

BT RESPONSE TO OFCOM'S CALL FOR INPUTS ON OPENREACH'S PROPOSED FTTP OFFER

Ofcom issued a call for inputs to assist it in forming a provisional view on whether Openreach proposed "Equinox" contractual terms raise competition concerns requiring ex ante intervention.¹ Under the proposed terms, CPs would receive discounts on FTTP connection and/or rental charges so long as a certain percentage of new Openreach orders placed in a defined period were placed on the FTTP network as opposed to Openreach legacy where FTTP is available.

Our commitment to invest in FTTP at scale is predicated upon Openreach's ability to compete fairly and on the merits. We support Openreach's response, stressing that Equinox:

- does not meet Ofcom's notification criteria (see Openreach response) but in any event will allow fair competition in ultrafast investment to play out, while ensuring nascent competitors are protected from terms that could penalise movement of volumes to them.
- allows CP customers of Openreach to benefit from the same price predictability over time and across the UK that Ofcom's WFTMR decision already offers to network builders.²

The terms proposed are consistent with Ofcom's and Government's strategic policy objectives:

- offering consistent national rental prices, and long-term pricing stability nationwide helping Openreach CPs to drive demand for FTTP
- offering competitive and fair Gigabit prices supportive of investment and more rapid full fibre take-up
- in turn, potentially driving demand for the innovative services enabled by Gigabit speeds (ultimately benefitting all FTTP builders, while
- allowing other networks to enter and compete on the merits so consumers benefit from investment, innovation and choice at fair prices.

From a retail perspective, we remain concerned that a particular aspect of Ofcom's policy position, reflected in Openreach's pricing proposals, may lead to an imbalance between connection and migration charges that could inhibit rapid take-up. As set out in our response to the WFTMR consultation, this can lead to a market dynamic where retail CPs are incentivised to "go second" (waiting for another CP to move the customer to FTTP (incurring the full connection charge) and then investing to win the customer when only having to pay the modest migration charge. This could delay fibre take-up. Whilst we recognise the importance of a dynamic switching market, more flexibility for Openreach to rebalance these charges would be in line with Ofcom's overall supportive stance toward copper to fibre migration.

Overall, however, Equinox as proposed is likely to benefit UK consumers, in particular reflecting Ofcom's desire for balanced FTTP build across the UK, rapid adoption of FTTP and growth in the online services that can be delivered as a result.

BT

19 July 2021

¹ Openreach notified a new FTTP pricing offer to take effect from 1 October 2021; Ofcom issued its [call for inputs](#) on 2 July, expecting to reach a provisional view and consulting on it for 30-days.

² Openreach submission to Ofcom's Call for inputs: Openreach proposed FTTP offer starting 1 October 2021, 16 July 2021