

Exhibit 21

Warrant Term Sheet



**Calpine Term Sheet Regarding Warrants to be Issued to Holders of Interests Under
Calpine Plan of Reorganization**

THIS TERM SHEET IS NOT AN OFFER WITH RESPECT TO ANY SECURITIES OR A SOLICITATION OF ACCEPTANCES OF A CHAPTER 11 PLAN WITHIN THE MEANING OF SECTION 1125 OF THE BANKRUPTCY CODE. ANY SUCH OFFER OR SOLICITATION WILL COMPLY WITH ALL APPLICABLE SECURITIES LAWS AND/OR PROVISIONS OF THE BANKRUPTCY CODE. THIS TERM SHEET CONTAINS MATERIAL NON-PUBLIC INFORMATION ABOUT A PUBLIC COMPANY AND, THEREFORE, IS SUBJECT TO FEDERAL SECURITIES LAWS.

This Term Sheet is among Calpine Corporation et al., debtors and debtors in possession in Case No. 05-60200 (BRL), pending in the United States Bankruptcy Court for the Southern District of New York (the “Debtors”), the Official Committee of Unsecured Creditors of Calpine Corporation et al. (the “Creditors Committee”), and the Official Committee of Equity Security Holders of Calpine Corporation (the “Equity Committee”), with respect to the issuance of warrants (the “Warrants”) under the Debtors’ Chapter 11 Joint Plan of Reorganization, as amended (“Plan”).¹

Notional Amount of Warrant*	An amount to be determined and agreed among the Parties intended to be equal to 10% of the total undiluted issued and outstanding equity of Reorganized Calpine on the Effective Date. For illustrative purposes, assuming the issuance of 500 million shares on the Effective Date, the aggregate notional amount of the warrants would be 50 million.
Exercise Price*	For purposes of the Exercise Price on the Warrants only, an amount per share based on \$11.942 billion of reorganized equity value as calculated on the attached exhibit. For purposes of clarity, in determining the Exercise Price, the \$11.942 billion of reorganized equity value shall be deemed to remain constant; provided; however, if, prior to the Effective Date, there occurs any asset sale or other disposition of assets (other than those included in the Distributable Value in Miller Buckfire's expert report) and the proceeds of any such sale or distribution are not reinvested, retained or used to reduce the Reorganized Debtors' debt obligations, the Exercise Price shall be reduced by such amount that is not so reinvested, retained or used to reduce the

¹ Terms not otherwise defined herein shall have the same meaning as in the Plan.

	<p>Reorganized Debtors' debt obligations. The purpose of the foregoing sentence is to ensure that if equity value is reduced due to asset sales, the Exercise Price shall be reduced accordingly. For illustrative purposes, assuming the issuance of 500 million shares on the Effective Date, the exercise price would be \$23.88 per share.</p>
Expiration Date	<p>Expiration date is the later of (i) August 25, 2008, or (ii) six months after the Effective Date.</p>
Anti-Dilution	<p>Mechanical anti-dilution only (e.g., stock splits, stock dividends, etc.). No economic anti-dilution.</p>
SEC Registration	<p>Both Warrants and underlying New Calpine Common Stock will be Section 1145 eligible and freely transferable. No registration required.</p>
Implementation	<p>Issuance of Warrants, as well as customary provisions, including without limitation a stipulation between the Debtors and the Creditors</p> <p>Committee as to New Calpine Total Enterprise Value of \$18.95 billion (to which the Equity Committee does not object), shall be incorporated into the Plan. The Debtors shall file a motion to modify the Plan to make it consistent with this Term Sheet. Unless otherwise agreed by the Parties, this Term Sheet shall be of no further force and effect, and all Parties reserve their rights to proceed as if the Term Sheet had not been executed if the Plan (as to the distribution of Warrants to Interest Holders) and the motion to approve the modification to incorporate the Warrants are not approved by the Bankruptcy Court either on the record at a hearing or by entry of the Confirmation Order on or before December 20, 2007.</p>

Plan Treatment	Holders of Allowed Class E-1 Interests shall receive their pro rata distribution of the Warrants as their sole recovery under the Plan on account of such Allowed Class E-1 Interests, regardless of the ultimate total amount of Allowed Claims.
Treatment of Equity Securities Claims	Term Sheet is conditioned upon Plan providing that Equity Securities Claims shall be satisfied solely by available insurance proceeds, if any.
Documentation	Subject to definitive documentation satisfactory to the Parties.

* The intent is for the Warrants, when issued, to have a sum certain defined for both the notional amount and the exercise price per share as described above, whether based on estimates, agreement among the Parties, or otherwise.

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December 18, 2007

CALPINE CORPORATION, et al., Debtors
and Debtors in Possession

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