 5.220. Footnote 391.

⁴⁷ [REDACTED] responses dated [REDACTED] to s135 notices dated [REDACTED], section [REDACTED]. [REDACTED] responses dated [REDACTED] to s135 notice dated [REDACTED], section [REDACTED]. [REDACTED] responses dated [REDACTED] to s135 notice dated [REDACTED], section [REDACTED]. [REDACTED] responses dated [REDACTED] to s135 notice dated [REDACTED], section [REDACTED]. [REDACTED] responses dated [REDACTED] to s135 notice dated [REDACTED], section [REDACTED].

(3) *We understand at least some LLA providers have reported distances based on route distance rather than point-to-point, straight-line distances. Route distances between two points are generally longer than straight-line distances between the same points.*

(4) [X]: *All but one observation are circuits built for a [X] contract.*

Source: Ofcom analysis of provider data.

Evidence on impact of PIA and LLA customer-specific network extensions

3.33 To understand the impact of PIA on the distance over which LLA providers can serve and compete for customers, we have gathered qualitative evidence on LLA providers' provisioning policies and procedures, looked at data on build distances using PIA, and considered the extent to which LLA providers are able to compete for customers at different distances from their network footprints.

Usage of PIA for customer-specific network extensions

3.34 As set out in the March 2025 Consultation, 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.⁴⁸

3.35 Consistent with this, the evidence from LLA providers' provisioning policies and procedures suggests that – while in practice build distances vary depending on a number of technical and commercial considerations⁴⁹ – PIA can reduce the costs of building customer-specific network extensions and allow LLA providers to connect customers who are further away from their flexibility points. For example:

- a) Some stakeholders, [X], indicated that PIA can reduce the costs to build customer-specific network extensions by 30%-80% [X].⁵⁰
- b) Evidence from provisioning policies indicates that with the benefit of PIA LLA providers might be willing to build customer-specific network extensions up to between 300 metres and 5km.⁵¹

3.36 We consider that specific estimates on build distances from provisioning policies should be treated with some caution. They are likely to provide an indication of the longest customer-specific network extensions LLA providers would be willing to build, which is potentially different from the typical length of the customer-specific network extensions these LLA providers would build in practice. However, we believe this evidence consistently indicates that PIA has materially improved the economics of building customer-specific network extensions.

⁴⁸ Ofcom. March 2025. [Consultation: Promoting competition and investment in fibre networks: Telecoms Access Review 2026-31](#). Volume 3. Paragraph 1.69.

⁴⁹ Some stakeholders suggested that they are more likely to build longer connections for higher bandwidth products or where the contract value is higher; for example, [X] response dated [X] to s135 notice dated [X], questions [X]. [X] response dated [X] to s135 notice dated [X], questions [X]. [X] response dated [X] to s135 notice dated [X], questions [X]. [X] response dated [X] to s135 notice dated [X], questions [X]. [X] response dated [X] to s135 notice dated [X], questions [X].

⁵⁰ [X] response dated [X] to s135 notice dated [X], question [X]. [X] response dated [X] to s135 notice dated [X], question [X]. In addition, [X] response dated [X] to s135 notice dated [X], questions [X].

⁵¹ For example, [X] response dated [X] to s135 notice dated [X], questions [X]. [X] response dated [X] to s135 notice dated [X], question [X].

- 3.37 We have also analysed available data on build distances using PIA for LLA circuit ends that were newly provisioned between 2020 and 2024 and compared this with the data on dig distances set out above.
- 3.38 While the scope of the data is limited,⁵² it is consistent with the qualitative evidence and suggests that PIA enables LLA providers to build customer-specific network extensions over longer distances, compared to cases where digging would be required. The same data also suggests that in practice PIA build distances will vary between LLA providers and will be subject to local circumstances. The evidence is summarised in Table 3.2.

Table 3.2: Summary of build distances using PIA for LLA customer-specific network extensions in 2020-2024⁵³

Provider	Period ⁽¹⁾	Number of observations ⁽²⁾	Lower quartile ⁽³⁾	Median ⁽³⁾	Upper quartile ⁽³⁾
[REDACTED]	2021-2024	2,881	[REDACTED] [75-100m]	[REDACTED] [175-200m]	[REDACTED] [300-350m]
[REDACTED]	[REDACTED]	541	[REDACTED] [20-30m]	[REDACTED] [50-75m]	[REDACTED] [100-125m]
[REDACTED]	2020-2023	3	[REDACTED] [125-150m]	[REDACTED] [125-150m]	[REDACTED] [175-200m]
[REDACTED]	2020-2023	3	[REDACTED] [10-20m]	[REDACTED] [20-30m]	[REDACTED] [300-350m]

Notes:

- (1) The period reported is the period for which we have data on PIA build distances from a specific LLA provider.
- (2) The number of observations indicates the total number of LLA circuit ends for which we have data on PIA build distances from a specific LLA provider. This means that the number of observations presented in this table is lower than the total number of LLA circuit ends provisioned by the LLA provider in the relevant period.
- (3) We understand at least some LLA providers have reported distances based on route distance rather than point-to-point, straight-line distances. Route distances between two points are generally longer than point-to-point, straight-line distances between the same points.

Source: Ofcom analysis of provider data.

⁵² Out of the providers we contacted, we have data from four providers, two of whom used PIA in a material number of cases, while the remaining two have only used it sporadically.

⁵³ [REDACTED] responses dated [REDACTED] to s135 notice dated [REDACTED], section [REDACTED]. [REDACTED] responses dated [REDACTED] to s135 notice dated [REDACTED], section [REDACTED]. [REDACTED] responses dated [REDACTED] to s135 notice dated [REDACTED], section [REDACTED]. [REDACTED] responses dated [REDACTED] to s135 notice dated [REDACTED], section [REDACTED].

Availability and desirability of PIA usage to build customer-specific network extensions

- 3.39 While PIA can reduce time and costs to build customer-specific network extensions, qualitative and quantitative evidence suggests that LLA providers may not always be able or willing to use PIA to build customer-specific network extensions.
- 3.40 In particular, our review of LLA providers' internal provisioning policies suggests that:
- a) PIA may not be a viable option to build customer-specific network extensions when, for example, customers require diverse routing, do not accept the usage of a third-party infrastructure due to security concerns, or if services require specific network topologies or resilience standards.⁵⁴
 - b) Some stakeholders also said that PIA use is not always possible or preferable to build customer-specific network extensions because of damaged or blocked duct, lack of duct capacity or due to a risk of third-party damage to installations.⁵⁵
 - c) Different LLA providers may use PIA to varying degrees. For example, [X] stated that it generally does not use third party physical infrastructure – including PIA – for customer-specific network extensions.⁵⁶
- 3.41 In line with this, as set out in Figure 3.2, our analysis of the 2024 new provisioning data⁵⁷ suggests that the three LLA providers for which we have information use PIA to varying degrees for customer-specific network extensions. Our analysis also suggests that, in a significant number of cases, those three LLA providers would choose to provision a circuit either by buying a service off-net or digging instead of using PIA.

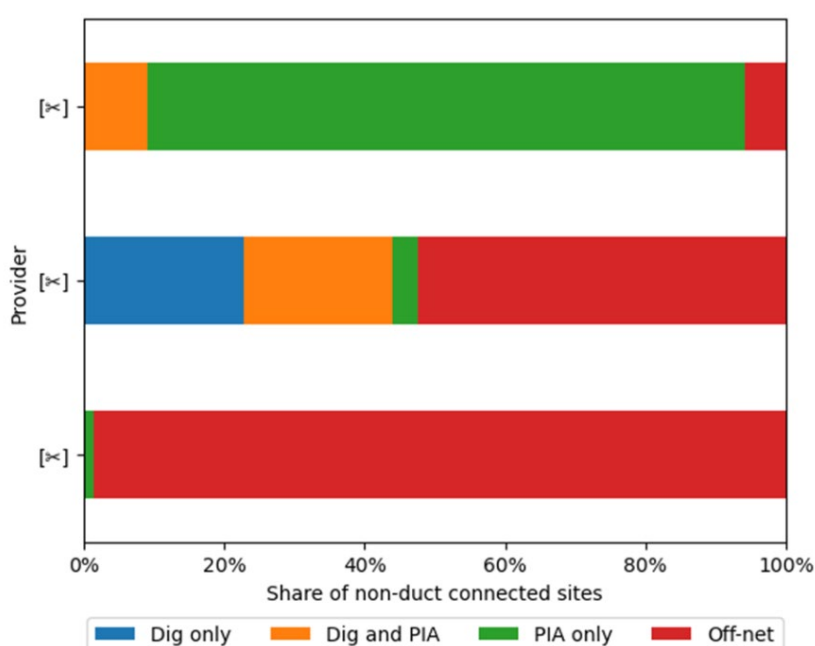
⁵⁴ For example, [X] response dated [X] to s135 notice dated [X], questions [X]. [X] response dated [X] to s135 notice dated [X], questions [X]. [X] specified in its response dated [X] to s135 notice dated [X], questions [X].

⁵⁵ For example, [X] response dated [X] to s135 notice dated [X], questions [X]. [X] specified in its response dated [X] to s135 notice dated [X], questions [X]. [X] response dated [X] to s135 notice dated [X], questions [X].

⁵⁶ [X] response dated [X] to s135 notice dated [X], question [X].

⁵⁷ We used data on circuit ends that were newly provisioned in 2024 to compare the proportion of instances LLA providers build customer-specific network extensions compared with using an off-net circuit purchased from a third-party. Our analysis covered all LLA providers who were able to identify in their new provisions data LLA circuit ends that required digging and/or usage of PIA duct for a customer-specific network extension.

Figure 3.2: Build vs buy proportions in the provisioning of LLA end-user sites in 2024⁵⁸



Source: Ofcom analysis of provider data.

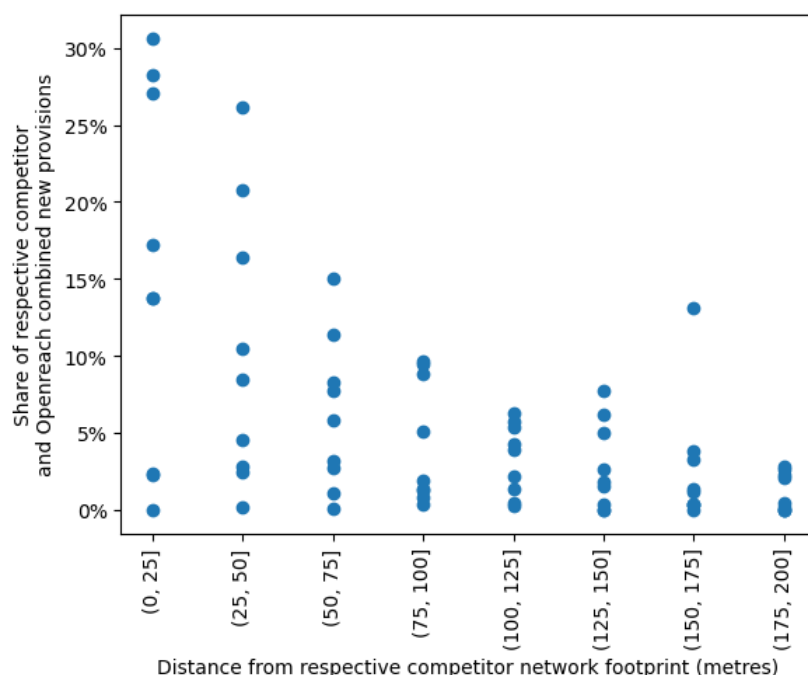
Extent to which different competing networks can build to win customers based on distance

- 3.42 We have also compared the number of LLA circuit ends provisioned on-net at different distances from each competing LLA network footprint versus those provisioned by Openreach in the same distance bands from that competing network. This helps to inform our view on the extent to which different competing LLA networks can compete for customers and therefore provides additional context to our understanding of competitive conditions.
- 3.43 As depicted in Figure 3.3, our analysis suggests that LLA providers are able to supply customers over a range of distances from their network footprint. However, having to build over longer distances for a LLA customer-specific network extension makes competing LLA networks relatively less likely to win business. The share of new business won by competing LLA networks relative to Openreach⁵⁹ declines for sites further away from each competing network's footprint. For example, it is largely below 10% for distances beyond 100m. This would suggest that Openreach has generally been able to win at least nine in ten of the new connections provisioned over distances beyond 100 meters against an individual LLA competitor.

⁵⁸ [X] responses dated [X] to s135 notice dated [X], section [X]. [X] responses dated [X] to s135 notice dated [X], section [X]. [X] responses dated [X] to s135 notice dated [X], section [X].

⁵⁹ We calculated the share of each competing provider's LLA circuit ends relative to that provider's and Openreach's combined LLA circuit ends.

Figure 3.3: Share of on-net 2024 new provisions relative to Openreach by distance from competing networks⁶⁰



Note: Each point represents a given competing LLA provider's share of its and Openreach's combined number of LLA circuit ends provisioned on-net in 2024 for a given distance from that competing LLA provider's physical infrastructure. For any given distance shown on the horizontal axis, all points that are arranged vertically belong to different LLA providers and are measured with reference to each LLA provider's respective physical infrastructure.

Source: Ofcom analysis of provider data.

Summary of the evidence on the buffer distance

3.44 In summary, the evidence discussed above suggests that:

- a 50m buffer distance remains an appropriate proxy to capture cases where networks are already fibre-connected to or at a short distance from demand sites. In the latter case, LLA providers would typically find it economic to reach the customer by digging their own ducts.
- PIA has the potential to increase the distance over which a LLA provider can extend their network to compete for customers. However, there is uncertainty as to when and where LLA providers will be able to use PIA to build customer-specific network extensions; and

⁶⁰ [X] response dated [X] to s135 notices dated [X], section [X]. [X] responses dated [X] to s135 notices dated [X], section [X]. [X] responses dated [X] to s135 notices dated [X], section [X]. [X] responses dated [X] to s135 notices dated [X], section [X]. [X] responses dated [X] to s135 notices dated [X], section [X]. [X] responses dated [X] to s135 notices dated [X], section [X]. [X] responses dated [X] to s135 notices dated [X], section [X]. [X] responses dated [X] to s135 notices dated [X], section [X]. [X] responses dated [X] to s135 notices dated [X], section [X]. [X] responses dated [X] to s135 notices dated [X], section [X]. [X] responses dated [X] to s135 notices dated [X], section [X]. [X] responses dated [X] to s135 notices dated [X], section [X].

- c) LLA providers are less successful at winning business for customers that are a greater distance from their network footprint.
- 3.45 We recognise that the distance at which LLA providers are able to supply and compete for customers – whether through PIA or digging – will necessarily depend on a variety of technical and commercial factors. Therefore, determining the appropriate value for the buffer distance will require a degree of regulatory judgment and any evidence used to assess the competitive conditions in the LLA markets can only ever be an approximation of reality.
- 3.46 We explain below how we propose to reflect the evidence above to determine an appropriate value of the buffer distance for the purpose of defining geographic markets.

Our proposed reasoning and approach

- 3.47 Having considered responses to the March 2025 Consultation and the new evidence we have gathered since, we provisionally consider that:
 - a) A longer buffer distance would be more appropriate as a proxy for determining the boundaries between LLA Areas 2 and 3.
 - b) A 50m buffer distance remains an appropriate proxy for determining the boundaries of the HNR Area.
- 3.48 We explain our reasoning and approach below. We then present an illustration of the impact that our proposed changes to the buffer distance could have on geographic boundaries.

Increasing the buffer distance to identify LLA Area 2 and Area 3

Our proposed reasoning

- 3.49 In our March 2025 Consultation, for the purposes of identifying areas with sufficiently similar competitive conditions, we sought to identify areas where there is, or there is likely to be the potential for, material and sustainable competition over the review period (LLA Area 2) and distinguish these from areas in which there is not, and there is unlikely to be potential for, material and sustainable competition (LLA Area 3).
- 3.50 Given the evidence discussed above, our preliminary view is that a longer buffer distance would be a more appropriate proxy for the purpose of defining the boundaries between LLA Area 2 and LLA Area 3. This is for two reasons.
- 3.51 First, the evidence discussed above suggests that PIA can provide a cheaper alternative to digging. This means that – where PIA is a viable option to build a customer-specific network extension – it would be economic for LLA providers to build longer customer-specific network extensions, and therefore they could compete for customers over a longer distance. In practice, in line with this, the evidence discussed above also suggests that when using PIA, LLA providers can build longer customer-specific network extensions.
- 3.52 Secondly, while there is uncertainty as to when or where PIA can be used to supply customers, the evidence set out above suggests that on average, with the benefit of PIA, LLA providers are able to connect – and therefore compete for – a material number of customers who are further away from their networks.
- 3.53 Overall, this suggests that the actual or potential usage of PIA to build longer customer-specific network extensions is likely to increase the distance over which material and

sustainable competition for the supply of LLA exists, or is likely to have the potential to develop.

- 3.54 As such, based on the evidence available, we consider that increasing the buffer distance beyond 50 metres is appropriate for the purpose of identifying the boundaries between LLA Area 2 and LLA Area 3.

Our proposed approach to set the appropriate buffer distance

- 3.55 As set out above, in practice, build distances with PIA will vary depending on a number of technical and commercial considerations, and in some cases PIA will not be viable at all. As such, determining the appropriate value for the buffer distance to reflect the impact of PIA will require a degree of regulatory judgement.
- 3.56 In making this judgement, we consider that the buffer distance we use to identify LLA Area 2 and LLA Area 3 should reflect the distance over which material and sustainable competition for the supply of LLA exists, or is likely to have the potential to develop. In practice, we think this means LLA providers need to be able to compete for enough customers over that distance such that they would exert, or have the potential to exert, material and sustainable competition to BT.
- 3.57 On balance, having examined all of the evidence in the round, we propose that a buffer distance longer than 50 metres and up to 100 metres would be appropriate to reflect the potential usage of PIA to build longer customer-specific extensions. As a matter of practicality, we consider this would either mean setting a buffer distance of 75 metres (the midpoint of the above range) or 100 metres (the upper bound of the above range).
- 3.58 While PIA will not always be useable or desirable within these distances (and where that is the case, digging customer-specific extensions instead is likely to be challenging), we consider these are more likely to capture cases where LLA providers can compete for enough customers such that they can exert or have the potential to exert material and sustainable competition on BT.
- 3.59 Beyond 100 metres, we expect the competitive conditions are likely to become increasingly weaker. We recognise that in some cases, LLA providers can use PIA to build customer-specific network extensions that are longer than 100 metres (in some cases, considerably so). However, the evidence indicates that PIA is not viable or desirable everywhere, and that – as Figure 3.3 above shows – LLA providers are generally increasingly less successful at competing for customers the further away they are from their networks.
- 3.60 For example, based on Figure 3.3 above, we observe that the share of new connections won by competing LLA networks relative to Openreach declines significantly beyond 50m, and is largely below 10% for distances beyond 100 metres.
- 3.61 We therefore expect that competing networks are increasingly less likely to have the ability, or the potential, to exert material and sustainable competition on BT at distances longer than 100m. We consider that that this is likely to remain the case over the review period given the economics of building customer-specific network extensions is unlikely to change materially over time.

Keeping the buffer distance at 50m to identify HNR Area

- 3.62 In the March 2025 Consultation, we proposed to group together areas where competition is sufficiently well-established to be different to other areas (i.e., the HNR Area).

- 3.63 To capture this level of competition, we identified postcode sectors where two or more current material and sustainable competitors to BT have existing (and not planned) presence.
- 3.64 We consider that a 50m buffer distance remains appropriate to identify these postcode sectors, as it captures cases where LLA competitors' presence is more certain and therefore identifies areas where competition is sufficiently well-established and distinguishable from the rest of the UK.
- 3.65 Specifically, using a 50m buffer distance captures cases where competing LLA networks are either already fibre-connected, or are close to the customer site. In either case, provisioning a leased line service is more likely to be viable than where competing networks are further away.
- 3.66 LLA providers that are fibre-connected do not need to extend their network, and those within close proximity can typically build a customer-specific network extension using PIA or, if that is not feasible, by digging. In contrast, LLA providers more than 50m away are less likely to be fibre-connected and, if PIA is not an option, less able to construct such extensions.
- 3.67 Overall, this suggests that when LLA providers are closer to demand sites, build is less likely to be required, and when build is required, LLA providers will have more options to implement this. Moreover, where PIA is a viable option, building customer-specific network extensions is likely to be cheaper and quicker.
- 3.68 This is borne out by the evidence set out in Paragraphs 3.44-3.45 which suggests that LLA providers are significantly more able to serve and compete for customers when they are within 50m of demand sites.
- 3.69 Therefore, we provisionally consider that using a 50m buffer distance would allow us to capture cases where there is more certainty that the current material and sustainable competitors will be able to serve – and compete for – customers who require a LLA service.
- 3.70 Accordingly, we consider a different approach to buffer distance for the HNR Area compared to LLA Area 2 is appropriate, given the different competitive conditions captured in each Area (i.e. LLA Area 2 has a relatively weaker level of competition than the HNR Area).

Preliminary conclusions

- 3.71 In summary, based on the above discussion, we consider that:
- a) A distance greater than 50m and up to 100m would be more appropriate as a proxy for determining the boundaries between LLA Areas 2 and 3. In practice, we think this would mean setting the buffer distance at 75m or 100m.
 - b) A 50m buffer distance remains an appropriate proxy for determining the boundaries of the HNR Area.
- 3.72 We recognise that any single value for the buffer distance is only an approximation of what – in reality – will vary depending on a number of factors. However, we are of the view that our proposed approach is reasonable given the information available, and provides a practicable and proportionate way to reflect network presence on the geographic market boundaries.

- 3.73 We welcome stakeholder views on our revised proposals relating to the buffer distance, including on the most appropriate value of the buffer distance for the purpose of defining geographic markets.
- 3.74 We will consider responses to this consultation and any additional evidence to determine the most appropriate value of the buffer distance which we will use to draw the boundaries between geographic markets as part of our Statement.
- 3.75 In the following section, we present sensitivity results for a range of buffer distance values for the LLA Area 2 and LLA Area 3 boundary.

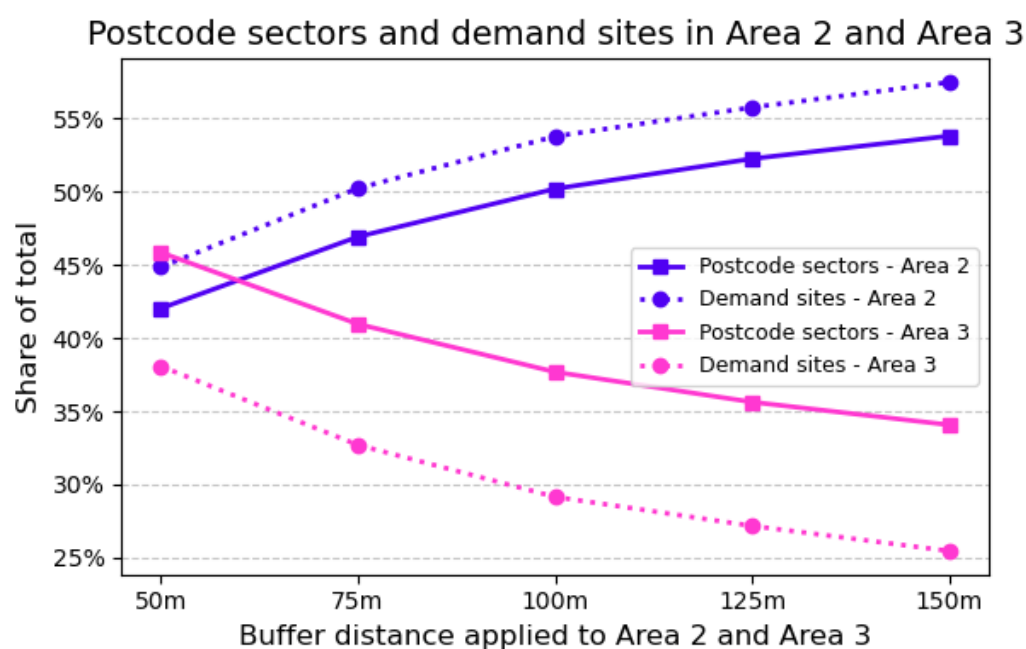
Impact of our proposals on geographic boundaries

- 3.76 In order to help stakeholders understand the impact of the proposed changes, we illustrate what the impact of these amendments to the geographic boundaries would be using the March 2025 Consultation version of the NRM with different buffer distances for determining the boundaries between LLA Areas 2 and 3.⁶¹
- 3.77 Using a buffer distance of either 75m or 100m, the size of LLA Area 2 would be greater than in the March 2025 Consultation while the size of LLA Area 3 would be smaller compared to the March 2025 Consultation.
- 3.78 We present more details about the relative sizes of LLA Area 2 and LLA Area 3 below when using these buffer distances, and for a range of other buffer distance values by way of a sensitivity analysis. In addition, Schedule 1 includes the list of postcode sectors making up each of LLA Area 2 and LLA Area 3 when using a 75m or a 100m buffer distance.⁶²
- 3.79 We will update the NRM with additional data collected since the March 2025 Consultation – using our final decisions on input assumptions – for our forthcoming statement in March 2026, and so the results and lists of postcode sectors presented here are indicative only.

⁶¹ We have not updated the underlying data in the NRM from the March 2025 Consultation for this exercise. Stakeholders can therefore more readily identify the impact of our proposed changes on the geographic markets.

⁶² We are not proposing to amend the buffer distance in the HNR Area. Therefore, the list of postcode sectors making up the HNR area will be unchanged from Schedule 3 of the March 2025 consultation.

Figure 3.4: Impact of our proposals on the size of LLA Area 2 and LLA Area 3, with sensitivity results



Note: Figure 3.4 presents the impact of increasing the buffer distance from 50m (the value used in the March 2025 Consultation) to 75m or 100m (our November 2025 proposals). For illustrative purposes we have included hypothetical buffer distance values of 125m and 150m to show what would happen to LLA Area 2 and LLA Area 3 and demand sites in those areas if we were to extend the buffer distance beyond 100m.

Source: Ofcom analysis using the March 2025 Consultation model.

Table 3.3: Summary of proposed LLA geographic markets

	Buffer distance applied to Area 2	HNR Area	LLA Area 2	LLA Area 3
Number of postcode sectors (% of the UK excl. the Hull Area)	50m	935	4,208	4,591
	<i>Mar 2025 Consultation</i>	(9%)	(42%)	(46%)
	75m		4,698	4,101
	<i>Nov 2025 proposal</i>		(47%)	(41%)
	100m	As above (see notes)	5,026	3,773
	<i>Nov 2025 proposal</i>		(50%)	(38%)
Number of demand sites	125m		5,232	3,567
	<i>Illustration only</i>		(52%)	(36%)
	150m		5,388	3,411
	<i>Illustration only</i>		(54%)	(34%)
	50m	18,526	68,293	57,976
	<i>Mar 2025 Consultation</i>	(12%)	(45%)	(38%)

	Buffer distance applied to Area 2	HNR Area	LLA Area 2	LLA Area 3
(% of the UK excl. the Hull Area)	75m	As above (see notes)	76,487	49,782
	<i>Nov 2025 proposal</i>		(50%)	(33%)
	100m		81,888	44,381
	<i>Nov 2025 proposal</i>		(54%)	(29%)
	125m		84,907	41,362
	<i>Illustration only</i>		(56%)	(27%)
	150m		87,519	38,750
	<i>Illustration only</i>		(57%)	(25%)

Source: Ofcom analysis using the March 2025 Consultation model.

Notes: Table 3.3 presents the impact of increasing the buffer distance from 50m (the value used in the March 2025 Consultation) to 75m or 100m in LLA Area 2 and Area 3 (our November 2025 proposals). For illustrative purposes we have included hypothetical buffer distance values of 125m and 150m to show what would happen to LLA Area 2 and Area 3 and demand sites in those areas if we were to extend the buffer distance beyond 100m. We are not proposing to amend the buffer distance in the HNR Area. Therefore, the size of the HNR would remain as reported under the 50m buffer distance in all cases. If we were to apply a longer buffer distance across all geographic markets the size of the HNR would increase.

Application of the Three Criteria Test

- 3.80 As set out in the March 2025 Consultation, in determining whether to identify a market for the purpose of making a market power determination, we must consider whether the three criteria set out in subsection 79(2B) of the Act are met.
- 3.81 In the March 2025 Consultation, we assessed the three criteria for the LLA market at a general level, taking into account overall characteristics and structure in the relevant product market. We did not consider competition at a sub-national level as part of our assessment of the three criteria, as we considered this in our SMP assessment. We therefore do not consider that the proposals set out above and the resulting changes to the boundaries of the geographic LLA markets have any impact on our provisional assessment of the three criteria as set out in the March 2025 Consultation. We will revisit our assessment of the three criteria for the LLA markets in our final statement.

SMP Assessment

- 3.82 As set out in the March 2025 Consultation, we need to assess whether any provider has SMP for each of the LLA markets we have provisionally identified.
- 3.83 In the March 2025 Consultation, we explained that our SMP assessment takes account of a number of factors which we consider in the round, including market shares, competition from existing infrastructure, barriers to entry and expansion, countervailing buyer power and Openreach pricing.
- 3.84 Based on our in the round assessment of those factors, we provisionally found that BT has SMP in both LLA Area 2 and LLA Area 3.

- 3.85 The revised buffer distance proposals set out above would change the boundaries between areas where we provisionally found BT to have SMP (i.e., LLA Area 3 and LLA Area 2). The effect of this is to reallocate some postcode sectors from LLA Area 3 – where we considered there was unlikely to be potential for material and sustainable competition – into LLA Area 2. Therefore, we would not expect this change to materially affect any of the factors we considered in making our SMP determination.
- 3.86 As a result, our current view is that the proposals set out above and the resulting changes to the boundaries of the geographic LLA markets will not have a material impact on our provisional SMP assessment.

Consultation questions

Question 3.1: Do you agree with our reasoning on the impact of consolidation? Please set out your reasons and supporting evidence for your response.

Question 3.2: Do you agree with our revised proposals relating to the buffer distance? Do you have a view on the most appropriate value of the buffer distance? Please set out your reasons and supporting evidence for your response.

4. Simplified lead-in PIA charges

- 4.1 In this section, we discuss our modelling approach to the charge control on the simplified lead-in PIA service and our proposals to change our assumptions set out in the March 2025 Consultation. We are proposing to adjust our approach on the application of the discount rate to certain components to account for customer churn.
- 4.2 The section is structured as follows:
- a) We set out the methodology proposed in the March 2025 Consultation for calculating the simplified lead-in charge.
 - b) We summarise stakeholder responses to the March 2025 Consultation on the calculation of the simplified lead-in charge.
 - c) We explain the changes we are proposing.
 - d) We describe the impact of the proposed changes to the PIA charge control.

March 2025 Consultation

- 4.3 In the March 2025 Consultation, we proposed to maintain our existing approach of setting cost-based PIA rental charges that telecoms providers other than Openreach will pay, which is intended to meet our objectives, including to ensure a level playing field between Openreach and third parties that use PIA.
- 4.4 The approach to setting the controls on PIA rental charges that we proposed in the March 2025 Consultation is summarised in the steps below:
- a) Determine the regulatory cost base in the base year;
 - b) Forecast the regulatory cost base over the charge control period;
 - c) Attribute the regulatory cost base between different PIA services;
 - d) Calculate unit costs for each service in each year; and
 - e) Set rental charges for PIA services as a share of these unit costs.
- 4.5 Simplified lead-in is one of the services we set rental charges for. This service was introduced in 2020 to simplify how telecoms providers access the final part of Openreach's duct network that connects customer premises. It combines several components that each attracted a separate charge (lead-in duct, lead-in link duct, and facility hosting) into a flat, aggregated charge. The product covers the route from the network provider's distribution point to the customer's building. The unit costs for simplified lead-in is based on estimates of the average usage of the three service components.
- 4.6 In relation to the final step (e) above, as described at paragraph 4.42 of the March 2025 Consultation, we proposed to calculate the appropriate share of PIA charges by multiplying the unit costs by an assumed 'fair share'.
- 4.7 In our approach to PIA pricing, the fair shares determine what proportion of the unit costs should be recovered by third party PIA users with the remaining duct and pole costs to be recovered by downstream Openreach services. The fair shares we set are broadly based on the expected future revenue opportunity that a PIA user is likely to obtain from that asset in the long run, i.e. when fibre network build has finished, and market shares have stabilised. They also reflect the long run number of PIA users paying charges for lead-in duct or poles.

- 4.8 For lead-ins, in principle only one communications provider is connected to the customer at any one time. This might suggest the communications provider should pay 100% of the cost. However, as communications providers are unlikely to remove cables connected to the customer's premises if they lose the customer, requiring communication providers to pay 100% of the cost would lead to an outcome that is not consistent with a level playing field. For example, a communications provider could pay for lead-ins where it has lost the customer to Openreach (which would not need to recover the lead-in costs) or Openreach could be paid twice if another external communications provider using PIA won the customer. To account for this, in the WFTMR21, we applied a discount rate to the lead-in duct component to account for the possibility that the communications provider may continue to pay rental charges even after losing the end customer. We assumed a discount rate of 10% based on the probability that the competing telecoms provider may lose a customer over the 2021-26 review period, which meant we set a 'fair share' for lead-ins at 90% of the unit costs.
- 4.9 As described in paragraphs 4.56 to 4.58 of the March 2025 Consultation, we proposed to continue to use a discount rate to set the lead-in charges. In updating the discount rate for the next review period, we proposed to use a long-term forward-looking approach to the lead-in duct discount rate, rather than just assessing over the review period, as we considered this approach to be simpler, transparent, and result in greater pricing certainty. We also said that this would align with the approach taken for fair shares for other PIA services. On this basis we proposed to glide from the previous assumption of 10% to a discount rate of 54% to align with our assumptions about single bore duct. This gives a 'fair share' for lead-ins of 46% at the end of the review period.
- 4.10 We proposed to apply our updated discount rate assumption to all three components (lead-in duct, lead-in link duct, and facility hosting) that determine the simplified lead-in charge.

Relevant stakeholder responses

- 4.11 In response to our March 2025 Consultation, Openreach said that the discount rate should be applied only to the lead-in duct and not for the lead-in link duct and the joint box components. It said that fair share assumptions already apply to the other two components and so adding the discount rate on top is not required.⁶³
- 4.12 We received responses from Openreach⁶⁴ and Community Fibre⁶⁵ querying the level of the fair share applied in our PIA rental charges calculation. Openreach also disagreed with setting the discount rate at a level of 54% and argued that we should update the assumed lead-in lengths using new data it presented on the length of lead-ins used by external PIA users. We will set out our reasoning and decisions on these points in our final statement.

⁶³ [Openreach](#) response to TAR26 March Consultation. Document 4. Paragraphs 170-177.

⁶⁴ [Openreach](#) response to TAR26 March Consultation. Document 4. Paragraphs 147-169.

⁶⁵ [Community Fibre](#) response to TAR26 March Consultation. Paragraphs 5.9-5.12.

Our proposal and reasoning

Application of discount rates

- 4.13 Having considered Openreach's response, we provisionally agree that a change in approach to the application of the updated discount rate should be applied.
- 4.14 The simplified lead-in product includes the use of lead-in link duct. Lead-in link duct can be used to access multiple customers, and may be used to provide service by multiple communications providers simultaneously. A communications provider may continue to use the lead-in link duct to provide service to multiple customers when any one customer churns away. The costs of this component are determined using the single bore spine duct costs, to which the relevant fair share has been applied, which takes account of the usage of duct by multiple communications providers. Therefore, we are proposing that the updated discount rate should not be applied to this element.
- 4.15 The simplified lead-in product also includes the use of joint box exits. In the PIA charge model, joint box exits are assumed to be shared infrastructure and the unit costs of this component are calculated using a fair share assumption (of 15%). This fair share captures the expected usage of joint boxes by multiple communication providers and there is no need for the application of a further discount rate. Therefore, we are proposing that the updated discount rate should not be applied to this element.
- 4.16 In summary, we propose not to apply the updated discount rate to the lead-in link duct and joint boxes component and only apply the updated discount rate to the lead-in duct component.

Impact of our proposals

- 4.17 The proposal set out above would have the impact of raising the indicative range for the cap on charges for simplified lead-in duct that we proposed in our March 2025 Consultation. The adjusted proposed charge controls, as compared to those in our March 2025 Consultation, are set out in Table 4.1 below.
- 4.18 Table 4.2 sets out high and low cases for the cap in the first relevant year and for the CPI-X control in subsequent years. We present ranges for all proposed cost-based charge controls to provide an indicative view of what the final figures might be from updated cost forecasts in our PIA charges model. This is consistent with our approach in the March 2025 Consultation and in previous market reviews. We intend to update our cost models ahead of publishing our Statement to incorporate more recent outturn data from which we can derive updated cost estimates for 2025/26 and 2030/31. Should we decide to proceed with setting cost-based charge controls, we would use these updated cost estimates to determine the final figures for the CPI-X glidepaths. The ranges included in this Consultation are intended to provide an indicative view of what those final figures may be.

Table 4.1: Impact of proposal on simplified lead-in duct charge controls: base case (nominal)

	2026/27 indicative charge	2030/31 indicative charge	Base case CPI-X for maximum charge
March 2025 Consultation	£10.69	£6.79	CPI – 12.8%
After discount rate adjustment	£11.44	£9.59	CPI – 6.3%

Table 4.2: Impact of proposal on simplified lead-in duct charge controls: Low and High scenarios (nominal)

	2026/27 indicative charge	2030/31 indicative charge	CPI-X for maximum charge
Low Case	£11.22	£8.73	CPI – 8.1%
High Case	£11.65	£10.50	CPI – 4.6%

Draft SMP conditions

- 4.19 We set out at Annex 5 a notification in respect of draft SMP Condition 12A, which we have revised from the version proposed in our March 2025 Consultation to reflect the proposals in this Section. Specifically, for simplified underground PIA lead in, we have adjusted the indicative ranges for the cap in the first relevant year (Condition 12A.1) and for the value of X in the CPI-X control in subsequent years (Condition 12A.2) to reflect the figures in Table 4.2 above.
- 4.20 We also set out in Annex 5 why we consider the proposed SMP Conditions meet the legal tests in section 47 and section 88 of the Act.

Consultation questions

Question 4.1: Do you agree with our revised approach to the application of discount rate when calculating the charge control for simplified lead-in duct?

5. Cost-based charge controls in the LLA and IEC markets: Fibre cost reallocations and glidepath design

- 5.1 In this section, we discuss two main topics relating to our proposed cost-based charge controls in the LLA and IEC markets. These are:
- a) Fibre cost reallocations – we propose to incorporate BT’s planned fibre cost reallocations (which BT is planning to capture in its 2026 RFS) in our charge control modelling for the TAR Statement. As a consequence of this, we are also proposing to amend the sub-cap for each Main Link service charge within each of the Ethernet charge control baskets in the LLA and IEC markets, from CPI-0% to CPI+5%.
 - b) Glidepath design for the cost-based charge control for leased line access services up to and including 1Gbit/s sold in LLA Area 3 – we propose to re-profile the glidepath to allow for a one-year transition period to 1 April 2027 in the implementation of cost-based prices, while also ensuring that Openreach does not derive any incremental monetary benefit from this one-year transition period.
- 5.2 We also discuss a further modelling update we plan to make to remove mobile network licence costs that have erroneously been allocated to regulated Openreach services.
- 5.3 At the end of this section, we explain the combined impact of these proposals on the proposed charge controls and set out the resulting changes to our draft SMP Conditions.

Fibre cost reallocations

March 2025 Consultation

- 5.4 Annex 14 of our March 2025 Consultation set out our approach to revenue and cost modelling for regulated Openreach services included in the cost forecast model. We used BT’s 2022/23 restated RFS costs as the starting point for our assessment of BT’s efficiently-incurred costs. For the Statement, we intend to update the base cost year of our cost forecast model to incorporate more recent outturn RFS cost data.⁶⁶
- 5.5 Annex 14 presented a summary of our proposed charge controls specifically for services included in the cost forecast model. Among these was our proposed cost-based basket

⁶⁶ In Paragraph A14.30 of our March 2025 Consultation, we stated that for the Statement we intend to update the base year to 2023/24 restated (meaning a restatement run which incorporates the cost allocation methodology changes set out in BT’s March 2025 Change Control Notification (CCN)). We now intend to update the base year to 2024/25 for the Statement, insofar as we identify no major conceptual or practical issues with using 2024/25 RFS data. If we identify any major issues with using 2024/25 RFS data, then we intend to use 2023/24 restated data as the base year for the Statement.

charge control for leased line access services up to and including 1Gbit/s sold in LLA Area 3, as summarised in Table A14.4.

5.6 Our March 2025 Consultation also set out the following additional details relating to the proposed design of the cost-based basket charge control for leased line access services up to and including 1Gbit/s sold in LLA Area 3, which are relevant to this further consultation:

- a) In Volume 4, Section 6 (Paragraph 6.18), we proposed that we would align prices to costs by 2030/31 using a glidepath approach;
- b) In Volume 4, Section 6 (Paragraphs 6.67 and 6.69), we proposed that we would apply a CPI-0% sub-cap on each Main Link service charge⁶⁷ within the Ethernet services basket for bandwidths up to and including 1Gbit/s sold in LLA Area 3. Similarly, in Volume 4, Section 6 we also proposed a CPI-0% sub-cap on each Main Link service charge within:
 - i) the Ethernet services basket across all bandwidths sold in LLA Area 2 (as noted in Paragraphs 6.62 to 6.64);
 - ii) the Ethernet services basket for bandwidths above 1Gbit/s sold in LLA Area 3 (as noted in Paragraphs 6.67 and 6.69).
 - iii) the IEC Ethernet services basket across all bandwidths sold at BT Only and BT+1 exchanges combined (as noted in Paragraphs 6.73 to 6.75).

5.7 Annex 17 of our March 2025 Consultation set out our approach to modelling dark fibre costs for the purposes of setting cost-based dark fibre charge controls. We used the forecast costs of benchmark EAD and EAD Local Access services, as calculated in the cost forecast model, to inform our cost estimation for dark fibre services. Table A17.2 set out our proposed charge controls for dark fibre services.

5.8 For transparency, Table 5.1 summarises our March 2025 Consultation proposals (as modified in Ofcom's update of 29 May 2025⁶⁸) for the cost-based charge controls mentioned above, which are relevant to this further consultation.

Table 5.1: Summary of our March 2025 Consultation proposed cost-based charge controls for dark fibre access (DFA), dark fibre for inter-exchange (DFX), and leased line access services up to and including 1Gbit/s sold in LLA Area 3

	High costs scenario		Base costs scenario		Low costs scenario	
Service	SCA	CPI-X glidepath	SCA	CPI-X glidepath	SCA	CPI-X glidepath
DFA connection (per circuit)	-24%	CPI – 6.50%	-27%	CPI – 9.00%	-29%	CPI – 10.25%
DFA circuit rental (per circuit per year)	+20%	CPI – 1.25%	+14%	CPI – 2.75%	+9%	CPI – 3.75%
DFX connection (per circuit)	-8%	CPI – 6.00%	-10%	CPI – 8.00%	-11%	CPI – 9.00%

⁶⁷ Openreach's Main Link charge is incurred where a leased line circuit spans two BT exchanges. This is relevant to leased lines circuits connecting end-sites (i.e. access segments), and it is also relevant to IEC leased line circuits. The Main Link charge is a distance related charge.

⁶⁸ On 29 May 2025, we published a document which set out [corrections to the March 2025 Consultation](#), including corrections to Table A17.2.

	High costs scenario		Base costs scenario		Low costs scenario	
DFX circuit rental (per circuit per year)	-31%	CPI – 19.00%	-31%	CPI – 24.25%	-29%	CPI – 25.25%
DFX main link rental (per metre per year)	-11%	CPI – 2.25%	-14%	CPI – 3.50%	-17%	CPI – 4.75%
Ethernet services of bandwidths 1Gbit/s and below (basket charge control)	No SCA	CPI – 4.75%	No SCA	CPI – 6.75%	No SCA	CPI – 8.50%

Relevant stakeholder responses

Allocation of fibre costs

- 5.9 In its response to our March 2025 Consultation, Openreach highlighted that it had identified a potential issue concerning the under allocation of backhaul fibre costs to IEC services, due to some erroneous assumptions embedded within its existing allocation methodology for backhaul fibre costs.⁶⁹ This issue was not identified in time for the preparation of the 2025 RFS, and it has not been addressed within the 2025 RFS. Openreach proposed that it could supply Ofcom with information to allow for an adjustment to be made to Ofcom’s TAR cost modelling.
- 5.10 We have since engaged with Openreach about this issue, to discuss potential changes to BT’s allocation of fibre costs which could suitably address this issue for the 2026 RFS. As part of this engagement, we have carefully examined the supporting evidence that Openreach has provided to justify its identified issue, and we have explained our expectations for any changes to BT’s allocation of fibre costs for the 2026 RFS. We have also engaged with Openreach about the information required for us to consider making an adjustment to our cost modelling ahead of the TAR Statement.
- 5.11 Following this engagement and further Openreach consideration of its backhaul fibre cost allocation methodology, on 3 October 2025, BT published a ‘Part 1’ Change Control Notification for 2026.⁷⁰ This document sets out details of BT’s planned changes to its methodology for allocating Core Junction Fibre (CJF) costs and Access Spine Fibre costs. BT intends to apply the new methodology for the 2026 RFS.
- 5.12 BT has also provided us with adjusted cost data, which takes account of the new methodology for allocating CJF costs and Access Spine Fibre costs. For the purposes of this further consultation, we have used adjusted cost data which BT has produced for its restated 2022/23 RFS costs (specifically restatement run RS29). This approach maintains consistency with our use of restated 2022/23 RFS costs in the March 2025 Consultation

⁶⁹ [Openreach](#) response to TAR26 March Consultation. Document 4. Paragraphs 123-124. As we explain in the ‘Our proposals and reasoning’ sub-section below, the existing methodology for allocating Core Junction Fibre (CJF) costs assumes that FTTC and FTTP services always use CJF cables to connect child exchanges to parent exchanges. However, BT’s analysis has identified that this is often not the case, and that access spine fibre cables are often used to connect child exchanges to parent exchanges.

⁷⁰ BT Group. 2025. [Change Control Notification: Part 1 – 3 October 2025](#).

analysis⁷¹, and it allows us to isolate the effect of BT's new fibre cost allocation methodologies on our charge control modelling.

Our proposals and reasoning

Allocation of fibre costs

- 5.13 We have considered whether it is appropriate to incorporate BT's planned fibre cost reallocations in our charge control modelling for the TAR Statement. In doing so we have taken account of the explanations and justifications that BT has provided.
- 5.14 As BT notes in page 7 of its October 2025 'Change Control Notification: Part 1' publication⁷², the existing methodology for allocating CJF costs assumes that FTTC and FTTP services always use CJF cables to connect child exchanges to parent exchanges. However, BT's analysis has identified that this is often not the case, and that access spine fibre cables are often used to connect child exchanges to parent exchanges.⁷³ CJF cables are also used to provide Main Link connectivity for services in the LLA and IEC markets (including Ethernet, WDM and dark fibre services). For Main Link services, the existing calculations for CJF cost allocations use the straight-line billed distance multiplied by 1.2 to account for route inefficiencies.
- 5.15 In contrast, BT's planned new methodology calculates CJF cost allocations based on actual lengths of CJF cables used across Main Link, FTTC and FTTP services.
- 5.16 For Access Spine Fibre costs, as BT notes in page 7 of its October 2025 'Change Control Notification: Part 1' publication, the existing allocation methodology uses the maximum capacity (in terms of potential fibre count supported) of the fibre cables associated with a given product (regardless of whether they are utilised⁷⁴ or unutilised). BT's planned new methodology instead calculates Access Spine Fibre cost allocations based on the number of utilised fibres associated with a given product.
- 5.17 We consider that these methodological changes will correct erroneous assumptions and improve the accuracy of BT's reporting. For CJF, the new cost allocation methodology will better reflect the actual relative usage of CJF cables by different services, and it will avoid the need for route efficiency assumptions for Main Link, FTTC and FTTP services. For Access Spine Fibre, the new cost allocation methodology will better reflect the actual relative usage of Access Spine Fibre by revenue-generating services. We consider that this is a logical methodology change which will help to align the future attribution of Access Spine Fibre costs with increases that we expect in the relative usage of FTTP services compared to other services that use Access Spine Fibre (such as FTTC services and Ethernet services).
- 5.18 Given our assessments above, we consider that it is appropriate in principle to incorporate BT's planned fibre cost reallocations in our charge control modelling for the TAR Statement. We recognise that this approach diverges from the 2025 CCN and 2025 RFS, and instead

⁷¹ The use of 2022/23 restated RFS costs (specifically restatement run RS29) is mentioned in Annex 14, Paragraph A14.30 (and accompanying footnote 259) of our March 2025 TAR Consultation.

⁷² BT Group. 2025. [Change Control Notification: Part 1 – 3 October 2025](#).

⁷³ Openreach response dated 27 October 2025 to s135 notice dated 20 October 2025, question E4.

⁷⁴ As mentioned in footnote 1 of BT's 'Change Control Notification: Part 1' publication, BT's definition of utilisation includes fibres utilised by active services and dark fibre rentals.

implements a forthcoming reallocation that BT intends to apply in its 2026 RFS. However, for the reasons set out above we consider that this approach is merited in this case.

- 5.19 We are therefore proposing to incorporate BT's planned fibre cost reallocations in our charge control modelling for the TAR Statement, and we are inviting views on this proposal through this further consultation.
- 5.20 We note that BT is in the process of obtaining external assurance of its planned fibre cost reallocations from its auditor, which will provide assurance over whether BT has correctly followed its documented process for implementing the fibre cost reallocations. We will assess the findings of this work as part of our final decision about whether to incorporate BT's planned fibre cost reallocations in our charge control modelling for the TAR Statement.
- 5.21 Later in this section we explain the modelled impacts of BT's planned fibre cost reallocations on our proposed cost-based charge controls for:
- a) leased line access services up to and including 1Gbit/s sold in LLA Area 3; and
 - b) dark fibre services sold in LLA Area 3 and in SMP exchanges (i.e. BT Only exchanges and BT+1 exchanges) within the IEC market.

Proposed amendment to the level of the sub-cap for Main Link services, from CPI-0% to CPI+5%

- 5.22 As noted earlier in this section, our March 2025 Consultation proposed to set a CPI-0% sub-cap on each Main Link service charge within each of the Ethernet charge control baskets in the LLA and IEC markets. We made this proposal in recognition of the importance of Main Link to connectivity spanning BT exchanges, and to mitigate the risk of sharp increases in Main Link charges because of their relatively low weighting in the Ethernet baskets.
- 5.23 As we explain later in this section, we have assessed the modelled impacts of BT's planned fibre cost reallocations on our proposed cost-based charge controls for services sold in the LLA market and IEC market. One of the consequences of BT's fibre cost reallocations is a significant increase in the costs allocated to Main Link services. This can be seen in the updated level of the DFX main link rental charge control, which is shown in Table 5.2.
- 5.24 Given the changes in costs allocated to Main Link services following the fibre cost reallocations, we no longer consider that it is proportionate to apply a CPI-0% sub-cap to Main Link service charges within each of the Ethernet charge control baskets in the LLA and IEC markets. This is because retaining CPI-0% sub-caps would likely result in Ethernet Main Link prices being held below their forecast unit fully allocated costs (unit FAC) over the 2026-31 period, which we consider to be overly restrictive given the use of Ethernet baskets. Our analysis suggests that retaining sub-caps but amending their level to CPI+5% would likely avoid Main Link prices being held below their forecast unit FAC over the 2026-31 period, while still providing some protection from the risk of sharp increases in charges.
- 5.25 Taking account of the factors mentioned above, we consider that a CPI+5% sub-cap offers an appropriate level of flexibility to rebalance the Ethernet charge control baskets, while still providing some protection from the risk of sharp price increases for Main Link services given their relatively low weighting in the Ethernet baskets.⁷⁵

⁷⁵ In Volume 4, Paragraphs 5.53-5.55 of our March 2025 Consultation, we similarly proposed a CPI+5% sub-cap on each charge within the Direct Excess Construction Charges (ECCs) basket.

- 5.26 We also note that each of these baskets remains subject to a proposed basket charge control (either cost-based or CPI-0%), which will also provide protection to customers.
- 5.27 Therefore, as a consequence of incorporating BT's planned fibre cost reallocations in our charge control modelling for the TAR Statement, we are proposing to amend the level of the sub-cap from CPI-0% to CPI+5% for each Main Link service charge within each of the Ethernet charge control baskets in the LLA and IEC markets.

Glidepath design for LLA Area 3 LBW services

March 2025 Consultation

- 5.28 Table A14.4 in Annex 14 of the March 2025 Consultation summarised our proposed cost-based basket charge control for leased line access services up to and including 1Gbit/s sold in LLA Area 3.
- 5.29 Regarding this proposed cost-based charge control, Volume 4, Section 6 (Paragraph 6.18) of the March 2025 Consultation set out our intention to use a standard glidepath approach to align prices to costs by 2030/31.

Relevant stakeholder responses

- 5.30 In its response to the March 2025 Consultation, Openreach stated that its systems have not been designed to facilitate geographic charging.⁷⁶ It suggested that the implementation of our proposed cost-based charge control for leased line access services up to and including 1Gbit/s sold in LLA Area 3 would require significant development of its pricing systems, which cannot be completed in time for the start of the TAR period, on 1 April 2026. Openreach instead proposed a transitional period of one year (from 1 April 2026 to 31 March 2027) to allow for implementation of the pricing system changes.

Our proposals and reasoning

- 5.31 We recognise that it may take time for Openreach to update its pricing systems in a way that facilitates our proposed cost-based charge control.
- 5.32 We are proposing a one-year transitional period to ensure that the necessary development of Openreach pricing systems is carried out over an appropriate timeframe. However, we consider that Openreach should not derive any incremental revenue from a delay to 1 April 2027 in implementing this proposed cost-based charge control.
- 5.33 We therefore specifically propose that for leased line access services up to and including 1Gbit/s sold in LLA Area 3:
- In the first year of the 2026-31 period (which is 2026/27), the charge control is set at CPI-0%. This temporarily harmonises the charge controls applicable to leased line access services up to and including 1Gbit/s in the LLA markets where Openreach has SMP.
 - In the second year of the 2026-31 period (which is 2027/28), an adjustment is made to the cost-based glidepath for these services. This adjustment is calibrated to ensure that

⁷⁶ [Openreach](#) response to TAR26 March Consultation. Document 4. Paragraphs 265-269.

the total forecast over-recovery (versus costs) over the 2026-31 period is no larger than under a typical five-year glidepath.⁷⁷

- c) In the remaining three years of the 2026-31 period, we apply a smooth cost-based glidepath for these services which brings prices down from their 2027/28 level to costs by 2030/31.

5.34 Our proposed re-profiling of the charge control ensures that Openreach does not derive any incremental monetary benefit from the implementation of a CPI-0% control in 2026/27.

Combined impact of our proposals

5.35 As BT notes in page 7 of its October 2025 'Change Control Notification: Part 1' publication, BT's planned fibre cost reallocations result in a reduction of cost and mean capital employed (MCE) in the WLA markets, offset by an increase in the LLA and IEC markets. Although this publication refers to 2024/25 costs, we have found the same outcome also applies to 2022/23 costs.

5.36 Table 5.2 shows the modelled impacts of BT's planned fibre cost reallocations on our proposed cost-based charge controls for:

- a) leased line access services up to and including 1Gbit/s sold in LLA Area 3; and
- b) dark fibre services sold in LLA Area 3 and in SMP exchanges (i.e. BT Only exchanges and BT+1 exchanges) within the IEC market.^{78 79}

5.37 Consistent with our March 2025 Consultation, we present ranges for all proposed cost-based charge controls.⁸⁰ We intend to update our cost models ahead of publishing our Statement to incorporate more recent outturn data or new evidence from which we can derive updated cost estimates for 2025/26 and 2030/31. Should we decide to proceed with setting cost-based charge controls, we would use these updated cost estimates to determine the final figures for the Starting Charge Adjustments (SCAs) and CPI-X glidepaths. The ranges included in this further consultation are intended to provide an indicative view of what those final figures may be.

5.38 Further detail on how we have produced the higher cost and lower cost scenarios in our top-down cost modelling, which generate the ranges around our base case estimates except where otherwise stated, is provided in Annex 14 of our March 2025 Consultation.

⁷⁷ In our charge control modelling, we calculate forecast over-recovery in base year prices. For this further consultation, the base cost year we have used to analyse BT's planned fibre cost reallocations is 2022/23, and so the forecast over-recovery is calculated in 2022/23 real terms.

⁷⁸ For dark fibre access (DFA) services, these proposals also apply to DFA circuits where transitional arrangements for existing DFA circuits in reclassified postcode sectors are in place. This applies to existing DFA circuits in postcode sectors that were classified as LLA Area 3 in the WFTMR21 and are proposed to be reclassified to other regulated LLA markets (specifically LLA Area 2 or the HNR Area) in the 2026-31 review period.

⁷⁹ For IEC services, these proposals also apply at exchanges where transitional arrangements for reclassified exchanges are in place. For DFX charge controls this would be exchanges that were classified as BT Only DFX in the WFTMR21 and are proposed to be reclassified to BT+2 in the 2026-31 review period. For active IEC charge controls (which do not feature in Table 5.2, but which are impacted by our proposed amendment to the level of the sub-cap for Main Link services in the Ethernet charge control baskets), this would be all exchanges that were classified as BT Only or BT+1 in the WFTMR21 and are proposed to be reclassified to BT+2 in the 2026-31 review period.

⁸⁰ These ranges are also reflected in our updated draft SMP Conditions, which are shown in Annex 5 of this further consultation.

- 5.39 As shown in Table 5.2, our proposed cost-based charge controls for dark fibre include proposed Starting Charge Adjustments (SCAs) which will be implemented on 1 April 2026. For clarity, draft SMP Condition 8.4 (which was published in Volume 7 Part A of our March 2025 Consultation) enables BT to implement our TAR Statement SCAs for dark fibre services on 1 April 2026 without prior notification.
- 5.40 Table 5.2 incorporates our proposed re-profiling of the cost-based charge control for leased line access services up to and including 1Gbit/s sold in LLA Area 3.

Table 5.2: Summary of our November 2025 further consultation proposed cost-based charge controls for dark fibre access (DFA), dark fibre for inter-exchange (DFX), and leased line access services up to and including 1Gbit/s sold in LLA Area 3

	High costs scenario		Base costs scenario		Low costs scenario	
Service	SCA	CPI-X glidepath ⁸¹	SCA	CPI-X glidepath	SCA	CPI-X glidepath
DFA connection (per circuit)	-24%	CPI – 6.00%	-27%	CPI – 8.25%	-28%	CPI – 9.50%
DFA circuit rental (per circuit per year)	+25%	CPI – 0.25%	+19%	CPI – 2.00%	+13%	CPI – 3.25%
DFX connection (per circuit)	+7%	CPI – 0.75%	+5%	CPI – 2.25%	-10%	CPI – 8.00%
DFX circuit rental (per circuit per year)	-31%	CPI – 18.75%	-31%	CPI – 24.00%	-29%	CPI – 25.00%
DFX main link rental (per metre per year)	+36%	CPI + 9.25%	+29%	CPI + 7.25%	0%	CPI – 0%
Ethernet services of bandwidths 1Gbit/s and below (basket charge control)	No SCA	Year 1: CPI – 0% Year 2: CPI – 1.28% Years 3-5: CPI + 0.25%	No SCA	Year 1: CPI – 0% Year 2: CPI – 7.58% Years 3-5: CPI – 1.75%	No SCA	Year 1: CPI – 0% Year 2: CPI – 16.98% Years 3-5: CPI – 5.25%

- 5.41 For three of the items in Table 5.2 (DFA connection; DFA circuit rental; DFX circuit rental), BT's fibre cost reallocations have only a small impact on the results of our base costs

⁸¹ The proposed CPI-X glidepaths will apply in each year of the charge control, with the exception of the re-profiled basket charge control for Ethernet services of bandwidths 1Gbit/s and below, where the CPI-X varies based on the year as specified in Table 5.2. For those services where SCAs are proposed, the first year in which the CPI-X glidepath applies will be 2 April 2026 to 31 March 2027.

scenario, which remains within the boundaries of the equivalent indicative charge control range from our March 2025 Consultation (as shown in Table 5.1).

- 5.42 For the other three items (DFX connection; DFX main link rental; basket of Ethernet services of bandwidths 1Gbit/s and below), BT's fibre cost reallocations have resulted in the base costs scenario results moving outside of the equivalent indicative charge control range from our March 2025 Consultation. In all three cases, the net movement of cost and MCE into the LLA and IEC markets has increased costs, resulting in higher indicative cost-based charges than we proposed in our March 2025 Consultation.
- 5.43 As noted above, we intend to update our cost models ahead of publishing our Statement to incorporate more recent outturn data or new evidence from which we can derive updated cost estimates for 2025/26 and 2030/31. The ranges included in this further consultation are intended to provide an indicative view of what those final figures may be.⁸²
- 5.44 BT has informed us that after accounting for its planned fibre cost reallocations, the share of CJF costs and Access Spine Fibre costs attributed to FTTP services increases between 2022/23 and 2024/25.⁸³ This is consistent with growth in the usage of FTTP services.
- 5.45 Consequently, we expect that when we update the base cost year of our cost forecast model ahead of the TAR Statement to incorporate more recent outturn RFS cost data, the forecast net movement of cost and MCE into the LLA and IEC markets over 2026-31 is likely to be more muted than even the lower cost scenario in our top-down cost modelling of restated 2022/23 base costs data would suggest. All other things equal, this would reduce the indicative cost-based charges for the services mentioned in Table 5.2.⁸⁴
- 5.46 To reflect this expectation, and to reduce the likelihood of our Statement charge controls falling outside of the indicative ranges presented in this further consultation, we have widened the low cost end of our ranges beyond the level implied by the lower cost scenario in our top-down cost modelling. We have widened the range of the three items in Table 5.2 whose charge controls are heavily impacted by BT's fibre cost reallocations (DFX connection; DFX main link rental; basket of Ethernet services of bandwidths 1Gbit/s and below). This approach is visible from the asymmetric ranges shown for these three items in Table 5.2.
- 5.47 We acknowledge that this adjustment to the indicative charge control ranges requires regulatory judgement and results in asymmetric ranges for some of the services in Table 5.2. However, we consider that this approach provides more robust estimates overall because it better accounts for available information about the growth in the usage of FTTP services.

⁸² Since the 2024 RFS and 2025 RFS do not incorporate BT's planned fibre cost reallocations, we are intending (subject to this further consultation) to apply a similar adjustment to the more recent outturn RFS costs data which will inform our Statement modelling.

⁸³ Openreach response dated 27 October 2025 to s135 notice dated 20 October 2025, questions E3 and E5.

⁸⁴ We have stated 'all other things equal' here, because as part of the planned update to our cost models ahead of the TAR Statement there will inevitably be changes in other model parameters that will affect the cost-based charges for the services mentioned in Table 5.2.

Adjustment to remove mobile network licence costs

- 5.48 BT has identified that in its published 2025 RFS, some of BT Group's costs associated with mobile network licences were inadvertently allocated to services within Openreach SMP markets.⁸⁵
- 5.49 We do not consider that mobile network licence costs should be included in our cost modelling for regulated Openreach services for the TAR Statement. We therefore intend to adjust our base year cost modelling to remove mobile network licence costs ahead of the TAR Statement.
- 5.50 All other things equal, we expect that the removal of mobile network licence costs would result in a small reduction to the forecast costs of regulated Openreach services. We have not quantified this impact in this further consultation, because we do not have mobile licence costs data available for 2022/23 and therefore we have not made a corresponding adjustment to the March 2025 Consultation charge control models. We intend to collect mobile licence costs data to enable an adjustment to our base year cost modelling ahead of the TAR Statement.

Draft SMP Conditions

- 5.51 We set out at Annex 5 a notification in respect of draft SMP Conditions 12E and 12I, which we have revised from the versions proposed in our March 2025 Consultation to reflect the proposals in this Section. Specifically, we have:
- a) adjusted the application and the specified indicative ranges of the cost-based charge control for leased line access services up to and including 1Gbit/s sold in LLA Area 3 to allow for a one-year transitional period (see SMP Conditions 12E.11, 12E.13);
 - b) amended the sub-cap on Main Link service charges within each of the Ethernet charge control baskets in the LLA and IEC markets from CPI-0% to CPI+5% (see SMP Condition 12E.12); and
 - c) amended the indicative ranges for Dark Fibre Access charge controls (see SMP Conditions 12I.1 – 12I.6).
- 5.52 Annex 5 also explains why the proposed SMP conditions meet the legal tests in section 47 and section 88 of the Act.

Consultation question

Question 5.1: Do you agree with our revised proposals relating to charge controlling active LLA services in LLA Area 3 and dark fibre services in the LLA and IEC markets?

⁸⁵ BT response dated 27 October 2025 to s135 notice dated 20 October 2025, question E9.

6. Dark fibre cost modelling: Openreach sales product management costs

- 6.1 In this section, we explain our proposal to change the treatment of Openreach sales product management component costs within our dark fibre cost modelling. This change follows on from BT's recent amendments to its cost allocation methodology for this component, which took effect in BT's 2025 RFS.

March 2025 Consultation

- 6.2 Annex 17 of our March 2025 Consultation set out our approach to modelling dark fibre costs for the purposes of setting cost-based dark fibre charge controls. In Paragraphs A17.21 to A17.28 of Annex 17, we set out our proposed methodology for estimating dark fibre costs. This includes our use of the forecast unit fully allocated cost (unit FAC) of benchmark EAD and EAD Local Access (EAD LA) services, as calculated in the cost forecast model, to estimate the forecast unit FAC of dark fibre access (DFA) and dark fibre inter-exchange (DFX) services.
- 6.3 One of the components used to provide EAD and EAD LA services is Openreach sales product management (OSPM), which includes the costs of staff who work in the Sales Product Management division of Openreach. This component is also relevant to dark fibre circuits and is therefore reflected in our estimate of dark fibre costs.
- 6.4 In paragraphs A17.60 and A17.61 of Annex 17, we set out our proposal not to apply a scaling factor for this component, meaning that we allocated the full unit FAC of OSPM costs for EAD LA to DFA, and we allocated the full unit FAC of OSPM costs for EAD to DFX. This proposal was consistent with our approach in the WFTMR 2021 Statement, and it was informed by the low modelled impact of the OSPM component on dark fibre charges.

Cost allocation methodology changes in BT's 2025 RFS

- 6.5 Since our March 2025 Consultation was published, BT has made several changes to the cost allocation methodology for the OSPM component as part of its published 2025 RFS. BT announced these methodology changes in section 2.3.9 of its 2025 Change Control Notification (CCN), which was published on 31 March 2025.⁸⁶
- 6.6 The changes include:

⁸⁶ BT Group. 2025. [Change Control Notification - 31 March 2025](#).

- a) the creation of separate components for allocating current liabilities⁸⁷ related to sales and product management discounts associated with the Equinox and Project 112⁸⁸ special offers;
- b) the simplification of the methodology, such that the allocation of OSPM costs and mean capital employed (MCE) is based on service revenue from the 2025 RFS onwards. Prior to the 2025 RFS, OSPM costs and MCE were allocated based on a combination of revenue data (for sales and marketing costs) and a survey of staff which related people to activities for non-sales and marketing costs (such as product management costs);⁸⁹
- c) OSPM costs and MCE are no longer allocated to Main Link services.

Our proposals and reasoning

- 6.7 Following BT's changes to its cost allocation methodology for OSPM, we have assessed whether any changes should be made in our treatment of this component within our dark fibre cost modelling. We are proposing to change this treatment, to align it with the treatment of two other components whose RFS costs are allocated based purely on service revenue. We set out some further context and our reasoning for this proposed change below.
- 6.8 In our March 2025 Consultation, we noted that there are two other components whose RFS costs are attributed to connection, rental and main link services based on revenue.⁹⁰ These are the Ofcom Administration Fee (Openreach) and Notional debtors - Revenue receivables (Openreach non-copper)⁹¹ components. We set out how we proposed to adjust the unit FAC of these components to reflect the relative prices of EAD services and DFX services; and the relative prices of EAD LA services and DFA services. We said that this approach would be consistent with BT's approach to attributing the costs of these components in its RFS.
- 6.9 BT's RFS allocation of OSPM costs and MCE is now based solely on service revenue, which matches the treatment of the Ofcom Administration Fee (Openreach) and Notional debtors - Revenue receivables (Openreach non-copper) components.
- 6.10 We consider that it is plausible that the sales product management work that supports the delivery of a service is proportionate to the unit revenue of a service, i.e. with higher priced/margin services attracting more effort. We are therefore satisfied with BT's move to a purely revenue-based allocation methodology in its 2025 CCN and propose to align our modelling approach with this.

⁸⁷ Current liabilities are short-term liabilities on the balance sheet, typically due within 12 months. For the Equinox and Project 112 special offers, our understanding is that Openreach initially collects the full list price of the relevant service, then refunds the discount amount back to its customer at a later date as a rebate. Before being refunded, the discount amount is stored on BT's balance sheet as a current liability.

⁸⁸ Our understanding is that Project 112 refers to Openreach's Special offer on GEA-FTTC and SOGEA.

⁸⁹ This is explained in page 187 of BT's published [2024 Accounting Methodology Documentation](#).

⁹⁰ See Paragraphs A17.62-A17.64 of Annex 17 of the March 2025 Consultation.

⁹¹ Methodological changes have also been made to this component in BT's 2025 RFS. Prior to the 2025 RFS there were separate components for 'Notional Debtors – Openreach copper' and 'Notional Debtors – Openreach non-copper'. As mentioned on page 14 of BT's 2025 Change Control Notification, BT has now consolidated these components into a single 'Notional Debtors' component. However, no other changes have been made to this component, including its revenue based RFS cost allocation. Aside from using the newly consolidated 'Notional Debtors' component instead of the 'Notional Debtors – Openreach non-copper' component, we do not propose to make any other changes to our treatment of this component in our dark fibre cost modelling for the TAR Statement.

- 6.11 Given the considerations set out above, we now propose to align our treatment of OSPM costs with the treatment of other components whose RFS costs are allocated based purely on service revenue.
- 6.12 This means that to estimate the unit OSPM FAC associated with dark fibre services⁹², we propose to take this component's unit FAC allocation to the benchmark EAD and EAD LA services, and adjust it to reflect:
- a) the relative prices of each DFX service and the corresponding EAD service; and
 - b) the relative prices of each DFA service and the corresponding EAD LA service.

Impact of our proposals

- 6.13 Since BT's changes to its cost allocation methodology for OSPM took effect in the 2025 RFS, there is no available cost data for 2022/23 which incorporates BT's new methodology, and therefore we are not able to directly capture the impact of our OSPM proposals on our March 2025 Consultation charge control modelling for dark fibre services.
- 6.14 However, since the March 2025 Consultation we have undertaken some further preliminary charge control modelling ahead of the TAR Statement, which uses more recent outturn RFS cost data (incorporating BT's new OSPM methodology). This analysis has provided an indicative and qualitative view of the likely impact of our OSPM proposals, which we describe below.
- 6.15 There are several factors causing movements in the total estimated unit FAC of dark fibre services between our March 2025 Consultation charge control modelling and our more recent charge control modelling, which can be divided into the following categories:
- a) Firstly, there are movements resulting from BT's new cost allocation methodology for OSPM (independent of our proposed changes to the treatment of OSPM costs).
 - b) Secondly, there are movements resulting from our proposed changes to the treatment of OSPM costs.
 - c) Thirdly, there are various wider movements affecting dark fibre component costs more broadly, which include the incorporation of BT's other 2025 RFS methodology changes as well as updates to our forecasts of cost parameters and revenue parameters.
- 6.16 For the avoidance of doubt, we are not quantitatively assessing the impact of our OSPM proposals relative to the results from our March 2025 Consultation dark fibre cost model. This is because such a comparison would be influenced by all of the factors set out above, and we have not yet finalised our charge control modelling ahead of the TAR Statement. However, to aid understanding of our OSPM proposals, we are commenting on the likely standalone impacts on OSPM unit FAC (as opposed to total dark fibre unit FAC) of the factors mentioned in sub-points a) and b) of the preceding paragraph.
- 6.17 In the absence of any proposed changes to our treatment of OSPM costs, BT's new cost allocation methodology for OSPM appears to increase the OSPM unit FAC for dark fibre (i.e. DFA and DFX) connection and circuit rental services. The proportionate impact of this increase (relative to the total unit cost stack) is largest for DFX circuit rentals and DFX connections, as these services have the smallest total unit FAC. This means that there would likely be a noticeable increase in the overall level of the cost-based charge controls

⁹² By dark fibre services, we mean: DFA connections, DFA circuit rentals, DFX connections, DFX circuit rentals and DFX main link rentals.

for DFX circuit rentals and DFX connections. Conversely, BT's new cost allocation methodology for OSPM results in the OSPM unit FAC for DFX main link rentals being zero because (as noted earlier in this section) OSPM costs and MCE are no longer allocated to Main Link services. This results in a small reduction in the total unit FAC for DFX main link rentals.

- 6.18 Our proposed changes to the treatment of OSPM costs reduce the OSPM unit FAC for dark fibre (i.e. DFA and DFX) connection and circuit rental services. This follows from the fact that the prices of dark fibre connection and circuit rental services are below the prices of the equivalent benchmark EAD and EAD LA services.⁹³
- 6.19 Overall, our proposed changes to the treatment of OSPM costs counteract the impacts of BT's new cost allocation methodology on the OSPM unit FAC for dark fibre connection and circuit rental services. This means that the cost-based charge controls for dark fibre connections and circuit rentals⁹⁴ have a lower cost base than they would if we retained the March 2025 Consultation treatment of OSPM component costs and applied it to recent outturn RFS cost data.

Consultation question

Question 6.1: Do you agree with our revised proposals relating to the estimation of Openreach sales product management costs within our dark fibre charge controls?

⁹³ As set out in Annex 17, Paragraph A17.23 of the March 2025 Consultation, we propose to use EAD LA 10 Gbit/s services as a benchmark for the equivalent DFA services and EAD 10 Gbit/s services as a benchmark for the equivalent DFX services.

⁹⁴ These charge controls are set out in SMP Conditions 12I.1 - 12I.6 (see the Notification at Annex 5). For the avoidance of doubt, the revised indicative ranges set out in SMP Conditions 12I.1 - 12I.6 at Annex 5 do not take account of these proposals in respect of the treatment of OSPM component costs. This is consistent with the fact that BT's new cost allocation methodology for OSPM only took effect in the 2025 RFS, and therefore we are not able to directly capture the impact of our OSPM proposals on our March 2025 Consultation charge control modelling for dark fibre services.

A1. Responding to this consultation

How to respond

- A1.1 Ofcom would like to receive views and comments on the issues raised in this document, by 5pm on 17 December 2025.
- A1.2 You can download a response form from the [consultation webpage](#). You can return this by email or post to the address provided in the response form.
- A1.3 If your response is a large file, or has supporting charts, tables or other data, please email it to tar2026consultation.responses@ofcom.org.uk, as an attachment in Microsoft Word format, together with the cover sheet.
- A1.4 Responses may alternatively be posted to the address below, marked with the title of the consultation:
- Telecoms Access Review 2026
Ofcom
Riverside House
2A Southwark Bridge Road
London SE1 9HA
- A1.5 We welcome responses in formats other than print, for example an audio recording or a British Sign Language video. To respond in BSL:
- > send us a recording of you signing your response. This should be no longer than 5 minutes. Suitable file formats are DVDs, wmv or QuickTime files; or
 - > upload a video of you signing your response directly to YouTube (or another hosting site) and send us the link.
- A1.6 We will publish a transcript of any audio or video responses we receive (unless your response is confidential)
- A1.7 We do not need a paper copy of your response as well as an electronic version. We will acknowledge receipt of a response submitted to us by email.
- A1.8 You do not have to answer all the questions in the consultation if you do not have a view; a short response on just one point is fine. We also welcome joint responses.
- A1.9 It would be helpful if your response could include direct answers to the questions asked in the consultation document. The questions are listed at Annex 4. It would also help if you could explain why you hold your views, and what you think the effect of Ofcom's proposals would be.
- A1.10 If you want to discuss the issues and questions raised in this consultation, please contact Alice Delaney by email alice.delaney@ofcom.org.uk.

Confidentiality

- A1.11 Consultations are more effective if we publish the responses before the consultation period closes. This can help people and organisations with limited resources or familiarity with the issues to respond in a more informed way. So, in the interests of transparency and good regulatory practice, and because we believe it is important that everyone who is interested in an issue can see other respondents' views, we usually publish responses on the Ofcom website at regular intervals during and after the consultation period.
- A1.12 If you think your response should be kept confidential, please specify which part(s) this applies to and explain why. Please send any confidential sections as a separate annex. If you want your name, address, other contact details or job title to remain confidential, please provide them only in the cover sheet, so that we don't have to edit your response.
- A1.13 If someone asks us to keep part or all of a response confidential, we will treat this request seriously and try to respect it. But sometimes we will need to publish all responses, including those that are marked as confidential, in order to meet legal obligations.
- A1.14 To fulfil our pre-disclosure duty, we may share a copy of your response with the relevant government department before we publish it on our website.
- A1.15 Please also note that copyright and all other intellectual property in responses will be assumed to be licensed to Ofcom to use. Ofcom's intellectual property rights are explained further in our Terms of Use.

Next steps

- A1.16 Following this consultation period, Ofcom plans to publish a statement in March 2026.
- A1.17 If you wish, you can register to receive mail updates alerting you to new Ofcom publications.

Ofcom's consultation processes

- A1.18 Ofcom aims to make responding to a consultation as easy as possible. For more information, please see our consultation principles in Annex 2.
- A1.19 If you have any comments or suggestions on how we manage our consultations, please email us at consult@ofcom.org.uk. We particularly welcome ideas on how Ofcom could more effectively seek the views of groups or individuals, such as small businesses and residential consumers, who are less likely to give their opinions through a formal consultation.
- A1.20 If you would like to discuss these issues, or Ofcom's consultation processes more generally, please contact the corporation secretary:

Corporation Secretary
Ofcom
Riverside House
2a Southwark Bridge Road
London SE1 9HA
Email: corporationsecretary@ofcom.org.uk

A2. Ofcom's consultation principles

Ofcom has seven principles that it follows for every public written consultation:

Before the consultation

1. Wherever possible, we will hold informal talks with people and organisations before announcing a big consultation, to find out whether we are thinking along the right lines. If we do not have enough time to do this, we will hold an open meeting to explain our proposals, shortly after announcing the consultation.

During the consultation

2. We will be clear about whom we are consulting, why, on what questions and for how long.
3. We will make the consultation document as short and simple as possible, with an overview of no more than two pages. We will try to make it as easy as possible for people to give us a written response.
4. When setting the length of the consultation period, we will consider the nature of our proposals and their potential impact. We will always make clear the closing date for responses.
5. A person within Ofcom will be in charge of making sure we follow our own guidelines and aim to reach the largest possible number of people and organisations who may be interested in the outcome of our decisions. Ofcom's Consultation Champion is the main person to contact if you have views on the way we run our consultations.
6. If we are not able to follow any of these principles, we will explain why.

After the consultation

7. We think it is important that everyone who is interested in an issue can see other people's views, so we usually publish the responses on our website at regular intervals during and after the consultation period. After the consultation we will make our decisions and publish a statement explaining what we are going to do, and why, showing how respondents' views helped to shape these decisions.

A3. Consultation coversheet

Basic details

Consultation title:

To (Ofcom contact):

Name of respondent:

Representing (self or organisation/s):

Address (if not received by email):

Confidentiality

Please tick below what part of your response you consider is confidential, giving your reasons why

- | | |
|----------------------------------|--------------------------|
| > Nothing | ☐ |
| > Name/contact details/job title | ☐ |
| > Whole response | ☐ |
| > Organisation | ☐ |
| > Part of the response | ☐ |

If you selected 'Part of the response', please specify which parts:

If you want part of your response, your name or your organisation not to be published, can Ofcom still publish a reference to the contents of your response (including, for any confidential parts, a general summary that does not disclose the specific information or enable you to be identified)?

Yes ☐ No ☐

Declaration

I confirm that the correspondence supplied with this cover sheet is a formal consultation response that Ofcom can publish. However, in supplying this response, I understand that Ofcom may need to publish all responses, including those which are marked as confidential, in order to meet legal obligations. If I have sent my response by email, Ofcom can disregard any standard e-mail text about not disclosing email contents and attachments.

Ofcom aims to publish responses at regular intervals during and after the consultation period. If your response is non-confidential (in whole or in part), and you would prefer us to publish your response only once the consultation has ended, please tick here.

Name

Signed (if hard copy)

Please tell us how you came across this consultation.

☐ Email from Ofcom

- ☐ Saw it on social media
- ☐ Found it on Ofcom's website
- ☐ Found it on another website
- ☐ Heard about it on TV or radio
- ☐ Read about it in a newspaper or magazine
- ☐ Heard about it at an event
- ☐ Somebody told me or shared it with me
- ☐ Other (please specify)

A4. Consultation questions

Further consultation

Question 3.1: Do you agree with our reasoning on the impact of consolidation? Please set out your reasons and supporting evidence for your response.

Question 3.2: Do you agree with our revised proposals relating to the buffer distance? Do you have a view on the most appropriate value of the buffer distance? Please set out your reasons and supporting evidence for your response.

Question 4.1: Do you agree with our revised approach to the application of discount rate when calculating the charge control for simplified lead-in duct?

Question 5.1: Do you agree with our revised proposals relating to charge controlling active LLA services in LLA Area 3 and dark fibre services in the LLA and IEC markets?

Question 6.1: Do you agree with our revised proposals relating to the estimation of Openreach sales product management costs within our dark fibre charge controls?

A5. Legal tests and proposed SMP Conditions

Legal tests

- A5.1 As a result of the proposals in Section 4 and Section 5 of this further consultation, we have revised certain provisions of draft SMP Conditions 12A, 12E and 12I. This Annex includes a notification of the revised draft SMP Conditions, with new or replacement text shown in red and deleted text shown highlighted and in strike out text. We have not included in the Notification those provisions of draft SMP Conditions 12A, 12E and 12I where the text remains unchanged from the proposals in the March 2025 Consultation.
- A5.2 We explain below why the notified SMP Conditions meet the legal tests in section 47 and section 88 of the Act.

Section 88 tests

- A5.3 As required by section 88 of the Act, we consider that the setting of each of the draft SMP conditions in the Schedule to the Notification below would be appropriate for the following purposes:
- a) promoting efficiency;
 - b) promoting sustainable competition;
 - c) conferring the greatest possible benefits on end users of public electronic communications services having regard, where relevant, to the market analysis, to the long-term interests of end-users in the use of next-generation networks; and
 - d) promoting the availability and use of new and enhanced networks.
- A5.4 We have also considered:
- a) the extent of the investment in the matters to which the condition relates of the person to whom it is to apply; and
 - b) the benefits of predictable and stable wholesale prices in ensuring efficient market entry; and sufficient incentives for all undertakings to bring into operation new and enhanced networks.

Promoting efficiency

- A5.5 We consider that each of the charge controls proposed will encourage BT to achieve greater productive efficiency by allowing it to keep any profits it earns by reducing its costs.
- A5.6 We consider that our charge controls on Simplified Underground PIA Duct in the PIA market, leased line access in Area 3 of the LLA market and dark fibre and DFX services in the LLA and IEC markets (the “Relevant Services”) respectively will:
- a) address the risk of high prices relative to cost; and
 - b) allow BT to earn a reasonable rate of return if it is efficient.

Promoting sustainable competition and conferring the greatest possible benefits on end-users of public communications services

- A5.7 We consider that our proposals are appropriate to promote sustainable competition through investment in rival networks where there is potential for network competition (by

providing price stability at appropriate levels), and through access to BT's physical infrastructure, leased line network and IECs where there is limited potential for network investment (by preventing excessive pricing). This will provide customer protection as the charge controls ensure that the proposed remedies in PIA, LLA and IEC markets as set out in the March 2025 Consultation and revised in this further consultation will be effective and will support sustainable competition that will benefit end users.

- A5.8 We have also had regard to the long-term interests of end-users in the use of next-generation networks, in particular of very high-capacity networks.

Promoting the availability and use of new and enhanced networks

- A5.9 We have taken into account the need to ensure that the cost recovery methodology that we have proposed will serve to promote the deployment of new and enhanced networks.
- A5.10 We consider that the charge controls we propose to impose on the Relevant Services will promote the availability and use of new and enhanced networks.

The extent of the investment and the benefits of predictable and stable wholesale prices

- A5.11 We have taken into account BT's investment in the matters to which the proposed SMP conditions relate by ensuring that our proposed charge controls will allow BT to recover its efficiently incurred costs and make a reasonable return on its investment.
- A5.12 In accordance with the test in section 88 of the Act, we have also taken account of the benefits of predictable and stable wholesale prices in ensuring:
- a) efficient market entry; and
 - b) sufficient incentives for all undertakings to bring into operation new and enhanced networks.
- A5.13 These considerations have been reflected in our proposals for a set of charge controls that we consider will best promote competition through investment in rival networks (where there is potential for rival network competition) and through wholesale access to BT's network where there is limited potential for network investment.
- A5.14 We have taken account of the long-term nature of network investment by proposing charge controls on the Relevant Services for the duration of the review period. This gives investors certainty on the level of prices for the next five years, allowing them to develop and deploy business plans on the basis of these predictable and stable prices. It also ensures regulation addresses BT's SMP in a way which maintains a reasonable opportunity for new entrants to compete and increase take-up during this review period.

Section 47 tests

- A5.15 We also consider that our proposed SMP conditions meet the tests in section 47 of the Act in that they each are:
- a) objectively justifiable because they are designed to address the competition concerns that we identified in the March 2025 Consultation,
 - b) do not discriminate unduly against BT. We are proposing to find that BT is the only telecoms provider to hold SMP in the markets that we have identified and the draft SMP conditions seek to address that market position;
 - c) proportionate in that the proposed conditions are: effective to address the competition concerns we have identified while meeting our objectives and the least onerous means

- of achieving that aim; and we have not identified any adverse effects of our proposals that would be disproportionate to the aim pursued; and
- d) transparent in relation to what is intended to be achieved. The text of the draft SMP conditions are published in this Annex and the operation of the conditions are aided by our explanations in this consultation.

Notification of proposals for the setting of SMP services conditions in relation to BT under section 48A(3) of the Communications Act 2003 (“Notification”)

Background

- A5.16 On 20 March 2025, Ofcom published a consultation entitled “Promoting competition and investment in fibre networks: Telecoms Access Review 2026-31” (“March 2025 Consultation”). The March 2025 Consultation set out Ofcom’s proposals to identify markets, make market power determinations and set SMP conditions and directions with respect to BT. The SMP services conditions (“SMP Conditions”) we proposed included: SMP Condition 12A – Physical Infrastructure Access Charge Control; SMP Condition 12E – Controls on Ethernet and WDM Services; and SMP Condition 12I – Controls on Dark Fibre Access.
- A5.17 Ofcom is today publishing a further consultation document titled “Further consultation on leased line market analysis and various pricing issues” (“November 2025 Consultation”) in which we propose to set SMP Conditions in place of those which we proposed in the March 2025 Consultation (as modified in Ofcom’s update of 29 May 2025), and an accompanying consultation document explaining the proposals.
- A5.18 Specifically, we are proposing to:
- a) amend paragraph 12A.1 of SMP Condition 12A to change the indicative range of the charge control for Simplified Underground PIA Duct in the First Relevant Year;
 - b) amend paragraph 12A.2 of SMP Condition 12A to change the indicative range of Xi for the calculation of the charge control for Simplified Underground PIA Duct in each of the Second Relevant Year, Third Relevant Year, Fourth Relevant Year and Fifth Relevant Year;
 - c) amend paragraphs 12E.11 and 12E.13 of SMP Condition 12E as they apply to the Ethernet (1 Gbit/s and below) Basket in LLA Area 3 to:
 - (i) provide a CPI-0% charge control for the First Relevant Year;
 - (ii) amend the indicative range for X when calculating the charge control for the Second Relevant Year;
 - (iii) amend the indicative range for X when calculating the charge control for each of the Third Relevant Year, Fourth Relevant Year and Fifth Relevant Year;
 - d) amend paragraph 12E.12 of SMP Condition 12E to change the indicative value of X when calculating the charge control for each Main Link service; and
 - e) amend paragraphs 12I.1 – 12I.6 of SMP Condition 12I to change the indicative ranges for the Dark Fibre Access charge controls specified in those provisions.
- A5.19 The new text in the SMP Conditions we are proposing to set in the November 2025 Consultation is shown in red in the Schedule to this Notification. In the interests of clarity, text which we are proposing to remove from SMP Conditions 12A, 12E and 12I, as proposed in the March 2025 Consultation, is shown highlighted and in strike out text in the Schedule to this Notification.

Proposals to set and apply SMP Conditions

- A5.20 Ofcom is proposing to set, in relation to BT's supply of physical infrastructure access in the PIA market and leased line access and inter-exchange connectivity in LLA Area 2, LLA Area 3, LLA Area 2 (Transitional), LLA HNR (Transitional), IEC BT Only, IEC BT+1 and IEC BT+2:
- a) The SMP Conditions set out in the Schedule to this Notification, to be applied to BT to the extent specified in these Schedule; and
 - b) The SMP Conditions shall, unless otherwise specified in the relevant Schedule, take effect from 1 April 2026 or such other date specified in any notification under sections 48(1) and 79(4) of the Act adopting the proposals set out in this Notification.
- A5.21 The effect of, and Ofcom's reasoning for making the proposals in relation to SMP Conditions referred to in this Notification are set out in the November 2025 Consultation which accompanies this Notification.

Ofcom's duties and legal tests

- A5.22 Ofcom considers that the proposed SMP Conditions above comply with the requirements of sections 45 to 47, 87 and 88 of the Act, as appropriate and relevant to each such SMP Condition.
- A5.23 In making all of the proposals referred to in this Notification, Ofcom has considered and acted in accordance with its general duties set out in section 3 of the Act and the six requirements in section 4 of the Act.
- A5.24 In making the proposals referred to in this Notification, Ofcom has also had regard to both the Statement of Strategic Priorities, in accordance with section 2B of the Act, and the desirability of promoting economic growth in accordance with the growth duty set out in section 108 of the Deregulation Act 2015.

Making representations

- A5.25 Representations may be made to Ofcom about any of the proposals set out in this Notification and the November 2025 Consultation by no later than 17 December 2025.
- A5.26 Copies of this Notification and the November 2025 Consultation have been sent to the Secretary of State in accordance with sections 48C(1) and 81(1) of the Act.

Interpretation

- A5.27 For the purposes of interpreting this Notification –
- a) except in so far as the context otherwise requires, words or expressions have the meaning assigned to them in paragraph A5.28 below, and otherwise any word or expression has the same meaning as it has in:
 - (i) the Notification under sections 48A(3) and 80(3) of the Act, dated 20 March 2025 in Volume 7 of the March 2025 Notification;
 - (ii) the Act;
 - b) headings and titles shall be disregarded;
 - c) expressions cognate with those referred to in this Notification shall be construed accordingly; and

- d) the Interpretation Act 1978 (c. 30) shall apply as if this Notification were an Act of Parliament.

A5.28 In this Notification:

- a) “**Act**” means the Communications Act 2003 (c. 21);
- b) “**BT**” means British Telecommunications plc, whose registered company number is 1800000, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006;
- c) “**March 2025 Consultation**” has the meaning given to it in A5.16;
- d) “**November 2025 Consultation**” has the meaning given to it in A5.17;
- e) “**Ofcom**” means the Office of Communications as established pursuant to section 1(1) of the Office of Communications Act 2002; and
- f) “**Statement of Strategic Priorities**” means the Statement of Strategic Priorities for telecommunications, the management of radio spectrum, and postal services designated by the Secretary of State for Digital, Culture, Media and Sport for the purposes of section 2A of the Communications Act 2003 on 29 October 2019.

A5.29 The Schedule to this Notification forms part of this Notification.

Signed



Ben Harries

Policy Director, Infrastructure and Connectivity Group, Ofcom

A person duly authorised in accordance with paragraph 18 of the Schedule to the Office of Communications Act 2002

17 November 2025

Schedule – Proposed SMP Conditions

Condition 12A – Physical Infrastructure Access Charge Control

Charges in First Relevant Year

12A.1 (PI)	Except in so far as Ofcom may otherwise direct, the Dominant Provider shall secure that the Relevant Year Weighted Average Charge during the course of the First Relevant Year is no more than: • for Facility in Spine duct per metre – single bore, the amount of £[0.38 to 0.41]; • for Facility in Spine duct per metre – 2 bores, the amount of £[0.28 to 0.31]; • for Facility in Spine duct per metre – 3+ bores, the amount of £[0.18 to 0.21]; • for Simplified Underground PIA Lead-in, the amount of £[11.22 to 11.65 10.51 to 10.91]; • for Facility on pole for Multi-end-user attachment, the amount of £[6.67 to 6.98]; • for Facility on pole for Single-end-user attachment, the amount of £[2.44 to 2.56]; • for Facility hosting (per manhole entry), the amount of £[12.34 to 12.81]; • for Facility hosting (per joint box entry), the amount of £[2.76 to 2.85].
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Charges in subsequent Relevant Years

12A.2 (PI)	Except in so far as Ofcom may otherwise direct, for each of the services specified in Condition 12A.1, the Dominant Provider shall take all reasonable steps to secure that during the course of each of (i) the Second Relevant Year, (ii) Third Relevant Year, (iii) Fourth Relevant Year and (iv) Fifth Relevant Year, the maximum charge for the relevant service is not more than the amount calculated by employing Formula 7 (Annual Maximum Charge Ceiling Formulae) with: $\bar{p}_{i,1}$ defined as the Relevant Year Weighted Average Charge for individual service i in the First Relevant Year; X_i defined as follows: (i) [-2.1 to 2.2]% for Facility in Spine duct per metre – single bore; (ii) [0.6 to 4.2]% for Facility in Spine duct per metre – 2 bores; (iii) [-2.1 to +1.8]% for Facility in Spine duct per metre – 3+ bores; (iv) [-8.1 to -4.6 14.4 to 11.1]% for Simplified Underground PIA Lead-in; (v) [-3.9 to +0.6]% for Facility on pole for Multi-end-user attachment; (vi) [-10.0 to -5.7]% for Facility on pole for Single-end-user attachment; (vii) [2.8 to 6.8]% for Facility hosting (per manhole entry); (viii) [-1.6 to +1.7]% for Facility hosting (per joint box entry).
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Charges set to zero

12A.2A (PI)	[No change to text in March 2025 Consultation]
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PIA Adjustment Services

12A.3 (PI)	[No change to text in March 2025 Consultation]
12A.4 (PI)	[No change to text in March 2025 Consultation]
12A.5 (PI)	[No change to text in March 2025 Consultation]

Material change

12A.6 (PI)	[No change to text in March 2025 Consultation]
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Compliance

12A.7 (PI)	[No change to text in March 2025 Consultation]
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Directions

12A.8 (PI)	[No change to text in March 2025 Consultation]
12A.9 (PI)	[No change to text in March 2025 Consultation]

Interpretation

12A.10 (PI)	[No change to text in March 2025 Consultation]
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Annex to Condition 12A

[No change to text in March 2025 Consultation]

Condition 12E – Controls on Ethernet and WDM Services

Ethernet Charge Control Baskets	
12E.1 (LLA Area 2)	[No change to text in March 2025 Consultation]
12E.2	[No change to text in March 2025 Consultation]

(LLA Area 3)	
12E.3 (LLA Area 3)	[No change to text in March 2025 Consultation]
12E.4 (IEC BT Only, IEC BT+1, IEC BT+2)	[No change to text in March 2025 Consultation]

Charges for other services	
12E.5 (IEC BT Only, IEC BT+1, IEC BT+2, LLA Area 2, LLA Area 3)	[No change to text in March 2025 Consultation]
12E.6 (IEC BT Only, IEC BT+1, IEC BT+2, LLA Area 2, LLA Area 3)	[No change to text in March 2025 Consultation]
12E.7 (IEC BT Only, IEC BT+1, IEC BT+2, LLA Area 2, LLA Area 3)	[No change to text in March 2025 Consultation]

Percentage Change	
12E.8	[No change to text in March 2025 Consultation]

(IEC BT Only, IEC BT+1, IEC BT+2, LLA Area 2, LLA Area 3)	
12E.9 (IEC BT Only, IEC BT+1, IEC BT+2, LLA Area 2, LLA Area 3)	[No change to text in March 2025 Consultation]

Controlling Percentage	
12E.10 (IEC BT Only, IEC BT+1, IEC BT+2, LLA Area 2, LLA Area 3)	[No change to text in March 2025 Consultation]
12E.11 (LLA Area 3)	Subject to the provisions set out in Condition 12E.13 and 12E.15, the Controlling Percentage for the purposes of Condition 12E.3 shall be calculated in relation to any Relevant Year by employing Formula 5 (Controlling Percentage Formula) with X defined as [-4.75 to -8.50] percentage points: (a) zero in the First Relevant Year; (b) [-1.28 to -16.98] percentage points in the Second Relevant Year; and (c) [+0.25 to -5.25] percentage points in the Third Relevant Year, Fourth Relevant Year and Fifth Relevant Year.
12E.12 (IEC BT Only, IEC BT+1, IEC BT+2, LLA Area 2, LLA Area 3)	The Controlling Percentage for the purposes of Conditions 12E.5 and 12E.6 shall be calculated in relation to any Relevant Year by employing Formula 5 (Controlling Percentage Formula), with X defined as zero: (a) 5.00 percentage points for the purposes of Condition 12E.5; and (b) zero for the purposes of Condition 12E.6.

Deficiency/Excess	
12E.13 (IEC BT Only, IEC BT+1, IEC BT+2, LLA Area 2, LLA Area 3)	In relation to Conditions 12E.1, 12E.2, 12E.3 and 12E.4, where the Percentage Change for a Basket at the end of one or more of (i) the First Relevant Year, (ii) the Second Relevant Year, (iii) the Third Relevant Year or (iv) the Fourth Relevant Year is either less than the applicable Controlling Percentage (“Deficiency”) or more than the applicable Controlling Percentage (“Excess”), then the Controlling Percentage for the following Relevant Year shall be determined in accordance with Formula 6 (Controlling Percentage Allowing for Deficiency or Excess Formula) with X defined as: (a) zero, for the purposes of Conditions 12E.1, 12E.2 and 12E.4; and (b) [-1.28 to -16.98 -4.75 to -8.50] percentage points for the purposes of Condition 12E.3 in the Second Relevant Year; and (c) [+0.25 to -5.25] percentage points for the purposes of Condition 12E.3 in the Third Relevant Year, Fourth Relevant Year and Fifth Relevant Year.
12E.14 (IEC BT Only, IEC BT+1, IEC BT+2, LLA Area 2, LLA Area 3)	[No change to text in March 2025 Consultation]
12E.15 (IEC BT Only, IEC BT+1, IEC BT+2, LLA Area 2, LLA Area 3)	[No change to text in March 2025 Consultation]

Minimum contract periods and discounts	
12E.16 (IEC BT Only, IEC BT+1, IEC BT+2, LLA Area 2, LLA Area 3)	[No change to text in March 2025 Consultation]
12E.17 (IEC BT Only, IEC BT+1, IEC BT+2, LLA Area 2, LLA Area 3)	[No change to text in March 2025 Consultation]
12E.18 (IEC BT Only, IEC BT+1, IEC BT+2, LLA Area 2, LLA Area 3)	[No change to text in March 2025 Consultation]

Material Change	
12E.19 (IEC BT Only, IEC BT+1, IEC BT+2, LLA Area 2, LLA Area 3)	[No change to text in March 2025 Consultation]

Substituted Services	
12E.20 (IEC BT Only, IEC BT+1, IEC BT+2, LLA Area 2, LLA Area 3)	[No change to text in March 2025 Consultation]

Compliance	
12E.21 (IEC BT Only, IEC BT+1, IEC BT+2, LLA Area 2, LLA Area 3)	[No change to text in March 2025 Consultation]

Directions	
12E.22 (IEC BT Only, IEC BT+1, IEC BT+2, LLA Area 2, LLA Area 3)	[No change to text in March 2025 Consultation]
12E.23 (IEC BT Only, IEC BT+1, IEC BT+2, LLA Area 2, LLA Area 3)	[No change to text in March 2025 Consultation]

Transitional Application of Condition	
12E.24 (IEC BT+2)	[No change to text in March 2025 Consultation]

Interpretation	
12E.25 (IEC BT Only, IEC BT+1, IEC BT+2, LLA Area 2, LLA Area 3)	[No change to text in March 2025 Consultation]

Annex to Condition 12E

[No change to text in March 2025 Consultation]

Condition 12I – Controls on Dark Fibre Access

Charges for Dark Fibre Access	
12I.1 (LLA Area 3, LLA Area 2 (Transitional), LLA HNR (Transitional))	On 1 April 2026, for each service listed in paragraphs a) – d), the Dominant Provider shall charge no more than the amount specified in respect of that service: (a) for Connection for a Single Fibre Circuit, the amount of £[983.56 to 1,047.30 987.53 to 1,051.41]; (b) for Connection for a Dual Fibre Circuit, the amount of £[1,967.12 to 2,094.60 1,975.06 to 2,102.82]; (c) for Annual Rental for a Single Fibre Circuit, the amount of £[1,189.96 to 1,307.03 1,234.76 to 1,361.72] per annum; and (d) for Annual Rental for a Dual Fibre Circuit, the amount of £[2,379.92 to 2,614.06 2,469.52 to 2,723.44] per annum.
12I.2 (LLA Area 3, LLA Area 2 (Transitional), LLA HNR (Transitional))	Except in so far as Ofcom may otherwise direct, the Dominant Provider shall secure that for the period from 2 April 2026 until 31 March 2027 inclusive the Relevant Year Weighted Average Charge for each of the services listed in Condition 12I.1 a) – d) is no more than: (a) for Connection for a Single Fibre Circuit, the Initial Charge multiplied by (100% + CPI + [-6.00 to -9.50 -6.50% to -10.25%] percentage points); (b) for Connection for a Dual Fibre Circuit, the Initial Charge multiplied by (100% + CPI + [-6.00 to -9.50 -6.50% to -10.25%] percentage points); (c) for Annual Rental for a Single Fibre Circuit, the Initial Charge multiplied by (100% + CPI + [-0.25 to -3.25 -1.25% to -3.75%] percentage points); and (d) for Annual Rental for a Dual Fibre Circuit, the Initial Charge multiplied by (100% + CPI + [-0.25 to -3.25 -1.25% to -3.75%] percentage points). For the purposes of this Condition 12I.2, the Relevant Year Weighted Average Charge is to be calculated in accordance with Formula 1, save that: (a) the Relevant Year, t, means the period 2 April 2026 to 31 March 2027 inclusive; and (b) $w_{i,j,t}$ is the proportion of the Relevant Year, t, during which a distinct charge, $p_{i,j,t}$ is in effect, calculated by dividing the total number of days during which the charge is in effect by 364.
12I.3 (LLA Area 3, LLA Area 2 (Transitional), LLA HNR (Transitional))	Except in so far as Ofcom may otherwise direct, in each of (i) the Second Relevant Year, (ii) the Third Relevant Year, (iii) the Fourth Relevant Year and the (iv) Fifth Relevant Year, for each service listed in Condition 12I.1 a) – d), the Dominant Provider shall not charge more than the amount calculated by employing Formula 7 (Annual Maximum Charge Ceiling Formulae) with: $\bar{p}_{i,1}$ defined as the maximum amount permitted to be charged for that service i on average during the period from 2 April 2026 until 31 March 2027 inclusive as specified in Condition 12I.2; X_i defined as:

	(a) for Connection for a Single Fibre Circuit, [-6.00 to -9.50 -6.50% to -10.25% percentage points (b) for Connection for a Dual Fibre Circuit, [-6.00 to -9.50 -6.50% to -10.25% percentage points (c) for Annual Rental for a Single Fibre Circuit, [-1.25% to -3.75% -0.25 to -3.25 percentage points (d) for Annual Rental for a Dual Fibre Circuit, [-1.25% to -3.75% -0.25 to -3.25 percentage points
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Charges for DFX

121.4 (IEC BT Only, IEC BT+1, IEC DF Transition)	On 1 April 2026, for each individual service in paragraphs (a) – (f), the Dominant Provider shall charge no more than the amount specified in respect of that service: (a) for Connection for a Single Fibre Circuit, the amount of £[239.95 to 248.51 279.09 to 289.49], other than where access is provided under Condition 2.7 where the charge shall be £0; (b) for Connection for a Dual Fibre Circuit, the amount of £[479.90 to 497.02 558.18 to 578.98] other than where access is provided under Condition 2.7 where the charge shall be £0; (c) for Annual Rental for a Single Fibre Circuit, the amount of £[24.82 to 25.51 24.87 to 25.51] per annum other than where access is provided under Condition 2.7 where the charge shall be £0; (d) for Annual Rental for a Dual Fibre Circuit, the amount of £[49.64 to 51.02 49.74 to 51.02] per annum other than where access is provided under Condition 2.7 where the charge shall be £0; (e) for Main Link Rental for a Single Fibre Circuit, the amount of £[0.104 to 0.112 0.154 to 0.171] per metre per annum; and (f) for Main Link Rental for a Dual Fibre Circuit, the amount of £[0.209 to 0.225 0.308 to 0.342] per metre per annum.
121.5 (IEC BT Only, IEC BT+1, IEC DF Transition)	Except in so far as Ofcom may otherwise direct, the Dominant Provider shall secure that for the period from 2 April 2026 until 31 March 2027 inclusive the Relevant Year Weighted Average Charge for each of the services listed in Condition 121.4(a) – (f) is no more than: (a) for Connection for a Single Fibre Circuit, the Initial Charge multiplied by (100% + CPI + [-0.75 to -8.00 -6.00% to -9.00% percentage points]); (b) for Connection for a Dual Fibre Circuit, the Initial Charge multiplied by (100% + CPI + [-0.75 to -8.00 -6.00% to -9.00% percentage points]); (c) for Annual Rental for a Single Fibre Circuit, the Initial Charge multiplied by (100% + CPI + [-18.75 to -25.00 -19.00% to -25.25% percentage points]); (d) for Annual Rental for a Dual Fibre Circuit, the Initial Charge multiplied by (100% + CPI + [-18.75 to -25.00 -19.00% to -25.25% percentage points]); (e) for Main Link Rental for a Single Fibre Circuit, the Initial Charge multiplied by (100% + CPI + [0.00 to +9.25 -2.25% to -4.75% percentage points]); and

	(f) for Main Link Rental for a Dual Fibre Circuit, the Initial Charge multiplied by (100% + CPI + [0.00 to +9.25-2.25% to -4.75%] percentage points). For the purposes of this Condition 121.5, the Relevant Year Weighted Average Charge is to be calculated in accordance with Formula 1, save that: (a) the Relevant Year, t, means the period from 2 April 2026 to 31 March 2027; and (b) $w_{i,j,t}$ is the proportion of the Relevant Year, t, during which a distinct charge, $p_{i,j,t}$ is in effect, calculated by dividing the total number of days during which the charge is in effect by 364.
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Charges in subsequent Relevant Years	
121.6 (IEC BT Only, IEC BT+1, IEC DF Transition)	Except in so far as Ofcom may otherwise direct, in each of (i) the Second Relevant Year, (ii) the Third Relevant Year, (iii) the Fourth Relevant Year and (iv) the Fifth Relevant Year, for each service specified in Condition 121.4a) – f), the Dominant Provider shall not charge more than the amount calculated by employing Formula 7 (Annual Maximum Charge Ceiling Formulae) with: $\bar{p}_{i,1}$ defined as the maximum amount permitted to be charged for that service i on average during the period from 2 April 2026 until 31 March 2027 inclusive as specified in Condition 121.5; X_i defined as: (a) for Connection for a Single Fibre Circuit, [-0.75 to -8.00-6.00% to -9.00%] percentage points; (b) for Connection for a Dual Fibre Circuit, [-0.75 to -8.00-6.00% to -9.00%] percentage points; (c) for Annual Rental for a Single Fibre Circuit, [-19.00% to -25.25% -18.75 to -25.00] percentage points; (d) for Annual Rental for a Dual Fibre Circuit, [-18.75 to -25.00-19.00% to -25.25%] percentage points; (e) for Main Link Rental for a Single Fibre Circuit, [0.00 to +9.25-2.25% to -4.75%] percentage points; and (f) for Main Link Rental for a Dual Fibre Circuit, [0.00 to +9.25-2.25% to -4.75%] percentage points.

Charges for Dark Fibre Access ancillaries	
121.7 (LLA Area 3, LLA Area 2 (Transitional), LLA HNR (Transitional), IEC BT Only, IEC BT+1, IEC DF Transition)	[No change to text in March 2025 Consultation]

12I.8 (LLA Area 3, LLA Area 2 (Transitional), LLA HNR (Transitional))	[No change to text in March 2025 Consultation]
12I.9 (LLA Area 3, LLA Area 2 (Transitional), LLA HNR (Transitional))	[No change to text in March 2025 Consultation]
12I.10 (LLA Area 3, LLA Area 2 (Transitional), LLA HNR (Transitional))	[No change to text in March 2025 Consultation]

Material change

12I.11 (LLA Area 3, LLA Area 2 (Transitional), LLA HNR (Transitional) IEC BT Only, IEC BT+1, IEC DF Transition)	[No change to text in March 2025 Consultation]
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Compliance

12I.12 (LLA Area 3, LLA Area 2 (Transitional), LLA HNR (Transitional) IEC BT Only, IEC BT +1, IEC DF Transition)	[No change to text in March 2025 Consultation]
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Directions	
12I.13 (LLA Area 3, LLA Area 2 (Transitional), LLA HNR (Transitional) IEC BT Only, IEC BT +1, IEC DF Transition)	[No change to text in March 2025 Consultation]
12I.14 (LLA Area 3, LLA Area 2 (Transitional), LLA HNR (Transitional) IEC BT Only, IEC BT +1, IEC DF Transition)	[No change to text in March 2025 Consultation]

Transitional Application of Condition	
12I.15 IEC DF Transition, LLA Area 2 (Transitional), LLA HNR (Transitional))	[No change to text in March 2025 Consultation]

Interpretation	
12I.16 (LLA Area 3, LLA Area 2 (Transitional), LLA HNR (Transitional), IEC BT Only, IEC BT +1, IEC DF Transition)	[No change to text in March 2025 Consultation]