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Open letter to industry

Concerns raised with Ofcom about Openreach's recent proactive upgrades special offer

Openreach has put multiple FTTP offers into the market this year. Ofcom has followed these developments closely as part of its ongoing monitoring of the market, both to ensure Openreach complies with the regulatory requirements and expectations we imposed on it in the Wholesale Fixed Telecoms Market Review (2021-2026), and to inform the Telecoms Access Review which will set the regulatory framework that applies from April 2026 to March 2031.

Some competing network providers have raised concerns with Ofcom about Openreach's recent FTTP proactive upgrades special offer.¹ In particular, they are concerned that:

- the level of pricing in the offer is below the costs of a reasonably efficient operator, and so could have an adverse impact on the development of sustainable network competition; and
- the limited duration of the offer, in combination with the price levels, incentivises accelerated mass migration by ISPs from copper to FTTP, foreclosing the market to rival network operators in circumstances where wholesale agreements are not yet operational, or in areas where altnets have not yet extended their network footprint.

Competing providers have asked Ofcom to investigate the effects of this offer on competition and to prevent the offer coming into effect in the meantime.²

This letter sets out Ofcom's response to these concerns. In the interests of transparency, we will publish this letter on the Ofcom website.

Our approach to Openreach offers

Our strategy since 2016 has been to promote investment in new FTTP networks through network competition where this is viable, driving widespread availability of competing ultrafast broadband services. The network competition we are seeking to promote should benefit consumers in the long term.

Attracting customers from legacy networks to FTTP is key to the success of all network providers, who have invested significantly – and continue to invest – in building out their FTTP networks.

¹ Special offer for GEA-FTTP Proactive Upgrades on 1000/115Mb, 550/75Mb and 330/50Mb for the rental price of 80/20Mb. Price list and terms are [here](#). The customer briefing is [here](#).

² Some altnets have raised concerns about Openreach's Special offer on FTTP New to Network Connections in the context of our proposed approach to New to Network discounts in the Telecoms Access Review. We will consider and address those points in the Telecoms Access Review.

However, we place certain requirements and restrictions on Openreach to address our concern that it has the ability and incentive to use its position of significant market power to stifle investment and the development of sustainable network competition.³ Subject to these requirements and restrictions, Openreach is allowed to compete and make its FTTP services attractive to its customers.

Our views on this offer

We recognise that the lower prices available under this offer may increase commercial pressure on altnets insofar as it sharpens competition between networks. However, this alone is not a reason for intervention, nor does it automatically mean those prices raise competition concerns. We have therefore carefully considered whether the offer presents *prima facie* competition concerns that would lead us to decide to investigate it in further detail before it enters the market. In doing this, we have considered the potential competition concerns set out in the WFTMR 2021 Statement and the March 2025 TAR Consultation.

This offer is specifically targeted at proactive migrations – those initiated by the ISP rather than the customer – which currently account for a small proportion of all new connections to Openreach’s FTTP network. Under the offer, ISPs migrating customers from legacy copper services to the 1000/115Mb, 550/75Mb and 330/50Mb tiers in the offer window will pay the 80/20Mb rental price for 24 months. The offer runs from 10 October 2025 until 9 April 2026.

Regarding concerns about the level of prices, we have considered the potential impact of the offer on Openreach’s average FTTP price and how this compares to our estimates of the costs of a reasonably efficient operator (the “REO range”). This is consistent with the approach we applied in Equinox 2 and our proposed approach in the March 2025 Consultation. This tests whether an altnet that sets the same average FTTP rental charge could do so profitably. Although not a bright-line test, it provides a guide as to whether altnets are able to compete in practice.

Openreach’s current average FTTP price is above the top end of our REO range estimates.⁴ Based on the information we have, we expect this to remain the case under the offer across both its entire FTTP base and for new connections, even allowing for a potential impact on volumes. This includes the fact that proactive migrations represent a small proportion of all new connections to Openreach’s FTTP network, and that the offer is time-limited, which limit the application of this offer to a narrow segment of Openreach’s customer base.

While the specific price levels included in this offer fall within the REO range,⁵ we do not consider looking at individual prices to be informative as a *prima facie* indicator of competition concerns in this case. This is because FTTP networks compete across a significantly broader range of services and customers than covered by this specific offer, and non-uniform pricing is common in the market.

³ These requirements and restrictions are set out in the WFTMR 2021 Statement, Volume 3, Section 7. In March 2025, we consulted on our proposed approach for the period 2026-2031.

⁴ This is true both for the REO range set out in the WFTMR 2021 (adjusted for inflation), as well as the updated range we consulted on in our March 2025 TAR consultation. We are currently considering responses to the consultation and will set out our final views of the REO range for the 2026-31 period in the Telecoms Access Review statement.

⁵ Under the offer, the prices of higher bandwidth products will be set at the same level as the 80/20 product, which is itself within the REO range. The effective discounted prices are even lower for ISPs that qualify for the ARPU share mechanism under Equinox 2, whereby an ISP receives 50% of the amount that its ARPU for its Openreach FTTP orders exceeds a certain threshold. This is because the ARPU share would be calculated on the bandwidth ordered at Equinox 2 discounted prices not on the basis of the 80/20 price charged under the offer terms.

Indeed, differential pricing can be a legitimate way for all fibre network operators to test the market and drive take-up.

We are mindful of the potential cumulative impact of multiple offers on overall pricing levels. Given the scope of the recently announced offers – for example, new to network as well as proactive migrations – this does not currently change our view. We expect the cumulative impact on Openreach's average FTTP price to be limited. However, we remain alive to this risk going forward, and will continue to assess future offers both individually and cumulatively.

We have also considered whether this offer could incentivise accelerated migration. In our March consultation, we set out a new concern: that Openreach could use commercial terms to encourage ISPs to significantly accelerate the migration of their existing customer bases on legacy broadband services to Openreach's FTTP network, before ISPs are able to migrate their bases to an altnet instead. We are still considering stakeholder responses on the scope of this concern. However, we note that we identified offers that were conditional on ISPs hitting certain targets related to the migration of their legacy customer base as raising the greatest concern, as they can create strong incentives for rapid migration. This offer does not contain such conditions.

For the reasons set out above, we do not at this point in time have *prima facie* concerns that would lead us to decide to investigate the offer in further detail.

Next steps

Given the dynamic nature of the market today, it is important for us to understand the impact of this offer on Openreach's average FTTP price levels and ISPs' behaviour over the coming months. We will therefore use our formal information gathering powers to monitor what is happening in practice in light of this offer. This includes considering the impact of the offer individually and cumulatively with other Openreach offers.

We will separately continue to monitor any new offers (including extensions to existing offers) that Openreach chooses to introduce in order to identify any potential competition concerns. This includes potential concerns around the levels of prices, as well as the other theories of harm discussed in WFTMR 21 Statement and the March 2025 TAR Consultation. We will also monitor whether frequent price changes by Openreach are creating market uncertainty.

Informed by our monitoring, we will decide whether any conduct or actions by Openreach might change our current position, including under competition law, and stand ready to respond quickly if we deem it necessary to do so.

We will also take into account the evidence we gather as part of our monitoring when deciding our approach to Openreach pricing and offers for the period 2026-2031. Our analysis of consultation responses is ongoing and we will publish our final decisions in March 2026.

Yours faithfully,

Natalie Black

Group Director, Infrastructure and Connectivity