48.104-1 Determining sharing period.

(a) *Contracting officers must* determine discrete *sharing periods* for each VECP. If more than one VECP is incorporated into a contract, the *sharing period* for each VECP need not be identical.

(b) The *sharing period* begins with acceptance of the first *unit* incorporating the VECP. Except as provided in paragraph (c) of this subsection, the end of the *sharing period* is a specific calendar date that is the later of-

(1) 36 to 60 consecutive months (set at the discretion of the *contracting officer* for each VECP) after the first *unit* affected by the VECP is accepted; or

(2) The last scheduled delivery date of an item affected by the VECP under the *instant contract* delivery schedule in effect at the time the VECP is accepted.

(c) For engineering-development contracts and contracts containing low-rate-initial-production or early production *units*, the end of the *sharing period* is based not on a calendar date, but on acceptance of a specified quantity of future contract *units*. This quantity is the number of *units* affected by the VECP that are scheduled to be delivered over a period of between 36 and 60 consecutive months (set at the discretion of the *contracting officer* for each VECP) that spans the highest planned production, based on planning and programming or production documentation at the time the VECP is accepted. The specified quantity begins with the first future contract *unit* affected by the VECP and continues over consecutive deliveries until the *sharing period* ends at acceptance of the last of the specified quantity of *units*.

(d) For contracts (other than those in paragraph (c) of this subsection) for items requiring a prolonged production schedule (*e.g.,* ship *construction*, *major system acquisition*), the end of the *sharing period* is determined according to paragraph (b) of this subsection. Agencies *may* prescribe sharing of future contract savings on all future contract *units* to be delivered under contracts awarded within the *sharing period* for essentially the same item, even if the scheduled delivery date is outside the *sharing period*.

Parent topic: 48.104 Sharing arrangements.