PGI 217.202 Use of options.

(1) Options may be used for foreign military sales (FMS) requirements.

(2) For sole source major systems for U.S. and U.S./FMS combined procurements, contracting officers, in coordination with program managers, are encouraged to—

(i) Establish priced options for two years beyond the base year, so that negotiations of major systems will be conducted approximately every three years; and

(ii) In those cases where exact quantities are subject to variation, or FMS customers are not yet identified, establish range option pricing for both U.S. and FMS quantities.

(3) Consider use of surge options to support industrial capability. A surge option allows the Government, prior to final delivery, to—

(i) Accelerate the contractor's production rate in accordance with a surge production plan or a delivery schedule provided by the contractor under the terms of the contract; and

(ii) Purchase additional quantities of supplies or services.

(4) See DFARS Subpart 217.74 for limitations on the use of undefinitized options.

Parent topic: PGI 217.2 -OPTIONS