NEWS RELEASE **CONTACT:**

Media Relations: Meg Laidlaw, 713-830-8655
Investor Relations: Rick Barraza, 408-995-5115, X1125

Calpine Power Services and East Kentucky Power Cooperative Finalize Agreements

Includes Sale of GE 7EA Combustion Turbines and Related Engineering and Construction Management Services

(SAN JOSE, Calif.) / PR Newswire – First Call/ Feb. 27, 2004 – Calpine Corporation [NYSE: CPN] today announced that its subsidiary, Calpine Power Services, Inc., has finalized an agreement with East Kentucky Power Cooperative related to the sale and installation of two GE 7EA natural gas combustion turbines at East Kentucky's J.K. Smith Power Station in Trapp, Ky. Calpine will supply the two combustion turbines from its existing inventory.

East Kentucky Power, which is a not-for-profit generation and transmission utility with headquarters in Winchester, Ky., also awarded Calpine Power Services two contracts to provide engineering, design and construction management, and equipment procurement services. The company will manage installation of the turbines under a joint venture agreement with BE&K Construction Company, Montgomery, Ala.

"This transaction continues our rapid growth in the power services sector," according to Ken Koye, vice president of Houston-based Calpine Power Services. "Calpine Power Services has unparalleled experience in every aspect of power generation. We bring to our customers an in-depth expertise in all phases of program management – from development through operations and maintenance. These full-service capabilities are based on Calpine's leadership position in the power industry, having completed the largest one-year power plant construction program."

East Kentucky awarded the proposal to Calpine and BE&K in April 2003 and received approval from the Kentucky Public Service Commission in January 2004. Initial engineering efforts are underway and the new units are expected to enter commercial operation in December 2004.

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About Calpine Power Services

Calpine Power Services offers a complete array of program services for gas turbine power plants to help plant owners reduce costs and improve efficiency. Services cover all phases of program management, including engineering and design, construction management, and operation and maintenance services. Calpine Power Services is a wholly owned subsidiary of Calpine Corporation.

About Calpine

Calpine Corporation, celebrating its 20th year in power in 2004, is a leading North American power company dedicated to providing electric power to wholesale and industrial customers from clean, efficient, natural gas-fired and geothermal power facilities. The company generates power at plants it owns or leases in 21 states in the United States, three provinces in Canada and in the United Kingdom. Calpine is also the world's largest producer of renewable geothermal energy, and owns or has access to approximately one trillion cubic feet equivalent of proved natural gas reserves in the United States and Canada. The company is listed on the S&P 500, and was named *FORTUNE's* 2004 America's Most Admired energy company. Calpine was founded in 1984 and is publicly traded on the New York Stock Exchange under the symbol CPN. For more information about Calpine, visit www.calpine.com.

This news release discusses certain matters that may be considered "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, including statements regarding the intent, belief or current expectations of Calpine Corporation ("the Company") and its management. Prospective investors are cautioned that any such forward-looking statements are not guarantees of future performance and involve a number of risks and uncertainties that could materially affect actual results such as, but not limited to, (i) commercial operations of new plants that may be delayed or prevented because of various development and construction risks, such as a failure to obtain the necessary permits to operate or failure of third-party contractors to perform their contractual obligations; and (ii) other risks identified from time-to-time in the Company's reports and registration statements filed with the SEC, including the risk factors identified in its Annual Report on Form 10-K for the year ended December 31, 2002, its Form 8-K filed on October 23, 2003, and its Quarterly Report on Form 10-Q for the quarter ended September 30, 2003, which can be found on the Company's website at www.calpine.com. All information set forth in this news release is as of today's date, and the Company undertakes no duty to update this information.

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