



**Worldwide Facilities Group
Energy & Utility Services Group**

May 29, 2006

Ms. Rae McQuade
President
North American Energy Standards Board
1301 Fannin, Suite 2350
Houston, Texas 77002

RE: General Motors Comments to Wholesale Gas Quadrant-
Proposed NAESB Base Contract for Sale and Purchase of
Natural Gas

Dear Ms. McQuade:

General Motors Corporation is submitting the below comments regarding Section 10 -
Financial Responsibility

We believe this section is far too lenient, subject to the interpretation of supplier credit departments, inconsistent with sound business practices and can be extremely onerous for the end-user community. An end-user who has never missed a payment, pays its bills on time, and has a strong cash position can be threatened with termination of service at the end of the second day from receiving a written demand for credit assurance.

As you are aware, General Motors has launched a major turnaround plan over the past six months and it is beginning to show significant results - in terms of product acceptance and financial profitability. However, our cash position has been negatively impacted by a number of energy suppliers requesting credit assurances. By far, the largest single impact has come from some natural gas suppliers taking advantage of the loose wording in the NAESB Base Contract. Currently, a negative newspaper article can be considered "reasonable grounds" for a credit demand.

We can address the issue by incorporating language in "Special Provisions" and we have been doing just that. But we feel NAESB should take one more look at Section 10 and determine if the language we are proposing can be incorporated into the NAESB Base Contract to provide a more reasonable approach in dealing with financial responsibilities.

We recommend deleting Section 10.1, 10.2 and 10.3 of the General Conditions in their entirety and replace them with the following:

- 10.1. In the event either party shall (i) make an assignment or any general arrangement for the benefit of creditors; (ii) default in the payment or performance of any obligations to the other party under this Contract and remain in default for a period of three (3) days after written notice

of said default from the other party; (iii) file a petition or otherwise commence, authorize or acquiesce in the commencement of a proceeding or cause under any bankruptcy or similar law for the protection from creditors or have such petition filed or proceeding initiated against it; (iv) otherwise become bankrupt or insolvent (however evidenced); (v) be unable to pay its debts as they fall due; or (vi) having defaulted in a performance or payment obligation and not corrected such default following receipt of written notice to the other party as specified in (ii) above, fail to give adequate security for or assurance of its ability to perform its further obligations under this Contract within forty-eight (48) hours of a reasonable request by the other party; then, upon the occurrence of each one or more of the events stated in items (i) through (vi) above, the other party shall have the right to withhold or suspend deliveries or terminate this Contract without prior notice. Each party reserves to itself all rights, set-offs, counterclaims, and other defenses which it is or may be entitled to arising from this Contract.

We thank the NAESB Wholesale Gas Quadrant for considering General Motors' request in this matter.

Sincerely,



Jon J. Schuch
Manager, Energy Supply