

SUBPART 217.2—OPTIONS

217.202 Use of options.

- (1) Options may be used for foreign military sales requirements.
- (2) Consider use of surge options to support the Industrial Preparedness Production Planning program (see Subpart 208.72). 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.
- (3) See Subpart 217.74 for limitations on the use of undefinitized options.

217.207 Exercise of options.

(c) Except for contracts for the acquisition of commercial items, if the contractor has any contract containing the clause at FAR 52.222-37, Employment Reports on Disabled Veterans and Veterans of the Vietnam Era, the contracting officer may exercise an option with a value exceeding the simplified acquisition threshold only after determining that the contractor has submitted the most recent report required by that clause (see 222.1304(b)).

217.208 Solicitation provisions and contract clauses.

Sealed bid solicitations shall not include provisions for evaluations of options unless the contracting officer determines that there is a reasonable likelihood that the options will be exercised (10 U.S.C. 2301(a)(7)). This limitation also applies to sealed bid solicitations for the contracts excluded by FAR 17.200.

217.208-70 Additional clauses.

- (a) Use the clause at 252.217-7000, Exercise of Option to Fulfill Foreign Military Sales Commitments, when an option may be used for foreign military sale requirements.
 - (1) Use Alternate I when the foreign military sale country is not known at the time of solicitation or award.
 - (2) Do not use this clause in contracts for establishment or replenishment of DoD inventories or stocks, or acquisitions made under DoD cooperative logistics support arrangements.
- (b) When a surge option is needed in support of industrial preparedness production planning (see Subpart 208.72), use the clause at 252.217-7001, Surge Option, in solicitations and contracts.

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(1) Insert the percentage of increase the option represents in paragraph (a) of the clause.

(2) Change 30 days in paragraphs (b)(2) and (d)(1) to longer periods, if appropriate.

(3) Change the 24-month period in paragraph (c)(3), if appropriate.