Call for Evidence: Department of Science Innovation, and Technology

Mobile Market Review

Response from Mobile UK

May 2026

Introduction

1. The 2026 Mobile Market Review is timely and necessary, and Mobile UK, whose members are the UK's mobile network operators BT/EE, Virgin Media O2, and VodafoneThree, welcomes the opportunity to respond.
2. The 2023 Wireless Infrastructure Strategy achieved some important reforms (such as the crucial reforms of the Electronic Communications Code), but with the advent of AI, industry revenues under continued pressure and rising operating costs, further reform is now urgent, if the industry is to have the capacity to invest in the mobile connectivity that the UK needs and deserves.

Summary

3. **Economic and social benefits**
   - Mobile UK strongly agrees with the Government that the UK's mobile infrastructure will underpin the Government's ambitions for growth. However, we strongly believe that very achievable policy interventions will provide a huge boost to the sector's ability to invest, to the benefit of the whole UK economy, including the nation's ambitions for AI.
4. **Investment challenges and market context**
   - The Call for Evidence is correct to point out that the UK's mobile sector revenues have declined, while traffic and operating costs have increased, squeezing investment capacity. The has led to a situation where the UK ranks highly for consumer affordability but low for infrastructure quality.
5. **Revenue and cost pressures**
   - Revenues from monthly packages account for about 80% of revenue, up from 50% ten years ago, limiting marginal revenues from investment. It is crucial the Government takes action to open up opportunities for innovation to drive new revenue streams.
6. **Proposed interventions**
   - Mobile UK advocates policies that will
     a. **Aggregate and stimulate demand**
     b. **Reform regulation to spur innovation,**
     c. **Reduce or forebear on regulatory costs,**
     d. **Strengthen mobile's role as critical national infrastructure**
     e. **Remove barriers to network deployment,** such as planning reform and opening new bands of radio spectrum.

Reg. Office: 1 Carnegie Road, Newbury RG14 5DJ - www.mobileuk.org - Co. No: 09998063

Background

7. Mobile UK wholeheartedly agrees with the statement in the foreword that "*Mobile connectivity sits at the heart of* [the growth] *mission. Fast, reliable, and secure mobile networks will support everything from remote healthcare to cutting-edge manufacturing, from smart cities to the everyday services that we all now rely on.*"

8. The Call for Evidence document is also correct to point out that the investment environment for the mobile sector in the UK has been very challenging. While UK consumers have enjoyed some of the best retail prices in Europe, overall industry revenues have been falling, with traffic levels and operating costs increasing. This has squeezed cash flow and constrained the capacity to invest.

9. Indeed, the GSMA's global index scores the UK highly in terms of consumer and affordability, but ranks us a lowly 36th for infrastructure[1].

10. On a much more positive note, though, Mobile UK is clear that a range of very achievable actions will help to transform the investment outlook. In broad terms, these will amount to:

- Demand stimulation/aggregation
- Regulatory reform to boost innovation and new revenue streams;
- Reducing costs, particularly those driven regulatory decisions to improve the cash available for investment;
- Breaking down barriers to deployment with planning reform, and other measures.
- Strategic and a better coordinated approach to our Critical National infrastructure (CNI) and spectrum release, linking it to economic growth, 6G preparedness and digital inclusion.

11. Such policy interventions will greatly improve the sector's investment outlook and will drive improvement in capacity, quality, coverage and capability, including through complementary services such as satellite 'direct to device'.

12. Furthermore, the more that can be delivered through market forces, the fewer the number of residual issues that will have to be dealt with by the state. First and foremost, we need regulatory reform that supports commercial investment. However, based on experience, competition alone will not deliver mobile connectivity everywhere that connectivity needs to go. Public interventions will very likely be needed to address some of the core outstanding 'pain points', such as building out coverage and power resilience beyond where the market will reach – for example: rail, road and deep rural coverage – all interventions that promote the public good – digital inclusion, efficient delivery of public services and stimulating growth.

13. Finally, it is important to emphasise that mobile networks are not only critical to the 'growth mission', but also to recognise that their role has evolved over time and is now essential to our national preparedness.

14. Mobile connectivity is no longer a 'nice to have' but is an essential service for both consumers and commerce and is now part of our critical national infrastructure[2], underpinning economic activity, delivery of public services and national resilience. But the policy framework has not yet fully adjusted to this shift.

15. The output from the Mobile Market Review must acknowledge this change and recognise that it is no longer viable to treat the increased resilience and security expectations as predominantly

[1] https://www.mobileconnectivityindex.com/index.html#year=2024&globalRankings=consumerReadiness&globalRankingsYear=2024
[2] Defined as essential assets, systems, and networks—physical or virtual—whose disruption or destruction would have a major detrimental impact on national security, the economy, public health, or safe

private commercial responsibilities.

16. As a nation, we must distinguish more clearly between the competitive market dynamic (and the regulation thereof) and critical infrastructure policy to ensure that national resilience and growth objectives can be delivered alongside each other on a sustainable financial footing.

17. In summary, Mobile UK feels strongly (and certainly when compared to other policy challenges facing the UK), that the changes we are proposing are very achievable in the short to medium term and will deliver benefits that will be felt widely and quickly.

The Benefits of Mobile Investment

18. The CfE acknowledges that good mobile infrastructure is an essential foundation for a thriving modern economy, for digital inclusion, for delivering public services more effectively and for numerous other applications.

19. The GSMA's[3] annual economic impact report for Europe states that mobile technologies and services now generate around 5% of GDP across Europe, up from 3.3% in 2018. As people and organisations incorporate 'mobile' into their lives more and more, this makes sense. In the context of the UK economy, this amounts to over £75bn of extra growth over the period.

20. A report prepared for VodafoneThree by WPI Strategy in 2025 estimated that their £11bn investment would boost UK economic output (GVA) by as much as £102.75bn between 2025-2035.

21. A further report, prepared by Assembly Research for BT calculated a £230bn economic boost from improved mobile connectivity. "*The findings also highlight that, if more reliable UK mobile networks were available, increased use of mobile backup options could become more attractive for some businesses. Doubling the take-up of these options would result in recovery of c.£7.9bn in productivity as a result of reduced downtime. The research also shows a further £37bn of benefits could be unlocked through supporting the modernisation of the energy grid.* The *benefits of improved mobile networks for health, education and workplace safety are also featured.*

22. The Scottish Government's assessment of its 4G infill programme[4] identified many benefits from providing public funds to invest in regions of Scotland not being covered by commercial investment:

- Better employment opportunities
- Access to education and training
- Improved delivery of health and other public services
- Secure access to online banking and payments
- Enhanced levels of well being
- Opportunities for local businesses

23. In the aftermath of the Covid crisis, Virgin Media O2 published a report[5] which estimated that mobile connectivity protected 20% of the UK's economic output during the pandemic, representing £205 billion of business and that the economic downturn would have been much steeper and more pronounced without workers' ability to connect remotely.

24. The majority of the British population (78%) said that connectivity was vital to cope with the pandemic – with online learning and social activism among top 10 activities conducted using mobile.

[3] GSM Association – the industry's global trade body
[4] https://www.gov.scot/publications/scottish-4g-infill-programme-evaluation/pages/8/
[5] https://news.virginmediao2.co.uk/archive/20-of-uk-business-safeguarded-by-the-power-of-mobile-connectivity-during-lockdown/

25. All these reports and assessments point to the vital role that mobile connectivity plays in delivering widespread social and economic benefits.

The Opportunity Cost of Poor Connectivity

26. While international benchmarks place the UK well in respect of consumer prices and value, they place the UK in a lowly position with respect to connectivity. This presents a significant risk to our national competitiveness, particularly in the era of AI.

27. Mobile networks will be a core part of the AI ecosystem. Much of the data which will drive AI processes will be collected over wireless networks; many of the AI applications will run on mobile devices (including smartphones, drones, vehicles and wearables etc.).

28. Indeed, the 6G Innovation Centre[6] argues that *"mobile networks will increasingly be employed as the essential infrastructure delivering AI applications — via end user devices (smart phones), within the mobile network (regional facilities), and in large data centres."*

29. 6GIC further highlights the £400 billion of gains identified in the Government's AI Opportunities Action Plan. "The UK's stated AI advantages — healthcare, field services, logistics, public administration, SMEs — sit overwhelmingly in sectors where workers are mobile and AI must be delivered across radio networks, not fixed broadband."

30. The National Farmers Union, in its annual connectivity survey, continues to highlight the lost opportunities and disbenefits arising from inadequate coverage.

31. NFU Vice-president Rachel Hallos said: "*Reliable mobile coverage is essential for running efficient, productive farming businesses and ensuring safety in some of the most isolated parts of the country. So, any initiative that helps improve mobile coverage in rural areas must be welcomed, particularly at Christmas when many people will feel alone.*

32. *"The NFU's last digital access survey revealed that only 22% of our members have reliable mobile signal across their entire farm, while nearly one out of ten respondents have no 4G or 5G access."*

33. While the Shared Rural Network has delivered enormous improvements to mobile coverage, it is clear there is an appetite for more widespread and reliable coverage, particularly in rural villages and the countryside.

A Challenging Investment Environment

34. The Call for Evidence is correct to call out that the mobile sector has faced a very challenging investment environment in recent years. Overall industry revenues have been falling, while traffic levels and operating costs have been rising. Figure 1 illustrates the fall in overall industry revenues.

35. It is also relevant to highlight that the proportion of service revenue gained from the basic monthly package has risen from under 50% to over 80%. These factors highlight the imperative of opening new opportunities for innovation to re-establish revenue growth and to improve the investment outlook.

[6] mobile-ai-compute-convergence-6G-white-paper.pdf

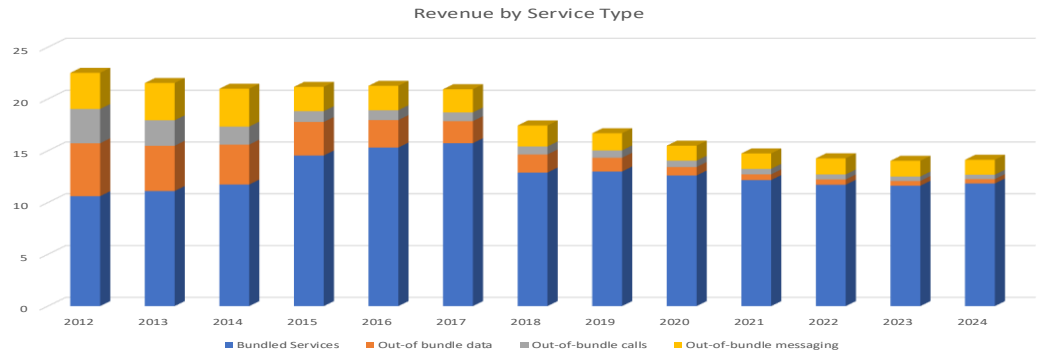


Figure 1 - Industry Service Revenues 2012-24 (Mobile UK)

36. Over the same period, the amount of traffic carried has risen twentyfold, driving up costs but for diminished revenue.

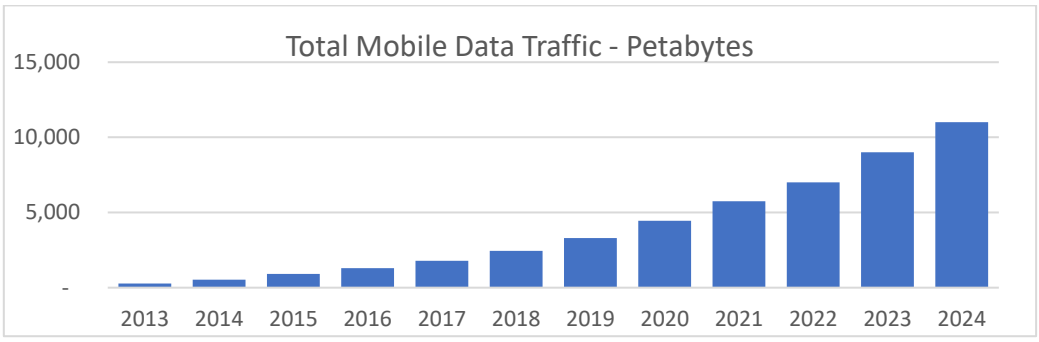


Figure 2 - Ofcom Communications Market Report 2025

37. This growth in traffic has delivered tremendous value for consumers, and the UK has some of the best prices in Europe, but resources available for investment have been very tight, particularly since the UK introduced Administrative Incentive Pricing (AIP) for spectrum 25 years ago[7].

38. The UK's public network operators will, though, continue to provide the lion's share of investment in mobile connectivity and will be the linchpins at the centre of the mobile ecosystem.

39. Finally, the personal device segment of the market has become saturated in terms of connections. The growth area for connections has been (and continues to be) in the Internet of Things. Improving the sector's capacity to innovate and to find new revenue streams will be a key outcome from the Mobile Market Review.

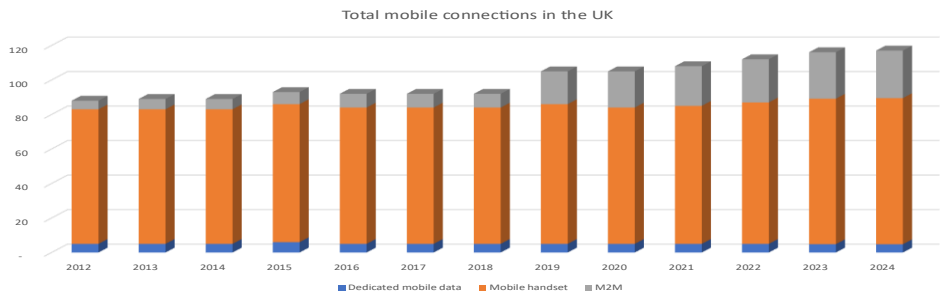


Figure 3 - Number of Mobile Connections in the UK - 2012-24 (Mobile UK)

[7] Since AIP, the UK operators have invested just over £100bn, of which around £40bn has been remitted directly to the Treasury in spectrum fees.

Mobile UK Response to Call for Evidence Questions

40. Mobile UK is not attempting to answer all questions in the Call for Evidence, as many of them touch on issues that will be influenced by or have an influence on individual mobile operator commercial strategies. We have focused on those areas where a common industry view will assist the Government in the development of policy.

41. As mentioned in the introduction, these centre on: demand stimulation, regulatory reform to boost innovation and new revenue streams; reducing regulatory driven costs; breaking down barriers to deployment with planning reform and other measures, such as ensuring timely access to new radio spectrum, as rising demand dictates. Government should also be open to funding directly non-commercial projects, where they believe it would support digital inclusion, CNI and the growth ambition.

Question 9: Please provide evidence of the impact of the Government's existing measures on operators' ability to invest in high-quality, nationwide infrastructure. Please suggest additional policies to deliver our 2030 ambition

Existing policies

42. Firstly, Mobile UK must acknowledge the very positive contribution the reform of the Electronic Communications Code has made to network rollout. It has enabled over **32,500 4G and 5G service upgrades** since 2018 at a reasonable cost, and more than **4,600 lease renewals have been agreed consensually** between infrastructure providers and site providers.

43. The further implementation of ss61-65 on 7th April will allow a further **6,200 mobile sites** to benefit from code reform, once there is a full transition away from the county court.

44. Secondly, the Shared Rural Network programme has extended 4G coverage from at least one operator to 96% of the UK's landmass. 4G coverage from all operators has risen from 66% to 81.2%. This increase has greatly improved connectivity in rural areas and is widely regarded as a success.

Future policy

a) Aggregate and Stimulate Demand

45. As has been pointed out in paragraph [20], the basic connectivity charge has accounted for an increasing proportion of [falling] total industry revenues.

46. The MMR presents a timely opportunity to implement policies that will stimulate demand for mobile connectivity, particularly in the public and regulated sectors, where the Government has buying power and policy input, because a return to revenue growth for the sector would do much to improve the investment outlook and to reduce operators' cost of capital.

47. Similarly, support for the SME/enterprise adoption of 5GSA and network slicing within the innovation regions would also be helpful.

48. The work being done under the auspices of NISTA to evaluate the future communications needs of the energy, water and transport sectors is another good example. This work not only presents an excellent opportunity for the utility sectors to make better use of wireless communications but would also generate new revenue streams for the public mobile networks, in a mutually reinforcing virtuous circle.

49. In the energy sector, for example, Mobile UK understands the Airwave and private mobile radio

systems will have to be replaced. The public mobile networks, with their extensive wide-area coverage, are very well-placed to serve this market efficiently and cost-effectively.

50. In addition, one of the live public policy questions is how to build more power autonomy into the radio access network (RAN). If public networks have a commercial reason for doing so, e.g. to serve the 72-hour resilience requirement of the energy sector at strategic points, this will make a meaningful contribution to building more power autonomy in the RAN.

51. The water industry (which already has over 1m connected devices installed – for remote telemetry etc.) also has evolving needs for remote monitoring, early warning, smart metering and network optimisation.

52. Likewise, the transport sector for connected and autonomous vehicles, drones, ports, coastguard and trains.

53. Improving coverage and capacity on trains has been a perennial challenge. Customers have been reluctant to pay extra for a high-quality service on trains. This means there has been a lack of revenue to cover the very high cost and to overcome the operational complexity of building trackside coverage and capacity (in tunnels, cuttings and on the rolling stock). The industry is open to discussing with Government how best to overcome these longstanding challenges.

54. In conclusion, the NISTA projects can lead to very positive revenue opportunities for the mobile networks. Timely conclusions and decisions about future procurements for utilities, transport and the wider public sector will be very positive for the industry and network investment. It should be noted that extending coverage and capacity for the B2B sectors also delivers better coverage and outcomes for consumers as a corollary benefit.

b) Reform Regulation to spur Innovation, including the net neutrality regulations

55. The UK's regulatory institutions for the telecoms sector are widely respected in the UK, the EU and further afield. However, while the regulatory framework has delivered well in some areas, such as consumer choice and retail prices, the UK is now regarded as a laggard in overall mobile connectivity. Current regulations were designed for a former era and now need reform to drive investment. As such, Mobile UK would very much support the 'growth' duty being strengthened.

56. The growth duty is complementary to Ofcom's primary duty to promote the interests of citizens and consumers and therefore has potential to be fully implemented. We would like to see further recognition that growth of the mobile sector and the wider economy are very much in the interests of citizens and consumers, and therefore a regulatory regime that prioritises those long-term goals over short-term tweaks to regulation would be a better demonstration of Ofcom's duties.

57. The Call for Evidence also references the CMA, whose work oversees the so-called 'hyperscalers' It should be noted that these entities generate very significant revenue from services carried over mobile networks (e.g. £28bn from mobile advertising in 2025[8]). They provide services that compete directly with mobile operators, while carrying none of the regulatory and security compliance costs or contributing to investment. This asymmetry of competition will intensify, as data-hungry technologies become more prevalent (driven by AI applications). This is a strategic risk to the investment environment.

58. E-sims also present an additional 'gatekeeper' risk, with these dominant organisations being able to give customers more prominence for their own services.

59. All these factors mean that the work the CMA is critical to promoting fair competition and

[8] Internet Advertising Bureau March 2026

ensuring that investment in the underlying connectivity is not undermined any further.

60. For example, the CMA work in relation to the mobile ecosystem, and specifically browsers (Android and Apple iOS) is crucial. The interface between the mobile network and the browser is a core element of how 'network slicing' is developed and offered. We strongly welcome that the CMA acknowledges this matter is within their regulatory remit and that they have elicited commitments from Apple and Google. Mobile UK will be monitoring the effectiveness of this approach.

61. It should also be noted, though, that the burden (including costs) to which MNOs are subject in complying with Ofcom's and other regulatory requirements have significantly increased in recent years (of which more detail below).

Passing on the costs of compliance

62. Compliance costs, though, are not known in advance or easy to anticipate. They also always come with a trade-off, as operator budgets must be redeployed from commercial innovation or rollout to compliance. On an individual regulation basis, it may be possible to absorb the occasional new commitment, but, in aggregate (see Section c), the cost of new obligations are hindering MNOs' ability to deliver the kind of quality networks UK consumers and businesses expect.

63. Investing in secure, resilient, and innovative networks comes with a need to pass on the cost of taking on new obligations to our customers, at both a retail and a wholesale level. This means that the industry needs to be able to recover costs from consumers without causing an outcry, if that leads to modest price rises. It also means finding a mechanism for recovering costs from MVNO customers. Long-term contracts with MVNOs often preclude the ability to raise prices in response to rising costs, leading to prices in the market that do not reflect costs and a rapidly decreasing percentage of UK mobile consumers footing the bill for our CNI.

64. This anomaly of how to recover compliance costs in the wholesale market needs to be addressed, and we would like to see the Government thinking more broadly about how delivering new obligations might be funded

Net Neutrality

65. A further regulatory reform that Mobile UK would like to see is the withdrawal of the Open Internet Regulations, which were introduced as part of the EU telecoms package, just as the UK was leaving the EU, but which are no longer fit for purpose, or necessary.

66. It has long been recognised, by both regulators and Governments, that the mobile market in the UK is highly competitive, with a wide range of providers and packages and very low barriers to switching between them.

67. But at a time when the Government is simultaneously concerned about pressure on retail prices and the level of investment in mobile connectivity, it seems very counterproductive that customers are forced to buy and providers are forced to sell 'the full English', to use a café metaphor, when it comes to internet/data connectivity. This limitation creates a strong headwind for investment in new mobile services.

68. It would be far better for both consumers and the ISPs' business models, if providers were able to unbundle data connectivity and offer much greater choice. This is particularly so in the mobile market, where radio spectrum constraints make it more critical that scarce resources are managed carefully.

69. The connectivity market is already the most competitive and highly regulated part of the digital ecosystem. The mobile operators are subject to near-frictionless switching regulations, number

portability regulations, end-of-contract regulations, interoperability regulations AND the open internet regulations.

70. This extensive suite of interventions does not come close to being applied to cloud providers, social platform providers, TV content providers or mobile device manufacturers, none of whom are compelled to offer their full range of services in one bundle. It would be absurd.

71. It is time to make a radical change and allow connectivity providers to differentiate their service offerings to reflect specific demand and use cases, including, for example, being able to sell disaggregated 'no-frills' data connections. An example would be a service where 'tethering' is not part of the package.

72. 'Tethering' can be subject to some of the most egregious free riding by a high-volume customer (to give a specific instance, a traveller can sit in an overseas airport, pay a £2.50 daily roaming charge, and then allow all companions to tether onto that one connection. This incurs significant wholesale data charges for the mobile operator, a cost that must be recovered from the customer base, rather than the customer who is receiving the benefit. This is patently suboptimal from a microeconomic perspective and unfair on the wider customer base.

73. In other contexts, the 'no frills' actors have been hugely successful in opening new markets and delivering better for consumers. In our industry, the arrival of the 'pay as you go phone' in 1997 was transformative. It was PAYG that opened mobile phone ownership to the mass market. By the end of 2000 three-quarters of the population had a mobile phone.

74. In other industries – think Lidl and Aldi for supermarkets; think EasyJet and Ryanair for airlines. In their ways, they have also been transformative; 'full service' providers have remained, but the disruptors have opened new markets and stimulated the incumbents to further innovation.

75. This would be a very good time to make such a change. 5G presents the industry with new opportunities for network slicing and diversifying revenue streams with some premium products. There have already been some early examples in broadcasting and security. As 5GSA network coverage and capacity rolls out, such opportunities will commensurately increase.

76. Ofcom recently reviewed the application of the existing regulations and has made some helpful and constructive clarifications.

77. In their conclusions, they also floated the possibility of moving away from the detailed regulations and replacing them with principles-based legislation, as a backstop to defend core elements such as freedom of speech and access to all legal content. This approach, they felt, would be much more flexible in the face of fast-moving technological change.

78. We agree with this line of thinking, although it would be even more practical and just as effective to revert to the Code of Practice that internet service providers (including mobile operators) worked to before the Open Internet Regulations came into force. This previous approach proved effective; no significant issues relating to open internet access materialised prior to the introduction of the Open Internet Regulations.

79. The Call for Evidence asks for evidence of what services would be enabled if this were to happen.

80. Mobile UK argues that this is looking at the issue back to front. Regulations need to be justifiably necessary, not the other way round. It should not be necessary to demonstrate that a service is a 'specialised service' to develop new and/or premium products. Businesses are not going to invest resources in development if they are not confident that an innovation meets the scope of specialised services.

81. The process of innovation, generally, is not a linear or easily predictable process. It is much more likely to happen, though, in a deregulated space. The MMR presents an ideal opportunity to take this step, particularly as UK businesses and consumers look to develop the use of AI, where

mobile networks will play a crucial underpinning role

82. The Government has rightly given a high priority on the UK being at the forefront of the development of AI. Undoubtedly much of the data that will drive the insights and operation of AI will be collected in real-time across the wireless networks. Equally, many of the AI-driven applications will be used on mobile devices. In other words, mobile infrastructure will make AI accessible and useful ("AI in our pockets").

83. AI is expected to be very much part of the 'network slicing'/value added journey and It would be extremely counterproductive for net neutrality regulations to become an obstacle to the development.

84. Net neutrality reform is a further way of improving the investment outlook for the sector. Furthermore, if the operators can bring about premium and value-added services, this is likely to benefit general consumers too (using the airline comparison, first class and business class services enable economy passengers to travel for less).

Licensing and accountability

85. Mobile UK is very interested in the Government's stated intention to consult on a regime that would strengthen accountability in the telecoms sector as part of its Fraud Strategy 2026-2029.[1] We understand this could be in the form of licensing that would create a formal entry gateway, requiring every operator to meet minimum standards on security, fraud prevention, resilience and customer protection before providing critical connectivity services to UK consumers and businesses. This would also prevent telephone numbers from being sub-allocated into anonymity (perpetuating scams), and also opportunistic market-entry by firms who have no direct obligations for the infrastructure on which they rely.

86. Such an approach would have the important additional benefit of constraining big tech, fintech, and digital-first companies from market entry into UK telecoms, based on cross-subsidy from other markets, which undermines investment in UK infrastructure, and eliminates or marginalises existing market actors, including traditional MVNOs, who are otherwise efficient but unable to match prices made artificially low by cross-subsidy from other geographic or product-adjacent markets.

87. The result is not a more competitive market, but one that is structurally weakened, with fewer viable operators and reduced incentives to invest in network quality and resilience, coverage and innovation.

88. A new licensing regime would give the Government, law enforcement and regulators visibility over the service providers operating in the UK. It could also be used as a vehicle to put clear requirements to support the long-term sovereignty and sustainability of the UK's telecoms CNI, and curtail new types of anti-competitive behaviour.

89. We would welcome co-creating a proposal with DSIT, Home Office and other departments, in preparation for responding to the Home Office consultation when it is published later in the year.

c) Reducing or Forbear on Regulatory Costs

90. In recent years, mobile network operators' costs have come under sustained pressure, not least from decisions made by Government and regulators, some of which pertain to all businesses (such as employer NI) and some which are visited either wholly or mostly on mobile operators. Mobile operators have not been included in schemes which give Business Rates relief for new

[1] CP 1523 – Fraud Strategy 2026-2029 Disrupting crime, supporting economic resilience and delivering justice

technology rollout (5G). Mobile operators have not been included in schemes which give relief to energy intensive power users, even though power consumption is high and impossible to shift to off-peak times.

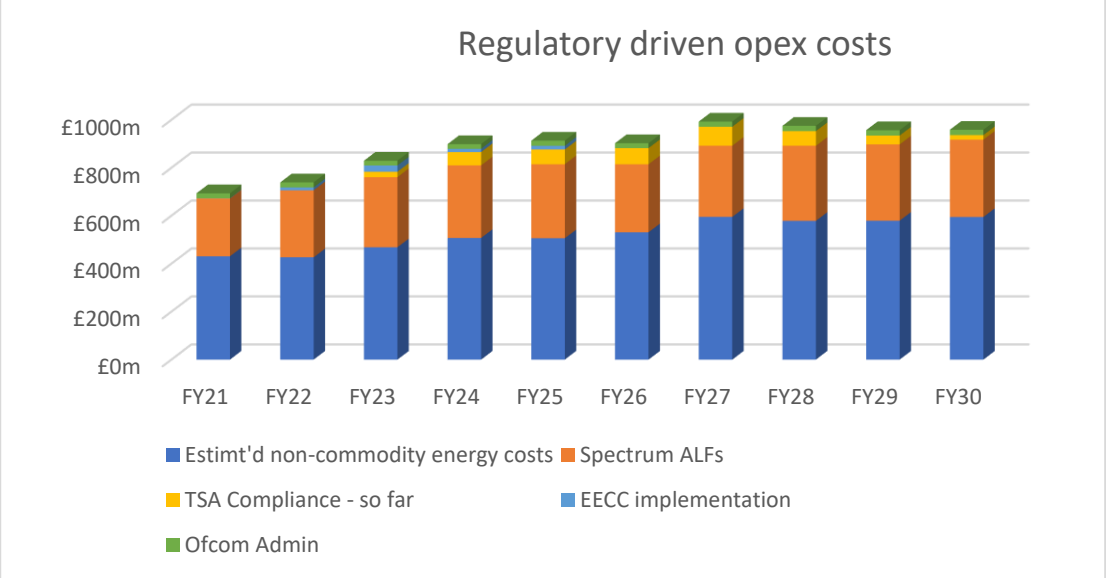
91. Mobile operators have spent more than £2 billion complying with the High-Risk Vendor Order.

92. Compliance with the current known requirements of the Telecoms Security Act is estimated at over £400 million, with further requirements expected, potentially of an equal magnitude.

93. The industry continues to pay high levels of annual licence fees ('ALF'), subject to CPI (even though the value of ALF is not really related to price inflation) and are subject to rising levels of 'non commodity' costs to pay green levies and contribute to the expansion of the UK's power transmission network.

94. Mobile networks are regarded as critical infrastructure – a designation that seems to carry only obligations, with no benefits that would mitigate some of the operating costs.

95. Across the industry, these costs are expected to be nearing £1bn in the financial year 2027. Self-evidently, these rising costs affect investor sentiment and impair the sector's capacity to invest.



Non-commodity costs and green levies for power

96. It is very noticeable that the largest items to be hitting the sector are the very high costs that will hit the industry over the next five years, arising from non-commodity charges for power[9] (in

[9] Non-commodity costs for UK electricity are set to rise sharply in April 2026, driven primarily by a roughly 60% increase in TNUoS (Transmission Network Use of System) charges, making up nearly 60% of total business electricity bills. These surging policy and network charges (DUoS, BSUoS, CfD) will heavily impact fixed standing charges.

Key 2026 Non-Commodity Cost Drivers:

- **TNUoS Surge:** Average Transmission Network Use of System (TNUoS) rates for half-hourly sites are expected to rise from roughly £16/MWh to over £31/MWh from April 2026.
- **Grid Upgrades:** The surge is driven by funding major national grid investments and infrastructure upgrades.
- **Policy Costs & Levies:**

New costs, such as the Nuclear Regulated Asset Base (RAB) levy, and rising CfD (Contracts for Difference) payments for renewables, contribute to the increase.

- **BSUoS Volatility:** Balancing Services Use of System (BSUoS) charges remain volatile, with high costs for constraint management.
- **EII Exemptions:** Energy Intensive Industries (EII) will see network charge exemptions increase from 60% to 90% in 2026, with the cost burden shifted to other commercial users.

addition to those which have already been levied). Over the decade of the 2020s, these charges will amount to over £5bn. Soon, they could amount to roughly 5% of all operators' annual service revenues. This total disproportionate and needs urgent review.

97. Mobile operators are large consumers of electricity and source all their needs from green energy. The non-commodity costs are levied on top of power consumption costs, which are also rising. Taken together, the current trajectory will become a material drag on mobile investment and will compound other cost pressures.

98. Mobile networks are 'always on' and cannot mitigate exposure to non-commodity charges. Much of the non-commodity charging framework is designed for users who can change behaviour, not essential infrastructure that must run 24/7 to maintain national connectivity.

99. Non-commodity charges continuing to rise also just erodes the incentive to enter power purchasing agreements (CPPAs), precisely when Government's Clean Power 2030 ambition requires more private offtake, not less.

100. Green levies should not be charged to those buying green energy, and the steep rises in non-commodity costs, particularly the cost of the grid upgrade, should be made shallower and to be borne by the industry over a longer period.

101. Mobile UK recently raised these matters with DESNZ and Ofgem and we urge DSIT to seek changes to the way in which non-commodity costs are recovered from the mobile sector.

102. As critical, 'always on' infrastructure the sector, should also be eligible for schemes that alleviate costs for intensive users.

d) Strengthening Mobile's Role as Critical National Infrastructure

103. Operators are paying £265m per annum for spectrum not acquired at auction. While it is welcome that this has recently been reduced by £60m, following an Ofcom review, total ALFs payable will rise significantly over the next decade as 4G and 5G bands will become 'ALF bearing' in 2033 and 2038. Combined with inflation, ALFs will at least double over the next 12 years. This is money that could be much more usefully be deployed in extending our CNI in ways that are of public value, but into places where the commercial market does not reach, because there is no business case to support deployment.

104. When the costs of other infrastructure are so large (HS2 at £300m per mile; £50bn for a runway at Heathrow), mitigation of annual spectrum fees could be spent in ways that would not only strengthen our CNI but also boost economic growth so much more quickly and whose benefits would be felt more widely.

105. There is a parallel for reducing spectrum fees as part of a package of delivering public value (for example the Public Service Broadcasters are excused between £200-£400m of annual spectrum fees and deliver 'public service' content such as news and children's programming.

e) Removing Barriers to Deployment

106. When the costs of other infrastructure are so large (HS2 at £300m per mile; £50bn for a runway at Heathrow), mitigation of annual spectrum fees could be spent in ways that would not only strengthen our CNI but also boost economic growth so much more quickly and whose benefits would be felt more widely.

107. There is a parallel for reducing spectrum fees as part of a package of delivering public value (for example the Public Service Broadcasters are excused between £200-£400m of annual

spectrum fees and deliver 'public service' content such as news and children's programming.

108. Finally, Mobile UK advocates further efforts to remove barriers to deployment. DSIT has achieved much by reforming the Electronic Communications Code and pushing through the Shared Rural Network programme. Such efforts should focus on:

Planning Reform

109. Mobile UK has recently submitted evidence to MHCLG's Call for Evidence, in which a strong case is made for reform of permitted development rights for mobile telecoms[10].

110. The mobile market has shifted from infilling coverage gaps to upgrading existing sites and consolidating networks. This aligns with Government priorities for site minimisation. However, existing PDRs—designed to limit the proliferation of new sites—now inadvertently stifle the upgrade of the current estate.

111. The key points in the response are summarised as follows:

- **A Focus on Upgrades: Currently**, 95% of network plans consist of site upgrades rather than new builds. Under existing rules, 16,137 (30%) of these sites still require full planning permission or prior approval.
- **Technological Requirements:** 5G operates at higher frequencies, requiring greater mast height to clear obstacles and satisfy ICNIRP safety exclusion zones. Furthermore, 5G antennas are significantly heavier, creating structural wind and load loading issues that require more robust infrastructure.
- **Protecting Existing Infrastructure and Coverage:** The industry is experiencing a significant growth in Notice to Quits (NTQs) from landowners, particularly in high-density areas such as London. This leads directly to the loss of established sites, resulting in immediate coverage gaps and degraded network quality for customers. Reforming PDRs to allow for faster relocation and replacement is essential to maintaining national connectivity.

112. It is estimated that in the short to medium term, sites being installed or upgraded (cumulatively) can be brought into service 195k days sooner than under the current regime, which has a significant economic value, estimated at up to £2bn.

113. **Planning reform** is an early action that can be taken to remove potential barriers to the rollout of 5G Standalone.

Building Safety – Improving Proportionality in the Telecoms Sector

114. Mobile UK has also recently submitted a response to MHCLG's consultation on improving proportionality and safety outcomes in building control for telecommunications equipment.

115. The existing process for obtaining approvals for Higher Risk Buildings through the Building Safety Regulator has proved to create a bottleneck in the system that will frustrate the Government's ambition to secure world-class mobile connectivity, and so it is extremely welcome that the Government has recognised the problem and initiated this timely review.

116. The establishment of the Building Safety Regulator ('BSR'), set up to act as the new regulator as part of the Building Safety Act 2022, has had a significant impact on the telecommunications sector. Although both the fixed and mobile sectors of the telecommunications industry have been impacted by the new regulations, this response focuses on **mobile infrastructure**.

117. The industry estimates that there are presently in the region of 2,000 Higher Risk Buildings in

[10] https://www.mobileuk.org/public-consultations

the portfolios of the operators and the wholesale wireless infrastructure providers ('WIPs').

118. Our experience to date is that the replacement or upgrade of telecommunications infrastructure to 5G is being materially slowed down by the new Regulations, mostly because the BSR has not been resourced to deal with the volume of applications coming from our sector.

119. We strongly support the proposal to remove "Gateway 2" (essentially a prior approval before any 'building work' can commence), as this will remove a major bottleneck in the process, without compromising safety.

120. This is another 'early win' and should be implemented through revised guidance from MHCLG as soon as possible.

Timely release of radio spectrum frequencies

121. Radio spectrum is the lifeblood of the mobile industry. In a scenario where demand for mobile data continues to rise, Ofcom must make additional frequencies available to meet this demand. Without new frequencies, the only way to increase network capacity in congested areas is to 'split' (i.e. duplicate) radio cells, which adds hugely to the cost and complexity of network deployment (and may not always be possible in dense urban areas).

122. The lower band frequencies (i.e. 600MHz to 900MHz) are particularly useful for building capacity across a wide area of landmass and will be critical for coping with the increasing workload arising from AI applications and data collection.

123. As TV viewers increasingly migrate away from terrestrial television (DTT) to internet- based viewing, potentially freeing up scarce spectrum for more economically and socially valuable activities, the Government will have to make timely (i.e. in good time) decisions on the future of DTT, so that all stakeholders can have visibility of how and when the 600MHz frequencies will be redeployed.

124. The upper band of 6Ghz will also provide much-needed extra capacity for alleviating congestion in the dense urban areas. Mobile UK will be responding along such lines to Ofcom's current consultation on this topic.