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The Danish Competition and Consumer Agency ('DCCA')

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PUBLIC VERSION

1. Introduction

TDC NET has received DCCA's draft updated model and hereby comments on the changes to the model and DCCA's draft market and pricing decision. This response is in English since we appreciate the DCCA may liaise with its consultants on modelling issues.

TDC NET has also engaged Analysys Mason to investigate the draft updated model. Analysys Mason's report with observations and recommendations is attached in Appendix A and complements TDC NET's response herein. Appendix A should be seen as an integrated part of the response.

In this submission, TDC NET provides evidence to justify the following changes to the LRAIC model:

- Changing the determination of the WACC based on factors that are more aligned with TDC NET and reflects the actual market conditions:
 - refine the calculation of the debt premium assumed for TDC NET to use TDC NET's actual corporate bonds (using a methodology consistent with that employed by BEREC)
 - apply an asset beta of 0.40 rather than 0.27 (more consistent with that calculated by BEREC in past years, rather than 2026)
 - include an adjustment to the cost of equity as a premium for size/illiquidity
 - include a fiber risk premium to capture both past risk premium values and future demand/capital risk
 - ensure that the WACC applied reflects the cost of capital in the long-run, rather than just using a short-term value
- Reviewing and calibrating the costing assumptions:
 - apply TDC NET's unit capex values as submitted to the DCCA, rather than applying the flawed generic benchmark (certainly including reflecting the higher costs of cabling deployment in the Capital Area, which are currently not reflected)
 - implement the TDC NET capex forecast for security and resilience costs as submitted to the DCCA in May 2026
 - correct the treatment of inflation in the model, so that changes in inflation only have a forward-looking impact on the modelled cost recovery profile
- Ensure the assumptions concerning the network design matches TDC NET's actual and efficient costs:
 - Restore the coax final drops to the modelled cost base for the wholesale coax recurring charges
 - Address the technical issues identified by Analysys Mason in its separate report.

TDC NET also proposes the outline of a mechanism to update the model should the assumptions locked into the final model deviate too far from reality, so that the resulting prices remain applicable to the modelled operator.

DCCA has made changes to the latest model without written justification and has also not considered or used several of the datasets that it requested and TDC NET provided in the data submission of May 2026. TDC NET clearly expects that the DCCA will fully respond on all of the points raised in this hearing response and will implement all suggestions.

2. Main concerns

As the DCCA should be aware, TDC NET has been extensively engaged for the past year on the LRAIC process, and is strongly of the view that the model does not fairly reflect TDC NET's service costs, neither in 2026 nor over time. TDC NET considers that imposing a market decision with prices based on a model that does not accurately reflect TDC NET would not be justifiable and would be significantly adverse for TDC NET's opportunity for recovery of its efficiently incurred costs.

TDC NET remains concerned that the current version of the LRAIC model does not provide a sufficiently robust basis for setting regulated wholesale prices.

DCCA's application of the LRAIC model raises a number of significant legal and methodological concerns as well as evidential shortcomings, which collectively create a risk that the resulting prices will not be cost-oriented and will fail to allow recovery of efficiently incurred costs in violation of the LRAIC regulatory framework.

While TDC NET does not expect the LRAIC methodology as such to be set aside, the specific application suffers from manifest factual and legal errors and flaws. Hence, there is a material risk that key assumptions and modelling choices will require reconsideration, which may significantly affect the resulting price levels.

The concerns may be grouped into the areas set out below:

- Insufficient substantiation of the “hypothetically efficient operator”
- Use of generic benchmarks and insufficient calibration
- Absence of an overall proportionality assessment
- Incomplete cost base, including network resilience
- Limited robustness and supporting evidence
- Inappropriate application of the LRAIC model for a price decision.

2.1 Insufficient substantiation of the “hypothetically efficient operator”

The DCCA's model reference paper from 2020 indicates that the model should calculate the costs of a “hypothetically efficient operator”, but there is no clear and transparent description of what constitutes such an operator.

The DCCA appears to rely on generic average industry data as a proxy for a hypothetically efficient operator, without actually demonstrating that such data taken as a whole reflects an efficient cost structure under Danish market conditions and also under the Capital Area market conditions specific to TDC NET.

The LRAIC model appears to assume that efficiently incurred costs can be recovered over time, but the basis for this assumption has not actually been substantiated in any of the model-related materials circulated to date.

The DCCA's approach therefore creates a risk of systematic under-recovery of costs for operators that are efficient but operate networks with structurally different characteristics and cost profiles compared to the modelled operator.

If the draft market and pricing decision maintains the current approach, then the DCCA should provide sufficient evidence that the benchmarks applied appropriately reflect Danish market conditions.

Furthermore, the DCCA has failed to justify why generic average industry data constitutes a proxy for a “hypothetical efficient competitor” in the draft pricing decision, which means that, from a legal perspective, the draft decision suffers from a lack of reasoning. As such, if the DCCA maintains the current approach, the DCCA must provide detail reasoning for its choice of generic data instead of operator-specific data in the final decision.

2.2 Use of generic benchmarks and insufficient calibration

In the revision of the model undertaken during 2025–2026, the DCCA has radically changed the modelling approach compared to the original model development during 2019–2021, with a significant increase in focus on generic inputs for the modelled operator footprints, rather than reflecting operator-specific inputs. This is particularly true for the assumed unit capex, which is now a single set of generic cost benchmarks applied to all modelled operators.

Comprehensive operator-specific data is available in the case of TDC NET, and should always be the outset for the DCCA. To the extent DCCA finds that it is required to set aside the documented operator-specific data, DCCA must explain and substantiate why data are not valid, and why generic benchmarks produce a more

reliable and representative outcome than operator-specific values. Also in this regard, the draft pricing decision seems to suffer from a lack of reasoning. Specifically for the case of TDC NET, TDC NET do not see how the costs of deployment incurred by other operators outside of the Capital Area are applicable to the infrastructure deployed by TDC NET inside the Capital Area. The DCCA has not consulted TDC NET on these radical changes to the modelling approach. Under the inquisitorial procedure, the DCCA is obliged to establish the necessary factual basis for reaching a substantively correct decision. A failure to consult TDC NET in order to establish a sufficient basis for the pricing decision is therefore contrary to the inquisitorial procedure.

The DCCA's use of generic cost values also appears to be in violation of the Gigabit Recommendation, which does state that:

The price for access to the newly built civil-engineering infrastructure should reflect current market conditions and should be based on the full actual costs incurred by the SMP operator.¹

Even if it was appropriate to adjust for inefficiency (assuming it to be sufficiently substantiated), the methodology used to derive the values that DCCA has used instead relies extensively on weighted averages without a transparent explanation of the weighting principles applied or their relationship to objective cost drivers (e.g. network topology, scale, operational complexity).

If the selected benchmarks systematically understate costs for certain efficient operators (such as TDC NET, who is an efficient network builder in the Capital Area), then they cannot credibly be regarded as benchmarks of an efficient operator.

The approach applied by the DCCA also raises concerns regarding equal treatment where structural differences in cost profiles are not adequately recognised or calibrated within the benchmarking approach.

2.3 Absence of an overall proportionality assessment

Regulatory measures must ultimately be assessed on the basis of their overall outcome, including the resulting price level, and not solely on the internal design of the model. Even where individual methodological choices may be reasonable in isolation, the principle of proportionality requires an overall assessment of whether the resulting outcome is appropriate, necessary and proportionate. It is unclear whether DCCA has undertaken such an assessment, including consideration of:

- impact on investment incentives
- allocation of risk between market participants
- implications for long-term network development, resilience and sustainability.

A purely mechanistic application of the outputs, without a specific assessment of these factors, is not sufficient.

2.4 Incomplete cost base, including network resilience

It remains unclear to what extent DCCA has adequately incorporated the costs associated with network resilience and security of supply. Such costs form an integral part of operating and maintaining high-capacity, high-quality communications infrastructure and cannot be regarded as optional, including for an efficient operator.

As the DCCA is aware, TDC NET's network plays a very unique role as the primary Danish critical infrastructure operator, providing - amongst other things - national connectivity, peering and sea cable transport routes. The DCCA's standardised generic costing approach and limited consideration of the wider resilience and security requirements of an end-to-end integrated network operator should not be applied to TDC NET with its particular infrastructure role and associated obligations.

If costs are wholly or partly excluded, then there is a material risk that the model understates the actual costs of efficient network operation. This may result in price levels that are not cost-oriented and do not support sustainable investment and operational conditions over the long term.

If the draft market and pricing decision does not expressly address this issue, then this omission should be noted as a weakness in the completeness and evidential basis of the model, and furthermore constitutes a legal lack of reasoning in the draft decision.

¹ See the main recommendation document [here](#), recital 54.

2.5 Limited robustness and supporting evidence

During the latest process, the model has not been supported by sensitivity analyses or scenario testing, which are particularly important in a forward-looking model with a long regulatory horizon.

It is equally unclear whether experience from previous regulatory periods has been taken into account when determining key assumptions and parameters.

While these issues may not individually be determinative, they reinforce the concern that the model outputs are insufficiently robust and not supported by an adequate evidence.

2.6. Inappropriate application of the LRAIC model for a price decision

2.6.1 *The model has substantial failings and lacks precision*

TDC NET has already submitted extensively how the LRAIC model:

- fails to reflect TDC NET's cost of rolling out its network in its specific SMP-declared footprint
- does not reflect current and future take-up prospects in TDC NET's fiber business in the Capital Area
- under-estimates costs to offer secure and resilient fixed fiber wholesale services
- is overly reliant on an inappropriate and non-specific generic cost base
- does not include TDC NET's actual cost of capital and fiber investment risk profile over the long-term.

The limited parameter update to the model that the DCCA has undertaken in June 2026 continues to embed these substantial failings in the model. A more comprehensive update is required for the DCCA's to be able to base a very burdensome market decision on the model. Further, it is necessary to correct methodological and principled flaws in the model, that also negatively impact TDC NET's ability to recover its costs.

The necessary updates and application of the model are closely related to the fact that the DCCA is using and updating a model with a full time series exceeding 60 years. As the DCCA is presumably aware, for example, the model implausibly suggests that historical prices should have been higher so as to achieve exact (no more, no less) cost recovery. Similarly, fixing cost inputs and demand forecasts for a long regulatory period gives no opportunity to adapt, e.g. to inflationary pressure, demand adjustments, increasing costs of rollout or pressing new resilience requirements.

2.6.2 *The model has been changed in a way that is not fit for use as basis for a price decision*

During the last 18 months, the DCCA has made significant changes to the modelling approach compared to the model it finalised in late 2020/early 2021, without consulting TDC NET on these changes. In particular, the model was parameterised in a generic fashion in the latest update, with many inputs being set common across the three modelled operators of which we are aware (TDC NET, Fibia, Norlys). This was a significant departure compared to the approach taken in the 2021 model where (particularly in TDC NET's case) operator-specific inputs were applied more extensively.

Whilst there are cases where benchmark generic costing could be suitable for regulatory purposes, this approach becomes problematic when applied in the specific case of TDC NET's fibre network, where deployments are focused on the higher-cost Capital Area. Moreover, TDC NET's critical infrastructure (and its associated requirements) differs materially from those of other operators, which limits the applicability of a generic benchmark approach.

TDC NET identified several aspects where the inputs were distorting the modelled cost base and cost recovery profile for TDC NET to its significant detriment. TDC NET had limited visibility from the DCCA as to how its set of inputs was derived, and the DCCA has also resorted to "confidential evidence" to set inputs as it saw fit without further description to industry.²

In the most recent update that the DCCA has undertaken, the specific objective of the LRAIC model is now very different. Rather than being used to **evaluate proposed Commitments** for wholesale pricing from Danish

² For example, see page 27 of the [second consultation note](#).

operators in general, the model inputs should be those appropriate to **set wholesale prices** for TDC NET specifically.

Therefore, the input of TDC NET must be given full recognition in this version of the model given this new specific objective. The DCCA should fully revisit the cost assumptions to specifically reflect the unique circumstances faced by TDC NET as the primary network builder in the higher-cost Capital Area, and if the DCCA fails to do so, provide a detailed explanation as part of the duty to state reason, as to why the approach taken by the DCCA leads to the right outcome and decision.

2.6.3 The model is not fit for handling updates over time

A further issue that TDC NET believe should be discussed is how the model will handle updates to inputs over time (e.g. demand forecasts and inflation) should it be used for price-setting (rather than assessing Commitments) going forward. The DCCA's implementation of economic depreciation means that the model is not truly forward-looking.

For example, if the Agency were to update inflation to be a higher value from 2025 onwards, then the resulting cost increase is spread not just from 2025 onwards, but all modelled years (back to 2005). Therefore, TDC NET cannot recover its costs since the DCCA's model is implicitly assuming that TDC NET is also able to increase its prices in the past to achieve cost recovery, which is clearly not correct. TDC NET believe it is important that this issue be addressed, as otherwise the model is severely compromised as a price-setting tool. This is described further in the supporting Analysys Mason report.

3. Insufficient consideration of stakeholder feedback

During 2025 and 2026, TDC NET has provided significant material to the DCCA covering a large number of issues with the modelling, providing evidence-based analysis of shortcomings in the modelling identified. However, on many of the points raised, the DCCA has given only scant consideration and responses to the issues raised. Moreover, the DCCA has often not described or substantiated the reasoning for modelling changes made (or not made) as the case may be.

In the July 2026 consultation documents, for example, the DCCA:

- applied different settings for treatment of final drop assets in both the coax and fiber networks compared to what was considered during the Commitments process, but provided no justification for the change in approach
- explicitly requested updated forecasts of network security and resilience costs from TDC NET in the update data request in May 2026, but then ignored the responses

Analysys Mason and TDC NET have collated and restated issues identified in the models that in many cases have been reported in previous consultations but to which the DCCA have not meaningfully responded.

In accordance with good regulatory practice in public consultations, and as part of the duty to state reason, the DCCA should give meaningful consideration to this feedback and provide evidence-based responses to the issues raised.

Topic covered by feedback	Document references	DCCA response
Lawfulness of a generic benchmark under the LRAIC methodology	November 2025 response: • Appendix A	Effectively limited to the statement "The DCCA does not agree with TDC's comments"
Using generic benchmarks for unit costs	November 2025 response: • Main response • Appendix B, Section 3.1–3.2	It stated that "while the DCCA acknowledges TDC NET has concerns with regards to wholesale competition caused by the imposition of the same cost base on all fiber network owners, the DCCA does not find the concern applicable in the Danish context"
Inhomogeneity in the geotypes	November 2025 response: • Main response • Appendix B, Section 3.3	The DCCA considered it "sufficient to apply the mark-up/mark-down only to digging costs to cover the geographically differentiated costs, and therefore a mark-up/mark-down has not been applied to cabling"

Fiber risk premium	May 2026 data submission November 2025 response: • Main response • Appendix B, Section 4.3	DCCA stated that it "will take its final position on risk premium when issuing price decisions". However, the DCCA has not referred to the risk premium in its draft market and pricing decision
Final drop inputs	November 2025 response: • Appendix B, Section 5	The DCCA "considered it unnecessary to update this input figure, since it is expected to vary only marginally over time"
Issue with treatment of inflation	May 2026 data submission	No consideration apparent in draft decision documents released by DCCA, including the model
Counter-proposal for security cost forecast	May 2026 data submission: • Excel file • TDC NET document	No consideration apparent in draft decision documents released by DCCA, including the model
Proposals for adjustments to debt premium, cost of equity adjustment and asset beta	May 2026 data submission: • Analysys Mason document	No consideration apparent in draft decision documents released by DCCA
Percentage of homes passed that are connected	May 2026 data submission: • Excel file • TDC NET document	No consideration apparent in draft decision documents released by DCCA, including the model
Unit costs on cabling assets	May 2026 data submission: • Excel file • TDC NET document	No consideration apparent in draft decision documents released by DCCA, including the model

4. Security and resilience costs

TDC NET reviewed the DCCA's consideration of its submitted security and resilience costs within the report provided by the DCCA ('Analysis of resilience and security costs') dated 04/05/2026. TDC NET undertook extensive analysis of the findings and provided a comprehensive follow-up submission in late May 2026, as was requested within the DCCA's data request.

TDC NET finds that no apparent consideration was given by the DCCA to these additional submissions, as the forecast is unchanged from that provided in the DCCA's report of 04/05/2026, and no substantiation has been provided for this exclusion. TDC NET requests that the DCCA fully assesses and responds to TDC NET's further submission.

The DCCA's should consider price regulation alongside the assumed security and resilience requirements underpinning that regulation, as well as expectations of wider regulation of critical infrastructure going forward. The DCCA should explicitly assess the overall impact of this regulation on the ability of SMP operators to make the investments necessary for such infrastructure improvements (since lower prices constrict the financial headroom available to make these investments). In TDC NET's view, DCCA's proposed regulation will limit TDC NET's headroom to invest, risking an unfilled capex gap leading to resilience/security risks.

Whilst TDC NET recognises that the DCCA has incorporated some of the costs originally submitted during the period November 2025–February 2026 as being within scope, only a subset of such costs have been included, and costs in this area therefore remain materially understated. Below, TDC NET comments specifically on the following categories:

- XX spend
- Exchanges - Energy facilities
- Capitalized licenses - IT infrastructure and End Users
- Transport network investments
- Additional/potential further investment activities

(a) XX spend

XX spend is understated from 2031 onwards in the DCCA's consideration, since the forecast accepted by the DCCA assumes minimal capex on this item from 2031 onwards. TDC NET considers that the forecast capex should reflect the continuous XX investments that TDC NET have made in the past. A chart of XX investments

back to 2020 is shown below, as well as the DCCA's assumption of future spend after 2030. The profile back to 2020 demonstrates that XX investment has continued as technology evolution has continued, and therefore a higher level of spend after 2030 than what the DCCA has assumed is expected for any responsible and efficient provider and should be implemented.

XX

The value submitted in November 2025 for the period 2031–2035 is in TDC NET's view reasonably supported by the investments of the past years (plus inflation in general applying to various input costs). Conversely, the DCCA's assumption of approximately DKKXX million is significantly understating the annual average and therefore expected future costs.

Whilst spend has been below average in some years (notably XX), this has not indicated any structural reduction in spend in subsequent years. There is therefore no reason to suppose that following a year of below-average spend in 2030, there should be structurally lower costs in all years thereafter. TDC NET considers its proposal in its submission in November 2025 for 2031 onwards to be appropriate and supported by this historic pattern.

(b) Exchanges - Energy facilities

The DCCA rejected the capex in this category on the basis that it considered these infrastructure upgrades in network nodes were already captured in the LRAIC model. As described in TDC NET's submission in January 2026, these capex items were intended to cover upgrades to power systems and cooling/ventilation, in order to strengthen the ability of critical nodes to remain operational during external disruption. This reduces the exposure risk to service outages caused by grid failures, insufficient backup power or environmental issues. This is because sustained site operation during power and environmental events shortens outage duration and reduces the risk of cascading failures affecting the service.

The assets in the LRAIC model intended to capture these costs are the assets for which the asset description includes the phrase "site power and cooling". However, in its 2025 model, the DCCA uses the same capex input for all node types. The value is less than XX per site and is set on the basis of an international benchmark, meaning that it does not even reflect Danish specificities. Such a low, generic cost assumption will only cover the most basic power/cooling facilities, rather than the greater levels of resilience and back-up expected by government ministries and other industry stakeholders going forward.

TDC NET therefore request that DCCA include this energy facility investment into the security and resilience capex forecast, as proposed by TDC NET in its November 2025 submission, or to provide an explanation as to why the low, generic cost assumption set on the basis of an international benchmark, results in a correct decision as part of the DCCA's duty to state reason.

TDC NET has previously requested that the DCCA considered the inclusion of capex related to upgrades of power systems and cooling/ventilation facilities, intended to enhance the resilience of critical network nodes and enable them to remain operational during external disruptions. The DCCA rejected these capex items; however, TDC NET resubmitted the data requested in its May 2026 submission.

In the updated 2026 model, the unit capex for the relevant resources as provided by TDC NET have been used in place of the DCCA's generic benchmark across the access, aggregation, and distribution network layers. Whilst TDC NET acknowledges the change made here, it is not addressing the central issue, since the own-network cost inputs provided by TDC NET were prepared in 2024/2025 and reflect site requirements of that time. TDC NET's site requirements are now being increased by external factors such as XX, with the higher costs reflected in the security cost forecast.

(c) Capitalized licenses - IT infrastructure and End Users

On XX of the 'Analysis of resilience and security costs' report, it is noted that this capitalised licence category is to be accepted into the forecast. However, in XX of that report, it is indicated that a downwards adjustment has been made to the capex forecast.

TDC NET does not understand the basis for this adjustment, which is unsubstantiated. TDC requests that the category is included in full in the forecast, as indicated on XX of the report, or substantiated in the final decision as part of the DCCA's duty to state reason.

(d) Transport network investments

The DCCA rejected the replacement/upgrade of certain core network routes in the "Transport network" sub-category of TDC NET's submission as part of the "Access nodes and Backbone" category. TDC NET disagrees with the conclusion that these costs are already captured in the model. Transport network cables are assumed to be built in 2005 and shut down in 2039 in the model, whereas this capex is upgrading or adding incremental routes to improve network resiliency.

As TDC NET has described in previous submissions regarding the security capex forecast, the modelled transport network between L3 access nodes is relevant to the POI2 BSA product and contain the majority of the total transport network in route length terms. Therefore, these investments are relevant to the wholesale product.

TDC NET has broken out the capex from the original forecast in the submission and provided it as a separate line item in the Excel file (labelled as "transport route renewal/densification"). The total of this capex is XX over the period, of which XX million is determined to be fiber-attributable and XX million is determined to be coax-attributable.

(e) Additional/potential further investment activities

It should be understood by the DCCA that the XX capex forecast for 2025–2030 makes bottom-up assumptions as to the different activities that TDC NET will be required to invest in during that period. However, it is TDC NET's repeated experience that there are additional investment activities (that will increase the level of security and resilience costs that TDC NET now expects to incur) that will occur as unprovisioned activities. For example, in the period 2024–2026, significant costs were incurred, XX

Even over the course of this year, there has been further indications of stricter requirements emerging for TDC NET. A key example is new legislation being driven by SamSik that may forbid security clearance of non-Danish staff working in EU and NATO countries. This will reduce the chance for TDC NET to achieve cost efficiencies through the use of staff in other EU countries. Similarly, TDC NET is now being presented with higher expectations regarding physical network security in general, such as access to sites, physical site security and physical security around undersea cables. TDC NET has begun to consider additional investment activities that relate to potential future requirements that might be imposed on TDC NET.

Any or all of these potential unforeseen additional investments may not end up being implemented. However, the volume and cost of such investments is potentially very significant. Taken together with recent history demonstrating the significance of unprovisioned activities, TDC NET is of the view that the DCCA should include a significant buffer within its security/resilience network cost forecast. TDC NET recommends a mark-up is applied to the DCCA's existing forecast of security/resilience network costs in all years from 2026 onwards in the LRAIC model. The magnitude of this buffer should be approximately XX% based on the above evidence. If the DCCA chose not to include a buffer within its security/resilience network cost forecast, the DCCA's choice must be substantiated in the final decision as part of the DCCA's duty to state reason.

5. WACC

TDC NET has noted the adjustments made to the WACC methodology implemented by the DCCA. However, TDC NET continues to have concerns regarding the implementation of the WACC calculation and commissioned Analysys Mason to investigate this issue further. Analysys Mason's findings can be found in Appendix A, which describe the following amendments to the WACC calculation:

- the benchmark **debt premium** derived from the BEREC peer group is unrepresentative of TDC NET. A debt premium derived using the actual costs of TDC NET's corporate bonds (implemented using the BEREC methodology) better reflects TDC NET actuals
- the BEREC approach to deriving **asset betas** for the peer group operators is sensitive to (largely arbitrary) modelling choices and may currently be reflecting a temporary low point. In the context of the relatively stable value of the asset beta in recent years prior to the sudden drop in 2026, a value around this relatively stable (i.e. approximately 0.40) should be applied in place of the 2026 peer group average of 0.27
- a **cost of equity adjustment** should be implemented, reflecting a premium for the size and illiquidity of TDC NET compared to the benchmark peer group. XX include a size premium at a rate of 0.95%, but academic research supports a higher adjustment (3.3% average) can also account for illiquidity
- Include a **fiber risk premium** to capture both past risk premium values and future demand/capital risk
- Ensure that the WACC applied **reflects the cost of capital in the long-run**, rather than just using a short-term value.

6. Cabling cost mark-up

TDC NET submitted considerable unit cost evidence during 2025 and entered into an extensive dialogue with the DCCA to build up an understanding of these costs.

The cost of cable installation in the Capital Area is materially higher than other areas, which is not currently addressed in the model. This effect was commented on in TDC NET's consultation response of 14 November 2025 and once more in the data package of May 2026.

TDC NET have gone back to the quantitative data previously submitted to the DCCA last year to demonstrate this effect to the DCCA through data already submitted.³ The table below shows the average costs across contractors (XX) for the different activities that are relevant to cable installation. For each zone and activity, the case with the highest average is shown in bold. As can be seen below, the average is almost always higher in XX, and often significantly higher.

XX

This further demonstrates, as TDC NET have consistently argued through the model update process, that fiber network costs in the Capital Area are higher compared to those in other parts of Denmark, which is one of the fundamental flaws in the DCCA's generic cost benchmark approach.

TDC NET's actual costs, efficiently incurred, should be the appropriate costs to insert into the cost model for cost-oriented pricing of TDC NET's wholesale lines in the Capital Area. If the DCCA chose to follow the generic cost benchmark approach, this would be in violation of the legal regulatory framework, and should in any event be explained and substantiated in the final decision.

7. Revisiting the model during the regulatory period

In its draft market and pricing decision document, the DCCA makes no identifiable reference to any option for revisiting the model during the next regulatory period, but merely states that the pricing regulation will apply "until a new decision establishing LRAIC-regulated maximum prices has been adopted".

In past price regulation imposed by the regulator during the period 2003–2020), annual updates were undertaken of the demand and WACC assumptions within the LRAIC model to ensure its continued applicability. In contrast, during the previous Commitment period of 2022–2026, no model updates were made as TDC NET (and other operators) had agreed to the price for the entire period as part of its commitments.

The DCCA should be fully aware of how divergent its long-term forecasts for the long-term WACC and demand forecasts were in the model finalized for the previous Commitment period compared to the model as it stands today and the negative impacts this has had on TDC NET's cost recovery in the years 2022–2026. This negative impact is described in the Analysys Mason report.

Having the opportunity to revisit the model during the previous Commitment period would allow the pricing to be managed within the period more effectively.

Given the pace of change in broadband demand, competitive conditions and financing costs, the DCCA should be open to updates to key parameters to continue the accuracy and credibility of the LRAIC model and to support efficient cost recovery. As a starting point, should the long-term WACC and demand forecasts diverge sufficiently from those in the final model, then the model should be revisited. These inputs were updated in the previous pricing decisions in Denmark in the years 2003–2020.

The option of regular model input updates within a regulatory period is not only a method that was used by the Danish regulator in the past. The Irish regulator ComReg has also implemented this option.⁴ Such a mechanism is also a key part of the regulatory framework within the UK energy sector and is referred to as a "re-opener".⁵

Finally, we note that there are differences between TDC NET and the DCCA on several assumptions that reflect a material divergence in views on forecasts of the future and the cost of capital. Should the DCCA not accept all of TDC NET's feedback in its submission, then the DCCA is strongly urged to only set prices for a shorter time period (e.g. 1 or 2 years rather than 5), with the parties to revisit the relevant parameters (and the impact on future price levels) as more information becomes available during that time period.

³ Extracted from XX, submitted to the DCCA in September 2025.

⁴ An example occurred in ComReg's decision D03/16, regarding pricing of wholesale access services. The SMP operator (eir) was required to review the inputs and assumptions of the access model annually. The modelling underpinning the pricing could only be reopened where significant changes to key inputs are observed. See https://www.comreg.ie/csv/downloads/ComReg_1639.pdf, paragraphs 12.17–12.23. The European Commission did not comment or have concerns on this mechanism (see https://circabc.europa.eu/sd/a/dc7e7f08-c67c-473e-bbe5-bcedaefe6ef6/IE-2016-1858-1859-1860%20Adopted_EN.pdf).

⁵ For example, see the recent regulatory process described on the webpage <https://www.ofgem.gov.uk/consultation/riio-2-re-opener-applications-2025-electricity-transmission-electricity-distribution-and-gas-distribution>.