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NEWS RELEASE

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**Calpine Receives California Energy Commission Approval
to Construct 600-MW Russell City Energy Center**

SAN JOSE, Calif., Sept. 26, 2007 – Calpine Corporation [OTC Pink Sheets: CPNLQ] received final approval today from the California Energy Commission (CEC) to construct the 600-megawatt Russell City Energy Center in Hayward, Calif. Calpine expects to begin construction of the new energy center in the spring of 2008 and operate the plant when it starts production in mid-2010.

Calpine's co-investor in Russell City is Stamford, Conn.-based GE Energy Financial Services, which acquired a 35 percent interest in the plant from Calpine in September 2006. As a result of a competitive bidding process, Pacific Gas and Electric Company (PG&E) selected Calpine to help strengthen Bay Area power reliability. PG&E will purchase the full output of the power plant under a ten-year agreement.

“Calpine appreciates the dedication and hard work of the CEC Commissioners and staff in helping to ensure that Bay Area homes and residences will benefit from one of the nation's cleanest and most fuel-efficient energy resources,” stated Calpine Chief Executive Officer Robert P. May. “With the support of our co-investor GE Energy Financial Services, the Russell City Energy Center will be a reliable, cost-effective and environmentally preferred source of electricity for our valued customer, PG&E. And as a low-carbon, natural gas energy resource, the new facility will help California achieve its near- and longer-term air quality goals.”

Russell City will be the newest, state-of-the-art energy center to be built in California. Calpine designed the natural gas-fueled facility using best available emissions controls and combined-cycle technology – the cleanest and most fuel efficient of its kind in the industry. These clean-energy technologies will make Russell City 40 percent more fuel-efficient and will allow for a greater than 90 percent reduction of emissions compared to the average U.S. fossil-fueled power plant.

In addition to providing a clean, local source of electricity, Russell City will be one of Hayward's largest users of recycled water, helping the City to reduce its impact on sensitive San Francisco Bay habitat. Calpine will construct the plant at an industrial site adjacent to Hayward's recycled water treatment facility. During peak construction, Russell City will create approximately 650 union construction jobs. A 25-member Calpine operations staff will help ensure Russell City generates electricity safely and reliably – twenty-four hours a day, seven days a week.

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Calpine in California

Calpine Corporation has made an unprecedented investment in California's energy infrastructure through the construction and operation of the state's newest, cleanest, and most fuel-efficient fleet of power plants. The state's single largest producer of power from renewable resources, Calpine was also the first company to license and construct a major California power plant in more than a decade and is responsible for the first baseload generation built in the San Francisco Bay Area in more than 30 years. Since July 2001, Calpine has added more than 4,000 megawatts of new capacity in California - an accomplishment unmatched by any other company in the energy industry.

About Calpine

Calpine Corporation is helping meet the needs of an economy that demands more and cleaner sources of electricity. Founded in 1984, Calpine is a major U.S. power company, capable of delivering more than 24,600 megawatts of clean, cost-effective, reliable and fuel-efficient electricity to customers and communities in 18 states in the U.S. The company owns, leases and operates low-carbon, natural gas-fired and renewable geothermal power plants. Using advanced technologies, Calpine generates electricity in a reliable and environmentally responsible manner for the customers and communities it serves. Please visit <http://www.calpine.com/> for more information.

About GE Energy Financial Services

GE Energy Financial Services' 350 experts invest globally with a long-term view, backed by the best of GE's technical know-how and financial strength, across the capital spectrum and the energy and water industries, to help their customers and GE grow. With \$14 billion in assets, GE Energy Financial Services, based in Stamford, Connecticut, invests more than \$5 billion annually in two of the world's most capital-intensive industries, energy and water. More information: www.geenergyfinancialservices.com.

About GE

GE (NYSE: GE) is a diversified technology and services company dedicated to creating products that make life better. From aircraft engines and power generation to financial services, medical imaging, television programming and plastics, GE operates in more than 100 countries and employs more than 300,000 people worldwide. For more information, visit the company's Web site at <http://www.ge.com/>.

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Calpine Forward-Looking Statement

In addition to historical information, this news release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Words such as "believe," "intend," "expect," "anticipate," "plan," "may," "will" and similar expressions identify forward-looking statements. Such statements include, among others, those concerning the company's expected financial performance and strategic and operational plans, as well as all assumptions, expectations, predictions, intentions or beliefs about future events. You are cautioned that any such forward-looking statements are not guarantees of future performance and that a number of risks and uncertainties could cause actual results to differ materially from those anticipated in the forward-looking statements. Such risks and uncertainties include, but are not limited to: (i) the risks and uncertainties associated with the company's Chapter 11 cases and companies' Creditors Arrangement Act proceedings, including its ability to successfully reorganize and emerge from Chapter 11; (ii) its ability to implement its business plan; (iii) financial results that may be volatile and may not reflect historical trends; (iv) seasonal fluctuations of results; (v) potential volatility in earnings associated with fluctuations in prices for commodities such as natural gas and power; (vi) its ability to manage liquidity needs and comply with financing obligations; (vii) the direct or indirect effects on the Company's business of its impaired credit including increased cash collateral requirements in connection with the use of commodity contracts; (viii) transportation of natural gas and transmission of electricity; (ix) the expiration or termination of power purchase agreements and the related results on revenues; (x) risks associated with the operation of power plants including unscheduled outages; (xi) factors that impact the output of its geothermal resources and generation facilities, including unusual or unexpected steam field well and pipeline maintenance and variables associated with the waste water injection projects that supply added water to the steam reservoir; (xii) risks associated with power project development and construction activities; (xiii) its ability to attract, retain and motivate key employees; (xiv) its ability to attract and retain customers and counterparties; (xv) competition; (xvi) risks associated with marketing and selling power from plants in the evolving energy markets; (xvii) present and possible future claims, litigation and enforcement actions; (xviii) effects of the application of laws or regulations, including changes in laws or regulations or the interpretation thereof; and (xix) other risks identified in the Company's annual and quarterly reports on Forms 10-K and 10-Q. All information set forth in this news release is as of today's date, and the company undertakes no obligation to update any forward-looking statements, whether as a result of new information, future developments or otherwise.

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