Management Report

Dear Shareholders,

In compliance with the law and the Bylaws of CPFL Energia S.A. ("CPFL Energia" or "Company"), the Management of the Company hereby submits to you the Management Report and financial statements of the Company, along with the reports of the independent auditor and Fiscal Council for the fiscal year ended December 31, 2022. <u>All comparisons herein are made with consolidated figures for fiscal year 2021, except when specified otherwise</u>.

1. Opening remarks

The year 2022 was marked by the end of the most restrictive measures in relation to the COVID-19 pandemic and by growing concerns about the impacts of the war between Russia and Ukraine on global economy. In Brazil, the weak economic performance and tensions surrounding the election period were offset by a significant improvement in hydrological conditions at the start of the year and the consequent reduction in energy prices in the spot market, a trend that continued throughout the period.

For consumers, however, this did not translate into an immediate reduction in tariffs. The high costs of the previous year were still being transferred to the tariff adjustments and the "water scarcity" flag remained in effect until April. The withdrawal of the flag, combined with the reduction in the ICMS tax, resulted in lower tariffs in the 2nd half of the year, which helped control the delinquency rate.

Another significant trend was the significant growth in the installation of solar panels (mini and distributed microgeneration), thanks to Law 14,300/22, which fixed a transition phase after one year of its enactment, so that subsidies could start being reduced. This resulted in numerous installation requests, especially in the closing months of 2022.

In this scenario, the CPFL Energia group continued to actively pursue sustainable growth in order to generate value for its stakeholders. We invested a record R$5.8 billion to improve the performance of our distribution assets by expanding networks and deploying new technologies to continue offering quality service to our customers. We also invested in plant maintenance and retrofitting projects at our transmission networks to achieve excellence in operational management.

With regard to investments, another important was the operational startup of CPFL Maracanaú, a project comprising a new substation and about 2 km of transmission lines, located in the state of Ceará, with RAP of R$7.9 million for the 2022-2023 cycle.

In the transmission segment, 2022 was the year of consolidation of our last acquisition, CPFL Transmissão. The turnaround process, which began in October 2021, produced excellent results, such as the swap of debt in USD for a debenture at a cost that is in line with the CPFL Energia group's standards. Our contract management actions, and the retirement plan helped reduce Personnel, Material, Services and Other (PMSO) expenses, and we identified new investment opportunities in retrofitting projects, which are awaiting approval from regulatory authorities. We also concluded the delisting of CPFL Transmissão from B3 and consequently, CPFL Cone Sul holds 100% of the shares of CPFL Transmissão.

Still on the subject of growth, in September 2022, CPFL Geração exercised its preemptive right to acquire 3.4% of the shares of the Campos Novos HPP (Enercan). As a result, we now own 52.12% of the project and its effective control. CPFL Soluções signed an agreement for the Allegra Project to revitalize the Pacaembu Stadium in São Paulo and transform it into a major entertainment and leisure center; the project involves Capex estimated at R$70 million and an O&M agreement of R$300 million for 15 years. Our operations also expanded in the financial area: Alesta, the group's fintech, now offers credit to customers in the concession areas of CPFL Paulista, CPFL Piratininga and CPFL Santa Cruz. We will shortly include RGE.

The outlook for the coming years is also positive. In late 2022, the Board of Directors of CPFL Energia approved the Group's new 2023-2027 Investment Plan, which entails the allocation of R$25.4 billion to existing businesses, notably R$20.6 billion to the distribution segment and R$3.2 billion to the transmission segment.

On the ESG front, we rolled out the ESG 2030 Plan, an evolution of the 2020-2024 Sustainability Plan, which laid out 23 commitments organized into four pillars and integrated into the Company's Strategic Planning. These refer to indicators and targets for the protection, optimization and value creation in the business, considering the economic, operational, social and environmental impacts and risks. It is worth noting our commitment to carbon neutrality as of 2025 and to reduce total emissions by 35% by 2030.

Also worth mentioning is the ISO 37,001 certification received for the anti-bribery management system, which is designed to help companies combat bribery through a culture of integrity, transparency and compliance with applicable laws and regulations. Furthermore, the Company's stock remained in the portfolio of B3's Corporate Sustainability Index (ISE) and came 3rd in the overall ranking of the index selection process.

Financial discipline, which has always been a hallmark of CPFL Energia, once again guides our capital allocation decisions. With regard to the 2021 result, we paid dividends of R$4.5 billion to shareholders in the period between December 2021 and December 2022, which corresponded to a payout ratio of 100%.

Finally, the management of CPFL Energia reaffirms its commitment and confidence to the shareholders, clients, partners, society and other stakeholders, and thanks all CPFL Group employees for the results achieved. For 2023, we remain confident in our journey of growth in this sector that is so important for Brazilian society.

Shareholders' Structure (simplified)

CPFL Energia is a holding company that owns stake in other companies:

Reference date: 12/31/2022

Notes:

(1) RGE is held by CPFL Energia (89.0107%) and CPFL Brasil (10.9893%);

(2) CPFL Soluções = CPFL Brasil + CPFL Serviços + CPFL Eficiência;

(3) 51.54% stake of the availability of power and energy of Serra da Mesa HPP, regarding the Power Purchase Agreement between CPFL Renováveis and Furnas;

(4) CPFL Renováveis is controlled by CPFL Energia (49.1502%) and CPFL Geração (50.8498%);

(5) Alesta is controlled by CPFL Energia (99.99%) and by CPFL Brasil (0.01%);

(6) CPFL Piracicaba, CPFL Morro Agudo, CPFL Maracanaú, CPFL Sul I e CPFL Sul II are consolidated in CPFL Geração.

2. Comments on the macroeconomic and regulatory scenario

Macroeconomic scenario

The year 2022 began with the threat of a new global wave of COVID-19 caused by the Omicron variant, which, though more contagious, was less lethal for the vaccinated population. Its broad transmission, concomitant with the increase in vaccination, resulted in a sharp scale down of restrictions on circulation abroad. As such, the pandemic became an issue of minor economic impact,

which, however, did not mean an immediate normalization of the economy. The imbalance in production chains at the start of 2022 were aggravated by Russia's invasion of Ukraine. Fears about the supply of grains, metals and energy resulting from the conflict sharply increased the prices of key commodities.

However, the resumption of post-pandemic activities boosted the consumption of services and the labor market, with broad repercussions on consumption in general.

As such, even as demand remained high, supply continued to suffer the negative impacts of disruptions in inputs chains and by the war. Global inflation became a major worry during the year.

In these circumstances, leading central banks launched a synchronized and significant monetary tightening initiative, which, judging by the signs in their recent communications, should continue through the initial months of 2023.

In the last quarter of the year, economic activity showed the first signs of slowing down, as was inflation. Inflation benefited from the slowdown in activity and the gradual normalization of production chains and alternative arrangements, which minimized the impacts of the Russia-Ukraine conflict on commodity supplies.

Brazil benefited from the hike in international commodity prices in two aspects. The first was external accounts: exports grew 19.3% from 2021, resulting in a record trade surplus of US$ 62.3 billion, despite the significant growth in imports (24.3%). The healthy trade balance helped keep current account deficit and external debt at a comfortable level.

The second benefit of higher commodity prices was the growth in federal tax revenues from the mining sector. Driven by the sharp rise in the international prices of iron ore in 2021 and oil in 2022, federal tax revenues accounted for 1.8% of GDP in 2021 and should reach 2.6% in 2022 - well above the average of 0.9% of GDP in the 2011-2020 decade. In fact, this revenue growth played a decisive role in Brazil's public sector reporting primary surpluses once again in 2021 and 2022 - something that was not observed since 2013.

However, such surprises provided room for an increase in spending and tax cuts. In this context, it must be highlighted that uncertainties surrounding Brazil's fiscal sustainability have been on the rise since late 2021 when the main fiscal rule in force - federal spending limit - was changed to enable the federal government ramp up spending during the election year. In addition to the approval of the Proposed Constitutional Amendment (PEC) on Judicial Payment Orders in 2021, which changed the method for revising the spending limit and postponed to 2027 the payment of judicial payment orders estimated at between R$150 billion and R$200 billion, the "Kamikaze" PEC was approved in 2022, which allowed, among others, an increase in the payments made under the Auxílio-Brasil program between August and December 2022.

On the revenue side, the federal government announced various tax cuts in 2022, such as the reduction in the IPI tax on diverse products (which reduced primary revenue by about 0.3% of GDP in annualized terms), the PIS/Cofins tax on fuel (which reduced annual revenue by around 0.5% of GDP) and ICMS on electricity, fuel, telecommunications and urban public transport (which reduced annual revenue by 0.8% of GDP).

This combination sharply worsened the outlook for public debt. Many analysts are predicting a sharp increase in the debt/GDP ratio during the decade, starting from a level in 2022 that was already relatively high for an emerging economy. Note that this deterioration was also clearly evident in the interest on Brazilian government's medium- and long-term local currency bonds: by late 2020, real interest paid on such bonds fluctuated between 4% and 4.5% p.a., having jumped to 5.5% to 6% p.a. in late 2021 and exceeding 6% p.a. at the end of 2022.

Such uncertainties related to fiscal sustainability were largely responsible for keeping the Brazilian real under pressure in the second half of 2022, despite improving to R$4.76/US$ in April, before the "Kamikaze" PEC and tax cuts took effect. In July, the Brazilian real fell to R$5.37/US$, before fluctuating around R$5.25/US$ in subsequent months. This pressure on the real occurred despite the sharp increase in real interest rates and the healthy results in the external account scenario, which would actually help prop up the currency.

On the other hand, the tax cuts significantly reduced inflationary pressures, especially in the second half of the year, when the economy registered deflation in the monthly comparison for three consecutive months from July through September. Thus, despite reaching 12.1% in the 12 months ending April, inflation ended the year 2022 at 5.8%. Despite coming above the target ceiling for the second year in a row, it is much lower than the 10.1% registered in 2021 and what it would have been without the tax cuts (down 2 p.p. to 2.5 p.p.).

Economic activity also benefited from this fiscal stimulus, especially in the second half of the year. The first half was marked by the strong expansion of the job market and higher consumption, especially of services provided to families (reflecting the post-pandemic recovery), which resulted in an increase of 1.4% from the end of 2021. The tax cuts and government spending further boosted real income (thanks to the Auxílio Brasil program, deductible-loans from Auxílio Brasil and lower inflation, among others) and drove GDP growth in the third quarter of the year, despite the negative effects of monetary contraction that were being felt and which resulted in a slight decline in GDP in the fourth quarter.

Regulatory Environment

The key changes in sector regulations in the **distribution segment** in 2022 are outlined below:

1) Automatic Registration in the Social Electricity Tariff Program

Pursuant to Federal Law 14,203/2021, regulated by ANEEL Normative Resolution (REN) 953/2021, the automatic registration of families meeting the eligibility criteria for the Social Tariff benefit began in January 2022. Until then, many consumers who met the eligibility criteria for the Social Tariff benefit but, for some reason, such as ignorance of the benefit or commuting difficulties, never requested the benefit from the electricity distributors.

2) Market Opening, Rules for Energy Market and Improvement of the Management of Energy Contracting by Distributors

During 2022, several discussions were held on the subject of market liberalization, its consequences and prior regulations required for its sustainability.

In January 2022, as required by Administrative Rule 465/2019, ANEEL published the results of Request for Comments no. 10/2021, through Technical Note 10/2022–SRM/ANEEL, mapping the regulatory measures necessary to permit the opening of the free market for consumers with load less than 500 kW. Together with the CCEE Technical Note "Concept Proposal for Market Opening", published in September 2021, these studies would be the basis for technical discussions on market opening.

The topic was also widely discussed in parliament through bills (PLs) 414/2021 and 1917/2015. Despite the stated intention to vote on PL 414/21 in 2022 itself, the Bill was subject to 103 proposed amendments in the Chamber of Deputies (the lower house), including several controversial issues in the sector, which made voting difficult as it coincided with the parliament recess.

Faced with the possibility of the PLs not being voted in 2022, the Ministry of Mines and Energy (MME) decided to hold a public discussion on market opening through ministerial decrees. It launched Public Consultations MME 131/2022 and MME 137/2022 with the proposal to open the market of entire Group A from January 2024 and the staggered opening of Group B between January 2026 and January 2028.

After these public discussions, the Ministry only published Normative Rule 50/GM/MME on September 27, 2022, which defined the market opening for the entire Group A, regardless of the load. Market opening for Group B by way of an administrative rule will be assessed by the new team at the Ministry or will continue through the Bills pending in parliament, whichever occurs first.

At the same time, throughout 2022, ANEEL was discussing and bringing clarity to issues related to market opening in order to strengthen the regulations for the energy market, such as: criteria for entry, operation and exit of agents in the energy market, financial guarantees, market monitoring and the figure of the energy trader.

3) Management of Energy Contracting by Distributors

In April 2022, through REN 1,018, ANEEL streamlined the New Energy Surplus and Deficit Offset Mechanism (MCSDEN) for processing and managing the contracting of electricity by distributors. The regulation, which amends REN 1,009 of March 22, 2022, is designed to optimize the Mechanism in order to obtain better results in the balance between distributors with energy deficits and surpluses in relation to the market.

ANEEL also included MCSDEN A-6 and A-7 in the new standard, exceptionally held MCSDEN A-6 in 2022, in view of the possibility of holding the auction in August 2022, and addressed the principle of maximum efforts by the distributor to adjust its contracted level.

In November 2022, ANEEL also approved the improvement of the tariff pass-through of the monthly and multi-year products of the Surplus Sale Mechanism (MVE), improving Submodule 4.3 of the Tariff Regulation Procedures (PRORET). The topic was discussed in Public Consultation 72/2021, which received inputs from December 1, 2021 to January 31, 2022. As per the decision, the transfer to multi-year products (two, three, four and five years) will follow the same methodology as annual products defined in REN 955/2021. For monthly products, the methodology established in the same Resolution for quarterly and semi-annual products must be followed.

4) Water Scarcity Account – Sector Loan

The Water Scarcity Account was created to help the electricity sector in light of costs resulting from the scenario of low water levels and the increase in thermal power generation throughout 2021. Pursuant to Provisional Presidential Decree 1,078/2021 and Decree 10,939/2022, the account was established through a joint effort by the MME, the Ministry of Economy (ME) and ANEEL, whereby the operation was contracted and is managed by the Electric Energy Trading Chamber (CCEE).

The initiative allowed the postponement and payment in installments of tariff impacts caused by the water crisis, thus not immediately impacting energy bills. As such, any tariff increases required in view of the situation were diluted over 54 months, which is the period for repaying the loan.

As approved by Order 1,177 of May 3, 2022, CPFL Energia used the maximum limit of the loan, totaling R$798.7 million. The cost of the financing operation was officially disclosed by CCEE and financial institutions, which is an interest rate equivalent to CDI + 2.8% p.a. of remuneration, structuring fee of 2.5% on the total operation amount (R$5.3 billion) and 0.9% p.a. commitments on undisbursed amounts.

5) Transfer from CDE to Fair Tariffs mechanism

ANEEL improved the provisions of Federal Law 14,182/2021 (Capitalization of Eletrobras), which dealt with fair tariffs. ANEEL REN 1,049 of November 22, 2022, establishes the transfer of funds from the Energy Development Account (CDE), resulting from the capitalization of Eletrobras, to mitigate the tariff readjustment indices of energy distributors.

The disbursement and corresponding transfer to distributors was made throughout 2022 in the total amount of R$ 5.274 billion, which helped reduce tariffs for Brazilian consumers by 2.3% on average, according to ANEEL.

6) Locational Signal TUST and TUSDg

In June 2022, ANEEL approved the streamlining of regulatory procedures related to the locational signal of TUST and TUSD. With the approval of REN 1,041 of September 20, 2022, ANEEL has signaled a regulatory change by amplifying the locational signal of transmission tariffs gradually between 2023 and 2028.

However, the Chamber of Deputies approved Draft Legislative Decree 365/2022, which suspends the effects of ANEEL's decision. The Bill was sent to the Senate, where it is awaiting inclusion on the agenda.

7) Tariff Sandbox Projects

Continuing with what was defined in REN 996/2021, in May 2022, ANEEL approved, through Order 1,291/2022, the Tariff Sandbox Governance project carried out by CPFL Paulista, the leader of a cooperative effort comprising 31 distributors. The project will consolidate the studies of pilot subprojects for tariff experimentation in Brazil's electricity sector.

At the same, the 1st Public Call for Tariff Sandboxes was announced, inviting distributors to submit pilot projects on experimenting with new tariffs and other projects involving the billing of energy consumers. The first public call was announced on August 29, 2022 and project proposals will be accepted for scrutiny until February 10, 2023.

8) Improvement of REN 1,000/21 and REN 950/2021

In July 2022, the board of ANEEL decided to approve the change in the term of three articles (64, item III; 257 and 598) of Resolution 1,000/2021, which consolidated 64 ANEEL resolutions related to the rights and duties of consumers and others involved in electricity supply. The changed timeframes refer to the production of evidence on lawsuits regarding measurement defect and irregularity (articles 257 and 598) and issuance of connection budget (article 64, III).

In September 2022, ANEEL approved the improvement of RENs 950 and 1,000 of 2021. The changes were due to the publication of Decrees 11,016 and 11,034 of 2022, which deal, respectively, with the regulation of a Single Register for Social Programs of the Federal Government and the establishment of guidelines and norms on Consumer Service.

In November 2022, ANEEL amended REN 1,000/2021 and Submodule 2.7 and 2.7A of the Tariff Regulation Procedures (PRORET) to regulate Law 11,445/2007, whose text was given by Law 14,026/2020 and which brings the possibility of collecting, through electricity bills, the fees or tariffs resulting from the provision of urban cleaning and solid waste management services.

9) Demand Response Program

The Demand Response Program, which opens up the possibility of voluntarily reducing or shifting the demand for electricity by large consumers, started operating as a structural program in the electricity sector on October 1, 2022. Approved by ANEEL, the mechanism is since being used by the National Electricity System Operator (ONS) for managing resources and operating the

National Interconnected System (SIN). The program is optional and is targeted at free or potentially free consumers.

10) Regulation for Research, Development and Innovation Procedures (PROPDI)

In October 2022, ANEEL approved improvements to the Procedures for Regulation of the Research, Development and Innovation Program (PROPDI) of ANEEL. The new regulation will come into effect on July 1, 2023. The revision was aimed at creating an environment favorable for innovation in the electricity sector. The main structural change in relation to the previous procedures regulated by ANEEL is that Innovation is the main purpose of PROPDI, for which it will use the instruments related to research and development already regulated and others that may represent new ways of application, such as startups.

11) Distributed Micro- and mini-generators

On January 7, 2022, Federal Law 14,300 of January 6, 2022 was enacted with presidential vetoes, which established the regulatory framework for distributed micro- and mini-generators, the Electricity Compensation System (SCEE) and the Social Renewable Energy Program (PERS), among other measures.

Said Law established rules that differ from the current ANEEL standard and need to be regulated, which include:

- Payment in the Energy Development Fund (CDE) for use of compensated energy. The SCEE in force permits consumers with distributed micro- or mini-generators to not directly pay the costs for the use of electricity grid when the energy equivalent to that supplied previously is returned to them. These costs are shared among all consumers in the electricity tariff, as a subsidy. With Law 14,300/2022, CDE now temporarily includes these costs incurred on compensated electricity. Consumers in the regulated environment will pay for this cost in CDE. This specific issue is the subject of Public Consultation 50/2022, open until December 12, 2022.
- Special rule for adhesions until January 6, 2023. Any consumer with existing micro- or mini-generators or who requests connection to the distribution grid by January 6, 2023 will be fully exempt from TUSD until 2045. In this period, the cost of these consumers will continue to be apportioned in the tariff of consumers, according to the location of the micro- and mini-generators and the concession area of each distributor. ANEEL must regularly disclose the value of the implicit subsidy.
- Progressive reduction of TUSD cost. For consumers who request connection to the distribution grid after January 6, 2023, Law 14,300/2022 has established a transition period with progressive reduction of TUSD cost until the final rule on the issues becomes effective in 2029. As of that date, consumer units in SCEE will be levied tariff components not associated with the cost of energy on the quantity compensated, net of the benefits to be valued by the National Energy Policy Council (CNPE) and the calculations made by ANEEL 18 months after the enactment of Law 14,300/2022.

Law 14,300/2022 sets other provisions that depend on ANEEL regulations to become effective, which include:

- Connection of distributed micro- or mini-generation with storage systems. It is necessary to establish technical parameters for the storage systems to ensure the functioning of the electricity grid and guarantee the operation of SCEE from renewable sources.
- Guarantee of faithful compliance. Law 14,300/2022 makes it mandatory to submit a guarantee prior to the connection for generation units above 500 kilowatts (kW). For the legal requirement to take effect, the criteria, modalities, and conditions for the presentation of guarantee must be defined.

- Compensation outside the permission area. ANEEL must determine how the compensation will be made by distribution concessionaires of the surplus generated in the consumer unit connected to a permit holder.
- Billing of the transition period. It is necessary to define how billing will be made in cases of compensation of generation units that do not fit the conditions established by law.

In July 2022, the Brazilian Congress overrode two presidential vetoes to certain provisions of the Law, one of which authorizes the inclusion of projects in the Special Infrastructure Development Regime (Reidi) and the other permits the classification as micro- or mini-generators the floating photovoltaic generation units installed on reservoirs of hydroelectric plants, dams and natural and artificial lakes.

During 2022, ANEEL initiated a series of public discussions to debate the regulations on the subject, including Public Consultations 31/2022, 50/2022 and 51/2022, which dealt with, respectively, the regulation of articles 21 and 24 of Law 14,300 (involuntary overcontracting), regulation of the economic aspects of Law 14,300/2022 and adjustment of the regulations applicable to the distributed micro- and mini-generators, by virtue of the provisions established in Law 14,300/2022.

In December 2022, there was a legislative effort to amend the recently created Law 14,300/2022 to extend the deadline for requesting access from the distributor without the application of new, less advantageous tariff rules to the distributed micro- and mini-generator units, and for including SHP projects in the compensation system. Bill 2,703/2022 was approved in the chamber of deputies on December 6, 2022, and sent to the Senate for analysis.

Through Ratification Resolution (REH) 3,169/2022, ANEEL published the percentages of reduction to be applied to the Tariff for Use of the Distribution System (TUSD) and the Energy Tariff (TE) for establishing the tariff used in billing the consumption associated with the SCEE, effective from January 8, 2023.

12) Refund of PIS/Cofins Taxes on ICMS in the Tariffs

Law 14,385/2022 defined the refund of amounts resulting from lawsuits on which final and unappealable decisions determined the exclusion of ICMS from the PIS/Cofins calculation base charged in the electricity bill.

ANEEL had been refunding the taxes in an exceptional manner since 2021, as determined by Order 361/2021. Before the enactment of the Law, in tariff processes between 2021 and 2022, in light of exceptional situations, ANEEL already considered that a part of PIS/Cofins credits could be used.

Even after the exceptional refund made, the residual amount had to be transferred until the approval of the Law. Therefore, ANEEL conducted a series of Extraordinary Tariff Reviews (RTEs) during which CPFL Santa Cruz and CPFL Paulista had new tariffs defined, which reduced the previously approved indexes, to consider the refund of amounts resulting from lawsuits on which the final judgement had been made.

13) Transfer of Balance in the Itaipu Trading Account to Distributors

In compliance with Decree 11,027/2022, ANEEL approved the transfer of the positive balance in the Itaipu Energy Trading Account to distributors in order to minimize the impact of the tariff adjustments in 2022. Only concessionaires in the South, Southeast and Midwest regions that are not fully supplied by other concessionaires, that is, concessionaires that have quotas of Contracted Power and Electricity amounts from the Itaipu Hydroelectric Plant, benefited.

14) Alteration of ICMS – Supplementary Law 194/2022

Supplementary Law 194/2022 brought changes to the National Tax Code (CTN – Law 5,172/1966) and Kandir Law (Supplementary Law 87/1996), determining the application of ICMS floor rates (17% or 18%) on fuel, electricity, communications, and public transport.

The Law recognized the essential nature of electricity, prohibited the establishment of ICMS rates higher than the State's general internal rate and defined that ICMS not be levied on transmission (TUST) and distribution (TUSD) services and sector charges in operations involving electricity.

However, since the enactment of the Law in August 2022, neither ANEEL nor the Tax Authorities of the States of São Paulo or Rio Grande do Sul had determined the ICMS calculation base. Hence, to mitigate the risks and comply with the Law, CPFL Energia Group has been charging ICMS only on the tariff portion of Electricity, called TE, until a formal decision from the State Tax Authorities.

15) Reduction of Itaipu Tariff

On December 29, 2022, through REH 3,168/2022, ANEEL established, temporarily and until the Budget Base for Exploration Expenses is deliberated by the Board of Directors of Itaipu Binacional, the transfer tariff of contracted power of Itaipu Binacional to be charged by Empresa Brasileira de Participações em Energia Nuclear e Binacional S.A. – ENBPar, at an amount equivalent in Brazilian Real to US$16.19/kW.month (sixteen dollars and nineteen cents per kilowatt month), applicable to billings from January 1 through December 31, 2023.

The key changes in sector regulations in the **transmission segment** in 2022 are outlined below:

16) MME Administrative Rule 11,314/2022

Consequent to Public Consultation 136/2022, MME approved through Decree 11,314/2022 the guidelines for auction or extension of the concession of expired transmission agreements. Therefore, the MME must define these guidelines and the core idea of the debate to guarantee:

1. transparency of the criteria and procedures that will be adopted; and
2. predictability for concessionaires and investors in the electricity sector.

In practical terms, Decree 11,314/2022 regulates the possibility of extending expired Transmission concessions through a Public Consultation ("CP") with the participation of society, provided the CP concludes that there are no benefits in the auction for the service or for clients. In case of extension, there will be no indemnity for the eligible asset base.

On the other hand, the erstwhile Transmission Concessionaire must be prepared for the auction or for a possible transition between concessionaires. In case of transition, the current concessionaire must bring forward the assessment of the eligible asset base and keep the base updated during the process, with accuracy and quality, observing the 36 months prior to the end of the concession agreement. In this case, the new concessionaire will be responsible for indemnifying the current one.

Extension of Concession

≥36 months

Transmission companies must request ANEEL for extension of Concession Agreeement.

≥21 months

a) ANEEL CP: bid is impracticable or results in damage to public interest.

b) ANEEL submits to MME the decision with reasons.

≥18 months

a) MME publishes the decision.

b) Amendment of concession agreement will be available.

≥11 months

a) Amendment signed (to extend the Concession Agreement).

b) No indemnity will be analyzed.

Concession Auction

≥36 months

Transmission companies must request ANEEL for extension of Concession Agreeement.

≥21 months

a) ANEEL CP: bid is impracticable or results in damage to public interest.

b) ANEEL submits to MME the decision with reasons.

≥18 months

a) MME publishes the decision.

b) Auction process starts.

<18 months

a) Assessment of indemnity of expiring concession.

b) Definition of new Transmission Concessionaire.

For CPFL Energia, the following table shows the expiry date of the Transmission Concession Agreements:

Transmission Concession	Concession Agreement	Expiry Date
CPFL Transmissão (CEEE-T)	080/2002	12/18/2032
CPFL Transmissão (CEEE-T)	055/2001	01/01/2043
CPFL Transmissão (Piracicaba)	003/2013	02/25/2043
CPFL Transmissão (Morro Agudo)	006/2015	03/27/2045
CPFL Transmissão (Maracanaú)	020/2018	09/21/2048
CPFL Transmissão (SUL I)	005/2019	03/22/2049
CPFL Transmissão (SUL II)	011/2019	03/22/2049
CPFL Transmissão (CEEE-T)	004/2021	03/31/2051

17) Administrative Rule MME 53/2022

On October 27, 2022, Administrative Rule MME 53/2022 was published, permitting Transmission Infrastructure Projects approved by the National Electricity System Operator (ONS) in the Plan for Modernization of Installations (PMI) as priority projects.

This makes investments in **Minor Improvements (according to REN ANEEL 905/2020, Module 3 – Installations and Equipment)** and without prior establishment of RAP, provided these are approved by the ONS in the PMI, eligible for the issue of incentivized debentures.

Therefore, the range of CPFL Transmission works eligible for this type of funding widens because most of the works involving the company's capex plan are structured with a mix of items with ANEEL authorization (eligible for this benefit) and PMI items.

18) Improvement of Regulations Associated with RETROFITTING and IMPROVEMENTS Projects in Electricity Transmission Installations

Published on May 27, 2022, REN ANEEL 1,020/2022 deals with improvements of the regulations associated with the RETROFITTING and IMPROVEMENTS projects in electricity transmission installations. With this, it altered Modules 1, 3 and 4 of the Transmission Services Rules and submodules 9.1, 9.2 and 9.7 of PRORET.

It consolidated the differentiation between **"Large" and "Small" RETROFITTING projects**:

a) **"Large" RETROFITTING projects:** involving transformation equipment or compensation of reactive power, and increasing the capacity of transmission lines, provided these involve at least 50% of the structures or conductors. It also included in the list of works of "sectioning of transmission lines (LT) through connection in existing substations, when indicated by the sector planning";

b) **"Small" RETROFITTING projects:** Other RETROFITTING projects.

It also ratified ANEEL's proposal authorizing the implementation of **"Large" RETROFFITING** <u>with prior establishment of RAP</u>, based on the scope determined in the Concession Plan. In a second phase, after the RETROFITTING project starts commercial operation, the transmission company should send the information "as constructed" to ANEEL, which <u>may proceed</u> to reappraise the number of employees for establishing additional ("RAP"), if the investment made is 25% higher or lower than that originally authorized.

As for **"Small" RETROFITTING projects**, the establishment of additional RAP changes from annual (in the periodic tariff adjustment) to five years (in the periodic tariff review: 2023, 2028, 2033, etc.).

For IMPROVEMENTS, the normative concept evolved, based on the accounting logic of investment, differentiating them from operation and maintenance activities. It also limited the concept to replacements and repairs of existing eligible assets, provided the equipment replaced or repaired is informed, in order to differentiate IMPROVEMENTS from RETROFITTING projects, and separate the investments inherent to the ample liberty enjoyed by transmission companies in conducting their businesses and the use of appropriate technologies for the service offered. In this concept, the difference between **"Large" and "Small" IMPROVEMENTS** was also kept, as well as the differentiation in the establishment of RAP for IMPROVEMENTS, depending on the type of concession agreement involved (whether postponed or bid).

Still with regard to IMPROVEMENTS, the procedure for treating **"Large"** equipment losses was implemented with the purpose of enabling the reestablishment of transmission functions relevant for SIN in a timely manner.

For all cases (RETROFITTING or IMPROVEMENTS), the right to additional RAP to the Transmission Company is guaranteed from the date the commercial operation is recognized by the ONS.

19) Specific Changes in ANEEL Reference Price Bank ("BPR")

With the publication of ANEEL Order 2,024/2022 (subsequently rectified by Order 3,246/2022), adjustments to the text were approved in the items in the Appendices of REH ANEEL 758/2009 (which approved the methodologies to define and update ANEEL's BPR to be used in the processes of authorization, bid for concession and tariff review of the electricity transmission concessionaires).

These adjustments reconciled the quantities of materials and equipment of ANEEL's BPR with those required by the Network Procedures of ONS, which contains the technical specifications of the Electric Power Transmission Sector. It also established, the (i) modular standardization for the 88kV and 440kV voltage levels, and the (ii) physical arrangement "Five Disconnectors Double Busbar – BD5" in substations.

20) Publication of Norm Regulating the Use of Areas Surrounding Substations

Published on January 3, 2023 and effective from April 1, 2023, REN ANEEL 1,055/2022 establishes the regulatory treatment for isolating the Basic Grid substations by generation Installations, which limit the expansion and access of transmission lines to substations.

As a result, the Substation Development Area ("ADS") was established, which corresponds to a circle with a 2km radius from the geometric center of the Basic Grid substation. As such, the construction of generating units in the ADS will be prohibited.

This area will be valid for all transmission substations, whether new or existing, provided they are part of the Basic Grid, including substations divided into sections implemented by connecters and subsequently transferred and classified as Basic Grid, as per the regulations on access to the transmission system. The transmission company responsible for the installation must also approve the layout of the transmission lines within the ADS.

Considering that the ADS will be represented by a circular area, a specific command was included in the Transmission Rules establishing the obligation for transmission companies to inform the coordinates of the geometric center of the land where the substation is located.

The key changes in sector regulations in the **generation segment** in 2022 are outlined below:

21) Access auction

On March 1st, 2021, the Federal Law 14,120/2021 was published, which introduced several changes, including amendments to article 26 of the Law 9,427/1996. In a direct way, a transitory period was determined for agents to still be able to have the discounts in the distribution and transmission system usage tariffs (TUSD and TUST) for that it was necessary to requests the grant until March 2nd, 2022.

With the objective to speed up the analysis of the increased number of grant requests, the Presidential Decree 10,893/2021 was published and established specific and temporary guidelines, permitting grant to be requested without the access documentation (DRO and Access Information).

In the same the decree, the article 2 enabled a new Competitive procedure, called Access Auction, to prioritize the projects to be connected to the SIN. As such, Public Consultations 141/2022 and 148/2022 were opened, respectively, to bring a proposal for regulating the guidelines for the Competitive Process for Contracting the Flow Margins to Access SIN, called Competitive Procedure by Margin (PCM) and for defining the system to used in the Auction.

The results of the Public Consultations have not been published yet, however the PCM bidding is scheduled for June 2023.

22) Offshore Electricity Generation

In January 2022, Decree 10,946/2022 was published, which deals with the regulation of the daily section in the internal waters under the domain of the Federal Government, the territorial sea, the exclusive economic zone in the continental platform for the generation of offshore electricity.

The decree addressed the main entities in the sector involved in the offshore process (EPE, MME, ANEEL, Ministry of Infrastructure (MINFRA), Ministry of Agriculture (MAPA), Ministry of Tourism (MTur), Brazilian National Agency for Petroleum, Natural Gas and Biofuels (ANP), National Telecommunications Agency (ANATEL), Brazilian Institute of Environment and Renewable Natural Resources (IBAMA), Air Force Command, Navy Command), presenting the guidelines of how the assignments should be addressed, for example, being planned or independent and for free or for payment, among other pertinent topics.

Moreover, on October 20th, 2022, two administrative rules were published, which lay down the complementary regulations and guidelines to those established in Decree 10,946/2022 and the creation of a Single Portal for Management of the Use of Offshore Areas (PUG-Offshore) where all information related to the Offshore process is consolidated and provided to entrepreneurs and entities involved: Administrative Rule 52/GM/MME/2022 and Inter-Ministerial Administrative Rule MME/MMA 03/2022, respectively.

Also, ANEEL scheduled the continuity of the regulations for offshore wind power plants for the 1st half of 2024, as established in the regulatory agenda of the 2023/2024 cycle.

23) Green Hydrogen

The Brazilian government launched in August 2021 the Guidelines for the National Hydrogen Program (PNH2), which was established by the National Energy Policy Board (CNPE) through Resolution 6 of June 23rd, 2022, to strengthen the hydrogen market and industry in relation to the energy vector in Brazil.

PNH2 is formed by a Management Committee, coordinated by MME and formed by several government bodies and entities. It initially had five Thematic Chambers to discuss specific issues:

I. Strengthening of the Scientific and Technological Bases – under the coordination of the Ministry of Science, Technology and Innovation;

II. Human Resources Training – under the coordination of the Ministry of Education;

III. Energy Planning – under the coordination of MME;

IV. Legal and Regulatory-Normative Framework – under the coordination of MME;

V. Market Opening and Growth, and Competitiveness – under the coordination of the Ministry of Economy.

To give a direction to the guidelines, through CNPE Resolution 6/2022, MME launched a public consultation to gather inputs to the Three-Year Work Plan of the National Hydrogen Program (2023-2025), which consists of proposed actions to strengthen the scientific and technological bases, human resources training, energy planning, legal and regulatory-normative framework, opening and growth of the market, and competitiveness.

24) Hybrid and Associated Power Plants

In 2021, ANEEL published REN 954, which regulated the implementation of hybrid and associated projects.

After approval, during 2022 amendments to the Electricity Trading Procedures and Rules applicable to hybrid and associated power plants were published. The amendments proposed by the Electricity Trading Chamber refer to Physical Measurement, Accounting Measurement, Energy Reallocation Mechanism (MRE), Energy Penalty, Calculation of the Discount on TUSD/TUST.

The new rules permit safer investment in the hybrid and associated segment, enabling a a more rational and optimized use of the network, as well as greater energy efficiency and security of the generating system in its delivery.

25) Review of Physical Guarantees (HPPs)

MME published on December 2nd, 2022 Administrative Rule 709/GM/MME with Revised Physical Guarantees of Electricity from the Hydroelectric Power Plants Dispatched Centrally in SIN, which became effective on January 1st, 2023.

The calculation of Physical Guarantee of energy from hydroelectric generation plants dispatched centrally in SIN and its revisions are made by EPE following the methodologies and criteria defined by MME. The periodical revision, which occurs every five years, called the Ordinary Revision of Physical Guarantees, was established in Decree 2,655/1998 to encourage the balance between the plants in the Energy Reallocation Mechanism (MRE) and, at the same time, maintain the security of the receivables of hydroelectric concession agreements.

The revision in 2022 covered 120 of the 150 hydroelectric power plants in the reference configuration, representing 80% of the hydroelectric generator complex centrally dispatched.

26) Review of Physical Guarantees (Wind Power Plants)

MME published on December 15th, 2022 the revised physical guarantees of wind power plants based on the verified electricity generation. The new physical guarantees came into effect on January 1, 2023.

According to Administrative Rule 63, the wind power plants had a reduction in their physical guarantees because their average generation was lower than 90% of their physical guarantees in effect. Fifteen other plants saw an increase in their physical guarantees because their average generation was higher than 105% of their physical guarantees in effect.

For this review, the study findings showed that the constrained-off events that occurred would not affect the revised physical guarantee of the projects such that the application of the review methodology did not influence plants that registered constrained-off events in the period analyzed. Although studies have indicated that constrained-off events would not affect the revised value, said result was caused by the low representativeness of the amounts considered in the studies compared to the whole history. In general, the agents have sought ways to equally include the constrained-off effects in the physical guarantee reviews.

27) Capacity Reserve Auction

The Capacity Reserve Auction is aimed at adapting the expansion of energy supply concomitantly with the guarantee of continued electricity supply in SIN.

The first such Auction was held in 2021. New thermoelectric projects using natural gas and biomass were contracted. The operation is expected to start in 2026.

Over the coming years, there will be new Capacity Reserve Auctions in the form of Reserve Energy under Law 14,182/2021 and in the form of power. Auctions are expected to be held in July and November, respectively, in 2023, 2024 and 2025.

28) Ancillary Services

One of the major topics that are shown as priority in improving the MME and ANEEL agendas is Ancillary Services provided by agents connected to SIN.

In recent years, institutions in Brazil's electricity sector have held discussions on the topic, contributing inputs regarding the operation, planning and regulation, to ensure a robust system required for operating the SIN, such as workshops, public consultations (CP ANEEL 083/2021, CP MME 145/2022) and meetings among sector entities.

Finally, it should be pointed out that the improvement in regulations for the provision and remuneration of ancillary services in SIN is in the 2023/2024 Regulatory Agenda scheduled for the 1st and 2nd halves of 2023, and the new regulation is expected to be published in the 1st half of 2024.

Electricity Tariffs and Prices

Distribution Segment

Annual Tariff Adjustments (ATA) and Extraordinary Tariff Reviews (ETRs):

The following distribution companies had tariffs adjusted as below:

Annual Tariff Adjustments (ATAs)	CPFL Santa Cruz	CPFL Paulista	RGE	CPFL Piratininga
Ratifying Resolution	3,017	3,018	3,045	3,128
Adjustment	**7.82%**	**12.77%**	**8.72%**	**21.07%**
Parcel A	5.44%	7.27%	4.07%	14.47%
Parcel B	2.69%	4.27%	3.53%	2.03%
Financial Components	-0.31%	1.23%	1.12%	4.57%
Effect on consumer billings	**8.83%**	**14.97%**	**10.98%**	**14.72%**
Date of entry into force	03/22/2022	04/08/2022	06/22/2022	10/23/2022

Extraordinary Tariff Reviews (ETRs)	CPFL Santa Cruz	CPFL Paulista
Ratifying Resolution	3,059	3,058
Financial Components	-2.32%	-2.44%
Effect on consumer billings	**6.51%**	**12.53%**
Date of entry into force	07/12/2022	07/12/2022

Generation Segment

Contracts for the sale of energy related to generators contain specific readjustment clauses, whose main index is the annual variation measured by the IGP-M, which is used in our contracts for the Incentive Program for Alternative Electricity Sources (Proinfa), bilateral and the Free Contracting Environment (ACL). The contracts entered into in the Regulated Contracting Environment (ACR) have GSF protection hedges and use the IPCA as an index, and the bilateral contracts signed by the subsidiary Campos Novos Energia (Enercan) use a combination of dollar and IGP-M indexes.

Transmission Segment

Annual Tariff Adjustment ("ATA"):

The REH No. 3,067, from July 12, 2022 stablished the Company and its subsidiaries ARR for the 12 months cycle, covering the period from July, 1st,2022, until June, 30, 2023.

With the correction of the REH No. 2,960/2021 that brought a definitive result for the 2018 Periodic Tariff Revision ("PTR") (after the SFF/ANEEL oversee), for the Concession Contract No. 055/2001 the definitive repositioning index stood at +**4.71%**. In 2020-2021 and 2021-2022 cycles, were received values considering the repositioning index from provisional PTR, which was of +7.53%, as the REH No. 2,845/2021. The difference of the values between the definitive RTP (+4.71%) and provisional (+7.53%) is being returned through the adjustment portion in the 2022-2023 cycle.

The ARR of the Concession Contract No. 055/2001, disregarding the adjustment portion, is R$ 933 million, representing an increase in the order of 22% when compared to the ARR approved for the previous cycle (2021-2022). This increase is mainly due to the second cycle of the financial component re-profiling of MME Ordinance No. 120/2016 (RBSE) which delivered an increase of 46% in the component, as well as the O&M trajectory from the 2018 RTP, and from the adjusts in the economic component of MME Ordinance No. 120/2016. In addition to these, there was a recognition of the administrative appeals filed against the REH No. 2,895/2021 and REH No. 2,959/2021 and others adjusts accomplished in the base, added to the IPCA readjust that overcome the RTP negative impact and results in a revenue increase for the 2022-2023 cycle.

(R$ million)

REH 2,959/2021 (*)	IPCA	Expansion, Reinforcements and improvements	RBSE (**)	RTP	Base adjust	Adjustment portion	REH 3,067/2022 (*)
763,074	86,892	7,692	83,693	-21,318	13,566	-16,359	933,599

(*) Approved values not considering the Adjustment Portion - PA

(**) Values include increase of the financial components, adjust in economic components (PRT 120/16) and the O&M trajectory.

The company total approved net revenue (of PIS and COFINS), relative to the Concessions Contracts No. 055/2001, No. 080/2002 and the subsidiary TESB, No. 001/2011, shows the following composition:

(R$ million)

	BASIC NETWORK				Other Transmission Facilities - DIT				Total 2023 (*)	Total 2022 (*)
Concession Contract	RBSE	RBNI	RBL	Adjustment Portion	RPC	RCDM	RPEC	Adjustment Portion		
055/2001	579,905	144,032	-	-23,386	133,693	75,970	-	7,027	917,241	832,373
080/2002	-	-	22,438	-705	-	-	-	-	21,733	19,717
001/2011	-	-	25,214	-3,915	-	-	2,710	-	24,009	18,374
	579,905	**144,032**	**47,652**	**28,006**	**133,693**	**75,889**	**2,710**	**7,027**	**962,983**	**870,464**

(*) Values considering the Adjustment Portion - PA

Periodic Tariff Revision (“RTP”) TESB:

On June 21, 2022 was disclosed the REH No. 3,050/2022 that approved the Periodic Tariff Revision of the Concession Contracts granted through public auction bid. For these contracts, the revision takes into account the offered ARR in the auction, by recalculating the Cost of the Third-Party Capital (r_p). In this scenario was known the Concession Contract revision No. 001/2011 of the subsidiary TESB, what result in a repositioning index of +**26.71%**.

Concession Contract No. 4/2021-ANEEL:

On March 31, 2021, the Concession Contract No. 4/2021-ANEEL was concluded, which regulates the concession of the public service for the transmission of electricity for the construction, operation and maintenance of transmission facilities in SE 230/138 kV Cachoeirinha 3, referring to Lot 6 of the Auction Notice No. 01/2020-ANEEL. The entry into operation of the asset is scheduled for 2024 and the ARR that the company will receive for the provision of the public transmission service is R$ 11,106,511.48 (eleven million, one hundred and six thousand, five hundred and eleven reais and forty-eight cents) as of approved ARR updated for the 2022-2023 Cycle.

3. Operating performance

Energy Sales

In 2022, electricity sales to final consumers (quantity of electricity billed to final consumers) totaled 46,234 GWh, a reduction of 7.3% (3,652 GWh) compared to 2021.

It is noteworthy the performance of the residential, commercial and industrial segments, which accounted 83.9% of the electricity sales to final consumers:

- **Residencial Segment:** reduction of -0.6%, mainly reflecting the increase of MMDG (Micro and Mini Distributed Generation) and the return of mobility, after the Covid-19 pandemic. These impacts were partially offset by the increase in consumer units in 2022 compared to 2021 and the positive effect of temperature;
- **Commercial and Industrial Segments:** reductions of -5.9% and -21.8%, respectively, reflecting the weak economic performance in the year, increase of MMDG and migrations of captive customers to the free market.

Electricity sales to wholesaler’s, through other concessionaires, permissionaires and authorized, reached 15,086 GWh, which represented an increase of 3.8% (546 GWh), mainly due to the increase in sales by the commercialization companies (through bilateral contracts), partially offset by the migration of permissionaires.

Performance in the Electricity Distribution Segment

The Group maintained its strategy of encouraging the dissemination and sharing of best management and operational practices at its distributors in an effort to increase operational efficiency and improve the quality of services provided to clients.

Find below the results posted by distributors in the main indicators that measure quality and reliability of power supply. The Equivalent Duration of Interruptions (SAIDI) measures the average duration, in hours, of interruptions suffered by consumers in the year, while the SAIFI

(Equivalent Frequency of Interruptions) measures the average number of interruptions suffered per consumer per year.

SAIDI and SAIFI Indexes*				
Distributor	SAIDI (hours)		SAIFI (interruptions)	
	2022	2021	2022	2021
CPFL Paulista	5.25	6.21	3.56	4.24
CPFL Piratininga	4.95	5.95	3.65	4.13
RGE	10.55	10.84	4.63	4.83
CPFL Santa Cruz	4.74	5.66	3.22	4.21

*Annualized figures

Performance in the Electricity Generation Segment

The year 2022 was marked by a worse performance of our wind farms compared to 2021. Our availability remained at a high level, at 96.0%, and contributed to the year's result, but despite this, wind generation dropped by 14.0%, given the lower performance of the winds, due to the greater volume of rainfall in the Northeast region. Contractual readjustments, most of them in IGP-M, favored the good result of this period. The hydrological scenario favored our HPPs and SHPPs, resulting in an increase of 91.0% and 83.3% in the flow, respectively.

On December 31, 2022, the installed capacity of the Generation segment of CPFL group totaled 4,411 MW, comprising 8 HPPs (1,996 MW), 49 wind farms (1,391 MW), 46 SHPPs and MHPPs (472 MW), 8 biomass-powered thermal power plants (370 MW), 2 TPPs (182 MW) e 1 solar plant (1 MW).

We are constantly evaluating new opportunities to explore investments in generation projects. We have a total portfolio of 4,399 MW of projects to be developed in the coming years and currently have one project under construction, Lucia Cherobim SHPP, with 28.0 MW of installed capacity, located in the state of Paraná, scheduled to start operating in 2024.

4. Economic and financial performance

The results presented here are influenced by the consolidation of the results of CPFL Transmissão in the CPFL Energia group as of October 2021.

Operating Revenue

Gross operating revenue was of R$ 54,650 million, representing a decrease of 3.0% (R$ 1,690 million), due to the following decreases: (i) of R$ 3,081 million in the sectoral financial asset and liability; (ii) of 5.4% in electricity sales to final consumers (R$ 1,910 million); (iii) of 12.4% in electricity sales to distributors (R$ 720 million). These effects were partially offset by the following increases: (iv) of 61.7% in the revenue with construction of concession infrastructure (R$ 2,044 million); (v) of 23,4% in other operating revenues (R$ 1,740 million); and (vi) of 20.3% in the update of concession's financial asset (R$ 237 million).

Deductions from operating revenue were of R$ 15,296 million, presenting a decrease of 10.7% (R$ 1,835 million). Net operating revenue was of R$ 39,354 million, representing an increase of 0.4% (R$ 144 million).

Operating Cash Flow — EBITDA

Operating cash flow, as measured by EBITDA, reached R$ 12,263 million, an increase of 33.9% (R$ 3.103 million), mainly reflecting the decrease of 21.8% (R$ 5,037 million) in costs with electric energy and the increase of 0.4% (R$ 144 million) in net operating revenue. These effects were partially offset by the following factors: (i) increase of 25.2% (R$ 2,327 million) in operating costs and expenses, including expenses with private pension fund and costs with building the infrastructure, and (ii) decrease of 6.0% (R$ 31 million) in equity accounting.

Reconciliation of Net Income and EBITDA

	2022	2021
Net Income	**5,218,813**	**4,853,751**
Depreciation and Amortization	2,031,445	1,751,415
Assets Surplus Value Amortization	579	579
Financial Income/Loss	2,911,269	792,482
Social Contribution	561,078	477,563
Income Tax	1,539,757	1,284,145
EBITDA	**12,262,942**	**9,159,934**

* According to CVM Resolution No. 156/22.

Net Income

In 2022, net income reached R$ 5,219 million, an increase of 7.5% (R$ 365 million), mainly due to the increase of 33.9% (R$ 3,103 million) in EBITDA. This effect was offset by the following increases: (i) of 267.4% (R$ 2,119 million) in net financial expenses; (ii) of 19.2% (R$ 339 million) in the income tax and social contribution; and (iii) of 16.0% (R$ 280 million) in depreciation and amortization.

Allocation of Net Income from the Fiscal Year

CPFL Energia's dividend policy stipulates that a minimum of 50% of net income, adjusted in accordance with the Brazilian Corporate Law, be distributed to the holders of its shares.

Dividends declared and paid in 2022

In 2022, the payment of 100% of the distributable dividends relative to the result for the 2022 fiscal year was approved. In addition to the intermediary dividend, approved in 2021, in the amount of R$ 804 million, related to the 2021 result, it was approved at the Annual General Meeting (AGM), held on April 29, 2022, the payment of dividends in the amount of R$ 3,736 million, equivalent to R$ 3.242280516 per common share. Shareholders holding shares on April 29, 2022 were entitled to receive the dividends, and as of May 2, 2022, shares began to be traded "ex-dividend" on the B3.

Thus, for the fiscal year of 2021, was paid dividends in the amount of R$ 4,540 million, equivalent to R$ 3,940043070 per common share.

Dividends related to net income for 2022 basis for distribution

The proposal for allocation of net income from the fiscal year is shown below:

2022 Dividends	R$ thousand
Net income for the year - parent company	**5,099,586**
Realization of comprehensive income	27,124
Time-barred dividends	1,718
Net income considered for allocation	**5,128,428**
Legal reserve	(254,979)
Profit reserve - unrealized profit	(1,683,741)
Profit reserve - Working capital reinforcement	(767,405)
Mandatory minimum dividends	(1,211,152)
Proposed additional dividends	(1,211,152)
Payout[1] (excludes legal reserve)	**50.0%**

Note: (1) In order to reach the 50% payout ratio, we must divide the values of the minimum and additional dividends by the adjusted net income (excludes legal reserve).

The Board of Directors propose the payment of R$ 2,422 million in dividends to holders of common shares traded on B3 S.A. – Brasil, Bolsa, Balcão (B3). This proposed amount corresponds to R$ 2.102229464 per share, related to the fiscal year of 2022 and will be distributed after the approval at the AGM.

Indebtedness

At the close of 2022, gross financial debt (including derivatives) of the Company reached R$ 28,021 million, presenting an increase of 18.3%. Cash and cash equivalents totaled R$ 4,602 million, an increase of 65,2%. Therefore, net financial debt increased 12.1% to R$ 23,418 million. This increase is mainly a consequence of the strong investment (CAPEX) made in all segments of the CPFL group.

5. Investments

In 2022, investments of R$ 5,805 million were made to maintain and expand the business, the highest CAPEX recorded by the CPFL group so far, of which R$ 4,791 million were allocated to distribution, R$ 258 million to generation and R$ 60 million to commercialization, services and others. In addition, there was an investment of R$ 697 million related to the transmission segment.

Among CPFL Energia's investments in 2022, we can highlight:

Distribution: investments in expansion, maintenance, improvement, automation, modernization and strengthening the electricity system to meet market growth, in operational infrastructure, in customer service, among others. On December 31, 2022, our distributors had 10.3 million customers, an increase of 0.1 million customers. Our distribution network consisted of 339,968 kilometers of distribution lines, including 509,419 distribution transformers. Our four distribution subsidiaries had 12,079 kilometers of high voltage distribution lines, between 23 kV and 138 kV. On that date, we had 589 high voltage to medium voltage transformer substations for subsequent distribution, with a total transformation capacity of 19,913 MVA (an increase of 735 MVA);

Generation: in 2022, R$ 258 million were invested, spent mainly on the construction of Lucia Cherobim SHPP and maintenance of wind farms and plants;

Transmission: In 2022, investments of R$ 697 million were made for the maintenance and expansion of the business. Included in this amount are the investments made in the subsidiary Transmissora de Energia Sul Brasil - TESB, which totaled R$ 47 million.

6. Corporate governance

CPFL Energia ("Company") is the holding company of the CPFL Group, operating in Brazil’s electricity sector, implementing and operating projects and concessions in the energy distribution, generation, transmission and trading segments and related activities through its subsidiaries and affiliate companies.

The corporate governance model adopted by CPFL Energia is based on the four basic principles of the Corporate Governance System in Brazil: transparency, equity, accountability and corporate responsibility.

The Corporate Governance Guidelines, together with the Bylaws/Articles of Incorporation of the Company and its Subsidiaries and Affiliate companies, the Charters (Board of Executive Officers, Board of Directors, Fiscal Council, Advisory Commissions and Committees to the Board of Directors and Audit Committee), Shareholders Agreements, when in place, and the policies on corporate governance outline the set of practices adopted by CPFL Energia.

In 2022, CPFL Energia completed 18 years of its IPO on B3. With a history spanning more than 110 years in Brazil, the Company has its shares listed on the Novo Mercado segment of B3 S.A. – Brasil, Bolsa e Balcão (“B3”), a special listing segment for companies that voluntarily comply with corporate governance best practices. All the shares of CPFL Energia are common shares, granting voting rights to all shareholders. In addition, shareholders are assured of 100% tag along rights in case of sale of shareholding control.

The Management of CPFL Energia is composed of the Board of Directors (“Board”) and the Board of Executive Officers.

The Board defines the strategic business direction of the CPFL Group and consists of seven members, two of them independent members and one woman, whose term of office is two years, with reelection allowed. In 2022, the new CEO Daobian Chen, and director Liu Yanli were elected. The change in Board membership represents a fresh breath in the body and the opportunity to introduce new knowledge and experiences.

The Board has five advisory committees (Audit, Related Parties, People, Finance and Risk Management and Strategy, Growth, Innovation and ESG) that support the decisions and monitoring of significant and strategic topics. The Audit Committee has three independent members (two of them directors and one external member) and the Related Parties Committee has a majority of independent members.

The Board of Executive Officers consists of one CEO and eight executive officers, whose term of office is two years and reelection is allowed. The Board of Executive Officers executes the strategy of the CPFL Group defined by the Board.

CPFL Energia has a permanent Fiscal Council consisting of three members and an equal number of alternate members, whose term of office is one year and may be reelected. Its responsibility is the independent supervision of management with the goal of preserving the organization’s value.

The governance processes of the CPFL Group are managed, controlled and constantly improved by the Corporate Governance Officer, whose responsibilities include its acting as the Governance Secretary at the meetings of the Board of Directors, Advisory Committees and Commissions to the Board of Directors, Fiscal Council and Board of Executive Officers and Shareholders Meetings.

The Corporate Governance Officer functionally reports to the Board of Directors of CPFL Energy, operating on diverse fronts to ensure the adoption of corporate governance best practices and the alignment of the decision-making process with the strategic vision of shareholders and the best interests of stakeholders, generating long-term value and meeting the principles of corporate governance.

The Corporate Governance Department consists of two managers: the Corporate Governance Manager and the Corporate Legal Manager, who is assisted by the Coordinator of Board's Strategic Affairs.

The Coordinator of the Board's Strategic Affairs monitors the strategic topics and projects of interest to the Board, monitors the execution and evolution of topics discussed by the Board with support from the business areas of the CPFL Group. As a result of the efforts deployed and through the presentation of KPIs, the Board has an innovative management tool in the Brazilian market that ensures control, compliance, transparency and corporate responsibility in governance processes across the CPFL Group. In 2022, the coordinator monitored 142 topics and published 20 newsletters on important subjects.

The coordinator's activities rely on the contribution and integration with all of the Company's business areas.

By monitoring the execution and evolution of the topics discussed by the Board, the Coordinator of the Board's Strategic Affairs represents an important accountability tool.

The guidelines and documents related to corporate governance are available at the Investor Relations website: http://www.cpfl.com.br/ir.

7. Capital markets

As of December 31, 2022, CPFL Energia had 16.29% of its shares outstanding in the market (free float), with its shares traded in Brazil (B3).

In 2022, CPFL Energia shares had the highest annual variation among companies in the electricity sector in Brazil, with an appreciation of 23.7% compared to the previous year, ending the year quoted at R$ 33.20 per share. The average daily trading volume reached R$ 92.3 million on the B3, representing an increase of 24.2% compared to 2021. The Eletrobrás quotas reduction process added to other macroeconomic factors moved the shares of the electricity sector, which resulted in this increase. The number of trades carried out on the B3 remained stable, showing a growth of 0.09%, going from a daily average of 10,883 trades, in 2021, to 10,892 trades, in 2022.

B3			
Data	**CPFE3**	**IEE**	**IBOV**
30/12/2022	R$ 33.20	78,679	109,735
31/12/2021	R$ 26.83	76,305	104,822
YoY	**23.7%**	**3.1%**	**4.7%**

At the B3, CPFL Energia is part of the IBOVESPA, IBrX-100, IEE, IDIV, IGC, ITAG, ISE and ICO2 indexes, the last two of which are Brazilian stock indices that consider the topic of sustainability. It is worth noting that, in the process of selecting the ISE portfolio in 2021, the Company was in 3rd place in the ranking, among the 83 participants of the selective process.

CPFL Energia is also on the FTSE4Good emerging markets index of the London Stock Exchange, with a score of 3.3 (the minimum required for participation is 2.9). Furthermore, the Company was recognized and integrated the Santander bank ESG portfolio.

8. ESG (environmental, social and governance) Aspects

We roll out initiatives that generate value for the company and its stakeholders in order to ensure competitiveness through operational excellence and contribute to sustainable development in the areas of influence. In line with the Strategic Plan of the CPFL Group, the sustainability/ESG strategy incorporated into the decision-making process, actions and investments. See the highlights below.

ESG 2030 Plan: Approved in November as an evolution of the 2020-2024 Sustainability Plan, it brings guidelines and strategies organized into four pillars: Renewable and smart solutions, Sustainable operations, Value shared with society, and Safe and reliable operation. The plan is divided into 23 public commitments guided by the UN Sustainable Development Goals (SDGs).

Sustainability Platform: tool for managing sustainability performance from the perspective of the company's main stakeholders, with indicators and targets aligned with the Strategic Plan and the 2030 ESG Plan.

Sustainability Committee: executive management body responsible for monitoring the execution of the ESG strategy, evaluating and recommending the inclusion of sustainability criteria and guidelines in the decision-making process, monitoring trends and topics that are critical for the company.

Climate Change: we are committed to the transition to a low-carbon economy and are facing the challenges of climate change with a sense of urgency, responsibility and determination. More information at: www.cpfl.com.br/ir > Governance and Sustainability > Climate Change.

Environment Management: our business model calls for a comprehensive capacity to manage environmental impacts. The guidelines and processes we adopt are unified in the Environment Management System (EMS), which ensures compliance of all operations with the respective environmental licenses and directs investments that create value for the entire production chain.

Sustainability Recognition in 2022: included in the Corporate Sustainability Index (ISE) and Carbon Efficient Index (ICO2) of the São Paulo Stock Exchange (B3); golden seal in the GHG Protocol Program; ECO 2022 Award, instituted by Amcham and Época; five projects highlighted by the São Paulo Environmental Agreement, coordinated by CETESB; four outstanding projects in Brazil on the environment, an initiative of Amcham and ICC; Abradee Award 2022, Social and Environmental Responsibility category (CPFL Piratininga); Top Employers 2022 Certification; Época 360°, 1st rank in ESG/Social and Environmental; The best of Dinheiro magazine.

Ethics Management and Development System (SGDE): CPFL Group's Integrity Program formalizes its commitment to the ethical values that permeate its actions and businesses, and consists of four dimensions that aim at the continuous improvement and demonstrate the tone and practice of top management: (i) preparation, guidance and revision of rules, especially the Code of Ethical Conduct; (ii) training programs, communication actions, awareness and engagement campaigns for internal and external audience; (iii) investigation of reports, diligence and other risk assessment processes; and (iv) monitoring of indicators, assessments made by the Ethics and Business Conduct Committee (COMET) and reporting of the results of the Integrity Program. The Program also has an ethics channel managed by an external and independent company, and a process for investigating the ethical records, which guarantees confidentiality, anonymity and non-reprisal of bonafide whistleblowers. Among the actions launched in 2022 was the ISO 37001 Certification – Anti-Bribery Management System, which attests to high governance and transparency standards used by the CPFL Group in its activities. Furthermore, we emphasize the maximum score in Ethics in Business component of the Corporate Sustainability Index (ISE B3), reviewed the Code of Ethical Conduct and the Anticorruption Policy, as well as other internal regulations and also formalized the due diligence procedures, background checks and compliance risk assessment; applied the Compliance Risk Assessment (CRA) methodology for all departments of the company; held training on topics of the Integrity

Program for employees and suppliers, launched the first Integrity Game and 11 Monthly Chats on Integrity, notably on topics such as: "Integrity and diversity", "Upright behavior during the election period", "Workplace and Sexual Harassment", and "Upright Behavior and Combating Corruption", among other communication actions; besides investigating complaints, assessing risks, issuing due diligence and background check reports, and applying the conflict of interest form.

Community Relations: (i) CPFL Institute – It is the private social investment platform of the CPFL Energia group. Headquartered in Campinas, it has integrated the social initiatives of the company for 20 years. Through cultural, sports and educational programs, the Institute works on five fronts: CPFL Young Generation, which supports initiatives for the future of new generations; CPFL in Hospitals, which supports humanization and improvement projects in public hospitals; CPFL Brazil-China Exchange, which builds cooperation, dialogue and mediation between the Chinese and Brazilian cultures; CPFL Circuit, which organizes itinerant running, walking and cinema sessions powered by solar power; and Café Filosófico CPFL, a channel for CPFL Institute's reflections over webcasts, TV programs and podcasts. The Institute also performs other activities, such as art exhibitions, music concerts and cinema sessions. In 2022, the CPFL Group allocated R$29.3 million (through the tax incentive laws IR Cultura, IR Esporte, CMDCA, and CMI).

2022 Results:

(1) CPFL in Hospitals: Through CPFL in Hospitals, which covers the energy efficiency program of CPFL Energia, 23 hospitals received assistance, benefiting about 675,000 people. In this front, the CPFL Institute coordinates the infrastructure, research and humanization aspects.

(2) CPFL Young Generation: Through this front, 18 NGOs and 108 schools were supported in 2022, benefiting 40,000 youth through music, literature and sports projects aimed at reducing social vulnerability among children and youth in the group's partner communities.

(3) CPFL Brazil-China Exchange: In 2022, the 6^{th} season of the Brazil-China Exchange was held, which reached 598,000 people. This edition featured an art exhibition, music and video playlists, a film festival, the moon festival, a music concert and two special meetings of Café Filosófico CPFL.

(4) CPFL Circuit: In 2022, the CPFL Circuit resumed in-person activities, which included nine runs of the CPFL Energia Circuit, 67 cinema sessions with CineSolar and nine Contemporary Music Concerts in partnership with EPTV. In all, CPFL Circuit passed through 83 cities and benefited 30,000 people.

(5) Café Filosófico CPFL: In 2022, 26 recordings were produced and 102 programs were exhibited in TV Cultura, for an audience of over 23 million. In the CPFL Institute and Café Filosófico CPFL channels on YouTube, 127 new videos were posted, reaching 180 million people during the year.

(6) Volunteer work: The volunteer work program was restructured and now serves 12 NGOs during the year. In 2022, 2,900 people benefitted from the program. CPFL Group employees donated more than 2,000 hours in voluntary actions and collected more than 5,000 tons of food.

(7) Other social investments: Through support to projects targeted at people with disabilities (PRONAS), 1,301 people were benefited in three cities in 2022.

(8) Energy Efficiency (0.5% of Net Operating Income): R$117.6 million was invested in energy efficiency projects, such as: R$18.9 million on projects targeted at consumers with low purchasing power, which resulted in (a) the regularization of 6,062 clients; replacement of (b) 207,745 light bulbs with more efficient models (LED); (c) 1,390 heat exchangers. The following educational projects were implemented: (d) CPFL nas Escolas and RGE nas Escolas, which trained more than 127,671 students and 4,419 teachers from the elementary school on the conscious and safe use of electricity, at an investment of R$7.1 million. It also executed (e) public lighting projects, which replaced 331,844 lamps with LED bulbs at an investment of R$28.3 million. Finally,(f) it invested R$48.2 million in the Hospitals Program, which is installing photovoltaic generation systems and replacing light bulbs with LED models in public and philanthropic hospitals, and traditional refrigerators with laboratory freezers in health units.

Human Resources Management: In 2022, we trained eight employees in the active pool, 100% have already undergone some training, with 15 hours of training programs. Training programs were also held for the community, with schools for electrician training held during the year: 622 people participated, 558 were approved and 474 were hired (78 women and 396 men), that is, 91% of the participants were approved and 85% hired.

Value Network: In 2022, three Value Network meetings were held, all of them online, in which 145 partners discussed the following: 2022 Economic Scenario, CPFL Strategic Plan, General Data Protection Law (GDPL), Management Practices, Sustainability, Energy Free Market and Workplace Safety.

9. Independent auditors

PriceWaterHouseCoopers Independent Auditors (PwC) was engaged by CPFL Energia for the provision of external audit services related to the examination of the Company's financial statements.

For the fiscal year ended on December 31, 2022, PwC provided, in addition to the audit of corporate and regulatory financial statements and review of interim information, the following services:

Nature
Compliance with financial covenants
Tax compliance services – Bookkeeping and Tax Accounting (ECF)
"Accounting ECD" revision of 2022 calendar
Information Technology Services - Information Security
Benchmarking Services for Human Capital data
ACR Audit (Asset Control Report)

The hiring of independent auditors is the responsibility of the Board of Directors, which is assisted by the Audit Committee in such decision, analyzing the selection or removal of independent auditors.

Pursuant to CVM Resolution 162/2022, Management has policies and controls that address, among other matters, the size of the audit firm to be hired for the purpose of auditing the financial statements and the rules for hiring suppliers for audit and "extra-audit" services. This policy, among other reasons, aims to avoid the existence of conflicts of interest, loss of independence or objectivity of its independent auditors. In addition, PwC declared to Management that, due to the scope and processes performed, the provision of the aforementioned services does not affect the independence and objectivity necessary for the performance of external audit services.

10. Glossary of terms of electric sector

ACL: Free Contracting Environment. Segment of the market comprising the purchase of electric power by deregulated agents (such as Free Consumers and electric power traders).

ACR: Regulated Contracting Environment. Segment of the market comprising the purchase by distributing companies, by means of bids and other mechanisms provided by Aneel.

ANEEL (National Electric Energy Agency): The power sector's regulatory body.

Annual General Shareholders' Meeting (AGM): Mandatory annual meeting of the Company's shareholders called by the Board of Directors, in order to: (a) acknowledge the management accounts; (b) analyze and vote on the Company's financial statements;(c) decide on the allocation of net income;(d) pay dividends; and (e) elect the Board of Directors and the Fiscal Council.

Allowed Annual Revenue - AAR (RAP, in portuguese): Revenue authorized by ANEEL, by Resolution, for making the transmission system facilities available. Annual revenue to which the concessionaire is entitled from the start of commercial operation of the transmission facilities.

Assured Energy or Physical Guarantee: Fixed amount of energy of a power plant, established by the granting power in the concession agreements. It represents the amount of energy available for sale in that enterprise.

ATA: Annual Tariff Adjustment (reajuste tarifário anual).

B3 (B3 S.A. - Brasil, Bolsa, Balcão): São Paulo Stock Exchange.

Basic Network: Transmission installations of the National Interconnected System - SIN, owned by public transmission service concessionaires, with voltage equal or higher than 230 kV.

Biomass Thermoelectric Power Plant: A thermoelectric generator that uses the combustion of organic matter for the production of energy.

BNDES: National Bank of Economic and Social Development.

Brazilian Corporate Law: Federal Law No. 6,404, enacted on December 15, 1976, which governs, among other things, corporations (sociedade por ações) and the rights and duties of their shareholders, directors and officers.

Bylaws: The Company's Bylaws.

Captive Consumers: Consumers who may only acquire energy from the concessionaire to whose network they are connected.

CCEE: Energy Trading Chamber.

CDE: Energy Development Account, instituted by Law No. 10,438 of April 26, 2002, and subsequent amendments thereto. A fund managed by CCEE to foster electricity development in general and its production from alternative energy sources in particular, as well as the universalization of energy services in Brazil. All concessionaires contribute to this fund.

Company or CPFL Energia: CPFL Energia S.A. or the group of companies comprising CPFL Energia and its subsidiaries.

Consumer: An individual or legal entity that requests power supply from a concessionaire, assuming the responsibility of paying the bills and complying with other obligations determined by ANEEL.

CVA: A tracking account used to offset the variation in estimated fixed costs passed on to consumers in distribution tariff adjustments and the variation in actual fixed costs. These costs include: Energy Purchase, transport from Itaipu, Basic Network Contract and sector charges.

CVM: Brazilian Securities and Exchange Commission.

Distribution: Electricity system that delivers energy to final consumers within a concession area.

Distribution network: The electricity system that delivers energy to final customers within a concession area.

Dividend yield: The amount of dividends paid by the company divided by the current share price.

EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization): Measures a company's operating cash flow before it is impacted by financial charges, depreciation and taxes.

Extraordinary General Shareholders' Meeting (EGM): A meeting of the Company's shareholders to discuss and decide on corporate matters, other than those dealt with by the AGM.

ETA: Extraordinary Tariff Adjustment (reajuste tarifário extraordinário).

Final Consumers: Consumers who use electric power to meet their own needs.

Free Consumers: Consumers, with contracted demand equal or higher than 2 MW, who are supplied by generators or traders through bilateral contracts signed within the ACL (Free Contracting Environment).These consumers still have to pay the distributor where it is located for the use of the distribution system.

Free Float: The shares of a company that are traded in the organized stock markets.

Granting Power: The federal government.

Holding Company: (1) A company whose main activity is to retain a controlling stake in one or more other companies; (2) A company which retains a controlling stake in one or more other companies and also controls these companies' managerial and business policies.

Hydroelectric Power Plant (or HPP): A generating unit that uses water power to drive the turbine.

IBrX-100 Brazil Index: An index that measures the return on a theoretical portfolio composed by 100 stocks selected among B3's most actively traded securities, in terms of number of trades and financial value. The component stocks are weighted according to the outstanding shares' market value.

IBOV - Ibovespa Index: The main indicator of the Brazilian stock market's average performance. IBOV's relevance comes from the fact that it reflects the variation of B3's most traded stocks.

ICO2 - Carbon Efficient Index: Comprises the shares of companies participating in the IBrX-100 index that have agreed to join this initiative, by adopting transparent practices with respect to their greenhouse gas emissions (GHGs). It takes into account, for weighting the shares of the component companies, their degree of efficiency in GHG emissions, in addition to the free float of each one.

IDIV - Dividend Index: It is a total return index and is intended to be the indicator of the average performance of the quotations of the assets that stood out in terms of investor remuneration, in the form of dividends and interest on equity.

IEE - The Electric Power Index: It was launched in August 1996 to measure the performance of the electric power sector. In this sense, the index is an instrument that makes possible the performance analysis of portfolios specialized in the electric power sector.

IFRS - International Financial Reporting Standards: the International Accounting Standards, which seek for a standard accepted in many countries in order to facilitate the comparability of information between companies in different countries. In Brazil, IFRS was implemented in 2010.

IGC - Special Corporate Governance Stock Index: is designed to measure the return of a theoretical portfolio composed of shares of companies with a good level of corporate governance.

Such companies should be traded onB3´s "Novo Mercado" or should be classified atB3´s "Level 1" or "Level 2".

IGP-M: General Market Price Index, calculated by the Fundação Getúlio Vargas.

Installed Capacity: Maximum amount of energy that can be delivered by a particular generating unit on a full continuous charge basis under specific conditions as designated by the manufacturer.

IPCA: Extended National Consumer Price Index, calculated by the IBGE.

ISE - Corporate Sustainability Index: Designed to measure the return on a portfolio composed of shares of companies highly committed to social responsibility and corporate sustainability, and also to promote good practices in the Brazilian corporate environment.

ITAG - Special Tag Along Stock Index: Designed to measure the return of a theoretical portfolio composed of shares of companies which offer, in case of control sale, better conditions to minority shareholders than those required by law.

ITR: Quarterly Information.

Itaipu: Itaipu Binacional, a hydroelectric facility jointly owned by Brazil and Paraguay.

Locational Signal: Defined as signaling the entry of new users, through TUST, so that it can implement its projects, in order to bring load and generation closer together, promote the rationalization of the use of systems and the minimization of expansion costs.

MME: Brazilian Ministry of Mines and Energy (Ministério de Minas e Energia).

Novo Mercado: A B3 (São Paulo Stock Exchange) listing segment comprising companies committed to adopting the highest level of corporate governance and disclosing information over and above that which is determined by the regulations.

ONS (National Electric System Operator): A private law corporate entity authorized to carry out coordination and control activities of the electric energy generation and transmission operations in the interconnected systems.

Parcel A: Distributors' non-manageable costs, including the cost of electricity purchased for resale, connection and use of transmission system charges and sector charges.

Parcel B: Parcel that incorporates management costs related to the electricity distribution activity, such as operating costs, payment of investments and reintegration quota.

Potentially Free Consumer: Consumer that meets the conditions established to become free, but opts to be served in a regulated market.

Proinfa: Incentive Program for Alternative Electric Energy Sources, under Law 10,438 of April 26, 2002, and subsequent amendments thereto.

PTR: Periodic Tariff Revision (revisão tarifária periódica).

Regulated Market: Market segment in which distribution companies purchase all the electricity needed to supply customers through public auctions. The auction process is administered by ANEEL, either directly or through CCEE, under certain guidelines provided by the MME. Regulated Market is generally considered to be more stable in terms of supply of electricity.

SAIDI: System Average Interruption Duration Index, measured by the average duration of power interruptions in hours per consumer in a given period, normally a month or last 12 months.

SAIFI: System Average Interruption Frequency Index, measured by the average number of power interruptions in hours per consumer in a given period.

SDGs: United Nations Sustainable Development Goals, 17 sustainable development goals established by the United Nations and 169 specific targets that apply to all countries and cover abroad range sustainability issues, including poverty, hunger, health, education, climate change, gender equality, water, sanitation, energy, environment and social justice.

SIN (National Interconnected System): Comprises the Basic Network and other transmission installations connecting generators and distributors in Brazil.

Small Hydroelectric Power Plants (or SHPPs): Hydroelectric plants with an installed capacity of between 3 MW and 30 MW.

Special Free Consumer: Special category of free consumers, with contracted demand greater than or equal to 500 KW, who are qualified to purchase energy on the free market only from incentivized sources (solar, wind, biomass or SHPP).

Substation: A set of equipment that connects, alters and/or controls the voltage in a transmission and distribution system.

Tag Along: The right of minority shareholders to sell their shares, at the same price of the controlling shareholders, in the event of the dispose of control.

Thermoelectric Power Plant (or TPP): A generating unit which uses fossil fuels such as coal, oil, diesel, natural gas or others as the source of energy to drive the turbine.

Transmission: High-voltage lines conducting electricity over long distances with a voltage equal to or higher than 69 kV, connecting substations.

Transmission Network: Network or system for the transmission of electric energy between areas or countries to supply the distribution networks.

TUSD: Tariff for the Use of the Distribution Grid, annually adjusted by ANEEL.

TUST: Tariff for the Use of the Transmission Grid, annually adjusted by ANEEL.

11. Acknowledgements

The Management of CPFL Energia thanks its shareholders, customers, suppliers and communities in the areas of operations of its subsidiaries for their trust in the Company in 2022. It also thanks, in a special way, its employees for their competence and dedication in meeting the objectives and targets set.

The Management

For more information on the performance of this and other companies of the CPFL Energia Group, visit www.cpfl.com.br/ir.

SUMMARY

CPFL Energia S.A.

Statements of financial position at December 31, 2022 and 2021

(in thousands of Brazilian Reais)

ASSETS	Note	Parent company December 31, 2022	Parent company December 31, 2021	Consolidated December 31, 2022	Consolidated December 31, 2021
Current assets					
Cash and cash equivalents	5	189,100	8,287	3,746,158	2,199,952
Securities	6	-	-	856,244	585,858
Consumers, concessionaires and licensees	7	-	-	5,071,130	5,425,177
Inventories		-	-	190,310	150,867
Dividends and interest on capital	13	866,863	87,081	5,114	134,613
Income tax and social contribution recoverable	8	35,291	67	525,532	97,083
Other taxes recoverable	8	36,902	13,905	751,353	375,680
PIS/COFINS recoverable over ICMS	8	-	-	1,685,643	1,288,824
Derivatives	35	-	-	201,698	357,350
Sector financial asset	9	-	-	230,816	2,373,727
Contract assets	15	-	-	709,222	845,025
Other assets	12	74	662	1,206,817	1,718,346
Total current assets		**1,128,231**	**110,002**	**15,180,037**	**15,552,504**
Noncurrent assets					
Consumers, concessionaires and licensees	7	-	-	205,659	259,173
Intragroup loans		52,859	168,943	-	-
Escrow Deposits	23	537	646	716,921	858,981
Income tax and social contribution recoverable	8	411	411	121,381	117,332
Other taxes recoverable	8	-	-	528,493	286,498
PIS/COFINS recoverable over ICMS	8			6,794,863	7,936,570
Sector financial assets	9	-	-	214,133	816,748
Derivatives	35	-	-	305,862	990,491
Deferred tax assets	10	2,566	2,178	247,816	231,594
Concession financial asset	11	-	-	18,202,007	13,281,686
Investments in equity instruments		-	-	89,041	116,654
Other assets	12	9,330	2,159	287,039	199,500
Investments	13	16,402,651	14,940,841	622,508	1,202,944
Property, plant and equipment	14	2,573	1,515	10,614,068	8,754,616
Intangible assets	16	141	440	9,907,344	9,673,609
Contract asset	15	-	-	7,108,910	5,840,981
Total noncurrent assets		**16,471,067**	**15,117,133**	**55,966,044**	**50,567,374**
Total assets		**17,599,298**	**15,227,134**	**71,146,081**	**66,119,878**

The accompanying notes are an integral part of these financial statements.

CPFL Energia S.A.
Statements of financial position at December 31, 2022 and 2021
(in thousands of Brazilian Reais)

		Parent company		Consolidated	
LIABILITIES AND EQUITY	**Note**	**December 31, 2022**	**December 31, 2021**	**December 31, 2022**	**December 31, 2021**
Current liabilities					
Trade payables	17	2,068	1,840	3,227,768	4,269,598
Borrowings	18	-	-	3,362,615	2,246,711
Debentures	19	-	-	1,323,011	1,788,125
Private pension plan	20	-	-	699,336	604,254
Regulatory liabilities	21	-	-	78,228	551,966
Income tax and social contribution payable	22	25,471	10,880	455,493	288,412
Other taxes, fees and contributions	22	18,494	5,542	440,270	886,864
Dividends		1,243,106	22,118	1,421,994	100,478
Estimated payroll		-	-	182,768	165,074
Derivatives	35	-	4,018	76,759	5,067
Sector financial liability	9	-	-	281,398	-
Use of public asset		-	-	23,884	16,212
Provisions for demobilization and environmental expenses		-	-	5,687	2,046
PIS/COFINS consumer reimbursement	8	-	-	945,091	58,606
Other payables	24	28,873	19,169	2,354,869	1,930,303
Total current liabilities		**1,318,012**	**63,568**	**14,879,172**	**12,913,717**
Noncurrent liabilities					
Trade payables	17	-	-	424,945	408,082
Borrowings	18	-	-	10,405,052	12,216,158
Debentures	19	-	-	10,291,747	6,164,877
Private pension plan	20	-	-	1,586,390	2,860,176
Income tax and social contribution payable	22	-	-	255,017	232,603
Other taxes, fees and contributions	22	-	-	1,012,970	6,092
Deferred tax liabilities	10	-	-	2,126,655	958,545
Provision for tax, civil and labor risks	23	166	106	1,345,236	1,035,364
Intragroup loans	32	-	-	2,803,121	2,518,150
Derivatives	35	-	-	265,858	86,196
Sector financial liability	9	-	-	262,806	-
Provisions for demobilization and environmental expenses		-	-	138,613	152,812
Use of public asset		-	-	184,802	141,118
PIS/COFINS consumer reimbursement	8	-	-	6,917,491	9,145,520
Other payables	24	24,521	17,259	706,263	474,591
Total noncurrent liabilities		**24,687**	**17,364**	**38,726,965**	**36,400,283**
Equity	**25**				
Issued capital		9,388,071	9,388,071	9,388,071	9,388,071
Capital reserves		(1,396,339)	(1,646,145)	(1,396,339)	(1,646,145)
Legal reserve		1,710,665	1,455,685	1,710,665	1,455,685
Statutory reserve - working capital improvement		4,840,094	4,072,689	4,840,094	4,072,689
Reserve for unrealized profits		1,683,741	-	1,683,741	-
Dividend		1,211,152	3,735,932	1,211,152	3,735,932
Accumulated comprehensive income		(1,180,784)	(1,860,030)	(1,180,784)	(1,860,030)
Statutory reserve - working capital improvement		**16,256,599**	**15,146,202**	**16,256,599**	**15,146,202**
Equity attributable to noncontrolling interests		-	-	1,283,345	1,659,676
Total equity		**16,256,599**	**15,146,202**	**17,539,944**	**16,805,879**
Total liabilities and equity		**17,599,298**	**15,227,134**	**71,146,081**	**66,119,878**

The accompanying notes are an integral part of these financial statements

CPFL Energia S.A.

Statements of income for the years ended December 31, 2022 and 2021

(in thousands of Brazilian Reais, except for Earnings per share)

	Note	Parent company 2022	Parent company 2021	Consolidated 2022	Consolidated 2021
Net operating revenue	**27**	**90**	**45**	**39,354,237**	**39,210,148**
Cost of services					
Cost of electric energy	28	-	-	(18,070,459)	(23,107,257)
Cost of operation		-	-	(4,056,829)	(3,322,199)
Depreciation and amortization		-	-	(1,561,868)	(1,335,080)
Other cost of operation	29	-	-	(2,494,961)	(1,987,119)
Cost of services rendered to third parties	**29**	-	-	**(5,390,456)**	**(3,523,210)**
Gross profit		**90**	**45**	**11,836,493**	**9,257,482**
Operating expenses					
Selling expenses		1	-	(806,434)	(793,611)
Depreciation and amortization		-	-	(9,613)	(9,108)
Allowance for doubtful accounts		-	-	(318,628)	(338,707)
Other selling expenses	29	1	-	(478,193)	(445,796)
General and administrative expenses		(64,467)	(36,324)	(1,470,759)	(1,084,757)
Depreciation and amortization		(8,535)	(406)	(141,633)	(109,033)
Other general and administrative expenses	29	(55,932)	(35,918)	(1,329,126)	(975,724)
Other operating expenses		(75)	-	181,086	(492,979)
Amortization of concession intangible asset		-	-	(318,331)	(298,193)
Other operating expenses	29	(75)	-	499,417	(194,786)
Income from electric energy services		**(64,451)**	**(36,278)**	**9,740,387**	**6,886,135**
Equity interests in subsidiaries, associates and joint ventures	**13**	5,225,740	4,827,338	490,530	521,805
		5,161,289	**4,791,060**	**10,230,917**	**7,407,940**
Financial income (expenses)	**30**				
Financial income		29,528	39,033	2,154,127	1,125,153
Financial expenses		(65,737)	(22,582)	(5,065,396)	(1,917,634)
		(36,209)	**16,451**	**(2,911,269)**	**(792,482)**
Profit before taxes		**5,125,080**	**4,807,511**	**7,319,648**	**6,615,458**
Social contribution		(5,851)	(14,200)	(561,078)	(477,563)
Income tax		(19,643)	(45,262)	(1,539,757)	(1,284,145)
		(25,494)	**(59,462)**	**(2,100,835)**	**(1,761,708)**
Profit for the year		**5,099,586**	**4,748,049**	**5,218,813**	**4,853,751**
Profit (loss) for the period attributable to owners of the Company				5,099,586	4,748,049
Profit (loss) for the period attributable to noncontrolling interests				119,227	105,703
Earnings per share attributable to owners of the Company (R$):	26			4.43	4.12

The accompanying notes are an integral part of these financial statements

CPFL Energia S.A.
Statements of comprehensive income for the years ended December 31, 2022 and 2021
(in thousands of Brazilian Reais)

	Parent company	
	2022	**2021**
Profit for the year	**5,099,586**	**4,748,049**
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss		
Comprehensive income for the period of subsidiaries	706,371	(136,530)
Total comprehensive income for the period	**5,805,957**	**4,611,519**

	Consolidated	
	2022	**2021**
Profit for the year	**5,218,813**	**4,853,751**
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss		
- Actuarial gains (losses), net of tax effects	717,369	(130,519)
- Credit risk in fair value measurement of financial liabilities	(11,479)	(35,396)
Total comprehensive income for the period	**5,924,703**	**4,687,836**
Attributable to owners of the Company	5,805,957	4,611,519
Attributable to noncontrolling interests	118,747	76,317

The accompanying notes are an integral part of these financial statements

CPFL Energia S.A.
Statements of changes in the shareholder equity for the years ended December 31, 2022 and 2021
(in thousands of Brazilian Reais)

			Earnings reserves				Accumulated comprehensive income				Noncontrolling interests		
	Issued capital	Capital reserve	Legal reserve	Statutory reserve / Working capital improvement	Reserve for unrealized profits	Dividend	Deemed cost	Private pension plan / Credit risk in fair value measurement	Retained earnings	Total	Accumulated comprehensive income	Other equity components	Total equity
Balance at December 31, 2020	**9,388,071**	**(1,643,775)**	**1,218,283**	**5,803,185**	**-**	**865,248**	**329,502**	**(2,024,737)**	**-**	**13,935,777**	**6,501**	**293,499**	**14,235,778**
Total comprehensive income	-	-	-	-	-	-	-	**(136,530)**	**4,748,049**	**4,611,519**	-	**76,317**	**4,687,836**
Profit for the period	-	-	-	-	-	-	-	-	4,748,049	**4,748,049**	-	105,702	**4,853,751**
Other comprehensive income - credit risk in fair value measurement	-	-	-	-	-	-	-	(35,396)	-	**(35,396)**	-	-	**(35,396)**
Other comprehensive income - actuarial gains (losses)	-	-	-	-	-	-	-	(101,134)	-	**(101,134)**	-	(29,385)	**(130,519)**
Internal changes in equity	-	-	**237,402**	-	-	-	**(28,265)**	-	**(209,137)**	-	**(1,777)**	**1,565**	**(212)**
Realization of deemed cost of property, plant and equipment	-	-	-	-	-	-	(42,826)	-	42,826	-	(2,693)	2,693	-
Tax effect on realization of deemed cost	-	-	-	-	-	-	14,561	-	(14,561)	-	916	(916)	-
Recognition of legal reserve	-	-	237,402	-	-	-	-	-	(237,402)	-	-	-	-
Other changes in noncontrolling interests	-	-	-	-	-	-	-	-	-	-	-	(212)	**(212)**
Capital transactions with owners	-	**(2,370)**	-	**(1,730,496)**	-	**2,870,684**	-	-	**(4,538,912)**	**(3,401,094)**	-	**1,283,570**	**(2,117,524)**
usiness combination	-	-	-	-	-	-	-	-	-	-	-	1,370,307	**1,370,307**
ain (loss) on interest in subsidiaries with no change in control	-	(2,370)	-	-	-	-	-	-	-	**(2,370)**	-	2,370	-
dditional proposed dividend	-	-	-	-	-	3,735,932	-	-	(3,735,932)	-	-	-	-
npaid dividend	-	-	-	-	-	-	-	-	1,020	**1,020**	-	-	**1,020**
ividend proposal approved	-	-	-	(1,730,496)	-	(865,248)	-	-	-	**(2,595,744)**	-	(89,107)	**(2,684,851)**
terim dividend	-	-	-	-	-	-	-	-	(804,000)	**(804,000)**	-	-	**(804,000)**
Balance at December 31, 2021	**9,388,071**	**(1,646,145)**	**1,455,685**	**4,072,689**	**-**	**3,735,932**	**301,237**	**(2,161,267)**	**-**	**15,146,202**	**4,724**	**1,654,952**	**16,805,879**
Total comprehensive income	-	-	-	-	-	-	-	**706,371**	**5,099,586**	**5,805,957**	-	**118,747**	**5,924,703**
Profit for the period	-	-	-	-	-	-	-	-	5,099,586	**5,099,586**	-	119,227	**5,218,813**
Other comprehensive income - credit risk in fair value measurement	-	-	-	-	-	-	-	(10,999)	-	**(10,999)**	-	(480)	**(11,479)**
Other comprehensive income - actuarial gains (losses)	-	-	-	-	-	-	-	717,369	-	**717,369**	-	-	**717,369**
Internal changes in equity	-	-	**254,979**	**767,405**	**1,683,741**	-	**(27,124)**	-	**(2,679,000)**	-	**(1,778)**	**1,778**	-
Realization of deemed cost of property, plant and equipment	-	-	-	-	-	-	(41,097)	-	41,097	-	(2,693)	2,693	-
Tax effect on realization of deemed cost	-	-	-	-	-	-	13,973	-	(13,973)	-	916	(916)	-
Recognition of legal reserve	-	-	254,979	-	-	-	-	-	(254,979)	-	-	-	-
Constitution/Reversal of profit reserve of the period	-	-	-	767,405	1,683,741	-	-	-	(2,451,145)	-	-	-	-
Other changes in noncontrolling interests	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital transactions with owners	-	**249,807**	-	-	-	**(2,524,781)**	-	-	**(2,420,586)**	**(4,695,559)**	-	**(495,081)**	**(5,190,638)**
usiness combination (note 13)	-	-	-	-	-	-	-	-	-	-	-	1,026,283	**1,026,283**
ain (loss) on interest in subsidiaries with no change in control	-	249,807	-	-	-	-	-	-	-	**249,807**	-	(1,379,460)	**(1,129,653)**
dditional proposed dividend	-	-	-	-		1,211,152	-	-	(1,211,152)	-	-	-	-
npaid dividend	-	-	-	-	-	-	-	-	1,718	**1,718**	-	-	**1,718**
ividend proposal approved	-	-	-	-	-	(3,735,932)	-	-	(1,211,152)	**(4,947,084)**	-	(141,902)	**(5,088,986)**
Balance at December 31, 2022	**9,388,071**	**(1,396,339)**	**1,710,665**	**4,840,094**	**1,683,741**	**1,211,152**	**274,113**	**(1,454,897)**	**-**	**16,256,599**	**2,946**	**1,280,399**	**17,539,944**

The accompanying notes are an integral part of these financial statements.

CPFL Energia S.A.

Statements of cash flow for the years ended December 31, 2022 and 2021

(in thousands of Brazilian Reais)

	Parent company		Consolidated	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Profit before taxes	**5,125,080**	**4,807,511**	**7,319,648**	**6,615,458**
Adjustment to reconcile profit to cash from operating activities				
Depreciation and amortization	8,536	406	2,031,446	1,751,415
Provision for tax, civil and labor risks	1,342	1,003	286,854	274,151
Allowance for doubtful accounts	-	-	318,628	338,707
Interest on debts, monetary adjustment and exchange rate changes	37,640	(26,185)	2,251,999	319,659
Pension plan expense (income)	-	-	337,904	248,754
Equity interests in subsidiaries, associates and joint ventures	(5,225,740)	(4,827,338)	(490,530)	(521,805)
Loss (gain) on disposal of noncurrent assets	75	-	207,705	157,049
Renegotiation of hydrological risk	-	-	-	(189,949)
Effect of measuring at fair value arising from a business combination (note 13):	-	-	(670,016)	-
Others	-	-	259,943	(37,666)
	(53,067)	(44,603)	11,853,579	8,955,772
Decrease (increase) in operating assets				
Consumers, concessionaires and licensees	-	-	143,759	(246,053)
Dividend and interest on capital received	4,954,728	5,336,292	497,788	296,524
Taxes recoverable	(27,236)	5,808	637,307	14,105
Escrow deposits	133	(241)	207,187	23,191
Sector financial asset	-	-	1,086,503	(2,326,724)
Receivables - CDE	-	-	(26,978)	(47,374)
Transmission asset additions	-	-	(551,886)	(396,522)
Other operating assets	(14,408)	5,597	488,308	(89,731)
Increase (decrease) in operating liabilities				
Trade payables	228	(1,397)	(1,056,152)	251,683
Other taxes and social contributions	12,870	1,431	(827,748)	91,861
Other liabilities with private pension plan	-	-	(662,297)	(391,177)
Regulatory charges	-	-	(468)	443,595
Tax, civil and labor risks paid	(1,287)	(1,017)	(223,587)	(219,082)
Sector financial liability	-	-	59,778	(588,364)
Payables - CDE	-	-	6,481	(37,250)
Other operating liabilities	16,966	(1,051)	523,556	244,464
Cash flows provided (used) by operations	**4,888,927**	**5,300,819**	**12,155,130**	**5,978,912**
Interest paid on debts and debentures	-	-	(1,462,558)	(651,960)
Income tax and social contribution paid	(10,693)	(18,588)	(1,711,643)	(1,465,362)
Cash flows provided (used) by operations activities	**4,878,234**	**5,282,231**	**8,980,928**	**3,861,590**
Investing activities				
Capital increase of shareholders	-	-	266,606	-
Cash increase resulting from corporate restructuring			147,351	-
Business combinations net of cash acquired	-	-	(1,171,236)	(2,191,595)
Purchases of property, plant and equipment	(1,500)	-	(374,332)	(537,562)
Purchases of contract asset	-	-	(4,790,932)	(3,027,732)
Purchases and construction of intangible assets	(45)	(1,515)	(21,371)	(37,917)
Securities, pledges and restricted deposits - investment	-	-	(1,152,057)	(307,497)
Securities, pledges and restricted deposits - redemption	-	-	836,940	1,676,049
Advances for future capital increases	(1,043,120)	(1,350,000)	-	-
Intragroup loans to subsidiaries	(9,104)	-	-	-
Receiving of intragroup loans from subsidiaries	138,422	320,383	-	-
Others	-	-	-	219,737
Net cash generated by (used) In investing activities	**(915,347)**	**(1,031,132)**	**(6,259,031)**	**(4,206,517)**
Financing activities				
Borrowings and debentures raised	-	-	11,391,415	6,121,146
Repayment of principal of borrowings and debentures	-	-	(8,208,404)	(3,996,902)
Repayment of derivatives	(57,695)	26,980	(486,362)	800,334
Dividend and interest on capital paid	(3,724,378)	(4,251,559)	(3,872,339)	(4,298,495)
Intragroup loans paid	-	(413,978)	-	-
Net cash generated by (used in) financing activities	**(3,782,073)**	**(4,638,557)**	**(1,175,690)**	**(1,373,917)**
Net increase (decrease) in cash and cash equivalents	180,814	(387,458)	1,546,207	(1,718,844)
Cash and cash equivalents at the beginning of the year	8,287	395,745	2,199,952	3,918,795
Cash and cash equivalents at the end of the year	189,100	8,287	3,746,158	2,199,952

CPFL Energia S.A.
Statements of value added for the years ended December 31, 2022 and 2021
(in thousands of Brazilian Reais)

	Parent company		Consolidated	
	2022	2021	2022	2021
1. Revenues	**1,340**	**(3,266)**	**54,959,613**	**56,544,895**
1.1 Operating revenues	99	50	49,293,928	53,028,427
1.2 Revenues related to the construction of own assets	1,241	(3,316)	627,638	543,076
1.3 Revenue from infrastructure construction of the concession	-	-	5,356,676	3,312,656
1.4 Allowance for doubtful accounts	-	-	(318,628)	(339,265)
2. (-) Inputs	**(30,015)**	**(6,432)**	**(27,744,819)**	**(31,433,850)**
2.1 Electricity Purchased for Resale	-	-	(20,204,658)	(25,618,449)
2.2 Material	(1,755)	(157)	(3,655,761)	(2,510,615)
2.3 Outsourced Services	(24,867)	(3,580)	(3,010,690)	(2,293,049)
2.4 Other	(3,393)	(2,695)	(873,711)	(1,011,736)
3. Gross added value (1 + 2)	**(28,675)**	**(9,698)**	**27,214,794**	**25,111,045**
4. Retentions	**(8,536)**	**(406)**	**(2,038,567)**	**(1,759,502)**
4.1 Depreciation and amortization	(8,536)	(406)	(1,720,235)	(1,461,309)
4.2 Amortization of intangible assets of the concession	-	-	(318,331)	(298,193)
5. Net added value generated (3 + 4)	**(37,210)**	**(10,104)**	**25,176,227**	**23,351,543**
6. Added value received in transfer	**5,275,085**	**4,882,090**	**2,764,652**	**1,716,691**
6.1 Financial Income	49,345	54,752	2,274,122	1,194,886
6.2 Equity interests in subsidiaries, associates and joint ventures	5,225,740	4,827,338	490,530	521,805
7. Added value to be distributed (5 + 6)	**5,237,874**	**4,871,987**	**27,940,879**	**25,068,234**
8. Distribution of added value				
8.1 Personnel and Charges	**30,394**	**21,368**	**2,235,835**	**1,731,008**
8.1.1 Direct Remuneration	11,382	9,691	1,178,292	928,562
8.1.2 Benefits	17,845	10,771	944,017	724,349
8.1.3 Government severance indemnity fund for employees - F.G.T.S.	1,167	906	113,527	78,097
8.2 Taxes, Fees and Contributions	**50,541**	**79,692**	**15,311,474**	**16,435,877**
8.2.1 Federal	50,458	79,607	9,477,863	8,294,676
8.2.2 Estate	83	85	5,786,159	8,100,367
8.2.3 Municipal	-	-	47,453	40,834
8.3 Interest and Rentals	**57,354**	**22,878**	**5,174,755**	**2,047,600**
8.3.1 Interest	65,735	22,580	5,107,758	1,950,005
8.3.2 Rental	(8,381)	298	66,997	97,595
8.4 Interest on capital	**5,099,586**	**4,748,049**	**5,218,813**	**4,853,751**
8.4.1 Dividend (including additional proposed)	2,422,303	4,539,932	2,564,205	4,629,039
8.4.2 Retained Earnings	2,677,283	208,117	2,654,608	224,712
	5,237,874	**4,871,987**	**27,940,879**	**25,068,234**

The accompanying notes are an integral part of these financial statements.

(1) OPERATIONS

CPFL Energia S.A. ("CPFL Energia" or "the Company") is a publicly-held corporation incorporated for the principal purpose of operating as a holding company, with equity interests in other companies primarily engaged in electric energy distribution, generation, transmission and commercialization activities in Brazil.

The Company's registered office is located at Rua Jorge Figueiredo Corrêa, nº 1.632, Jardim Professora Tarcília, CEP 13087-397 – Campinas - SP - Brazil.

The Company has direct and indirect interests in the following subsidiaries and joint-ventures:

Energy distribution	Company type	Equity interest	Location (state)	Number of municipalities	Approximate number of consumers (in thousands)	Concession period	End of the concession
Companhia Paulista de Força e Luz ("CPFL Paulista")	Publicly-held corporation	Direct 100%	Interior of São Paulo	234	4,869	30 years	November 2027
Companhia Piratininga de Força e Luz ("CPFL Piratininga")	Publicly-held corporation	Direct 100%	Interior and coast of São Paulo	27	1,905	30 years	October 2028
RGE Sul Distribuidora de Energia S.A. ("RGE")	Publicly-held corporation	Direct and Indirect 100%	Interior of Rio Grande do Sul	381	3,072	30 years	November 2027
Companhia Jaguari de Energia ("CPFL Santa Cruz")	Privately-held corporation	Direct 100%	Interior of São Paulo, Paraná and Minas Gerais	45	497	30 years	July 2045

Energy generation (conventional and renewable sources) and Energy transmission	Company type	Equity interest	Location (state)	Number of plants / type of energy	Installed power (MW)	
					Total	CPFL share
CPFL Geração de Energia S.A.("CPFL Geração")	Publicly-held corporation	Direct 100%	São Paulo	n/a	n/a	n/a
CERAN - Companhia Energética Rio das Antas ("CERAN")	Privately-held corporation	Indirect 65%	Rio Grande do Sul	3 Hydropower	360	234
Foz do Chapecó Energia S.A.("Foz do Chapecó")	Privately-held corporation	Indirect 51% (c)	Santa Catarina e Rio Grande do Sul	1 Hydropower	855	436
Campos Novos Energia S.A.("ENERCAN")	Privately-held corporation	Indirect 52.12%	Santa Catarina	1 Hydropower	880	460
BAESA - Energética Barra Grande S.A.("BAESA")	Publicly-held corporation	Indirect 25.01%	Santa Catarina e Rio Grande do Sul	1 Hydropower	690	173
Centrais Elétricas da Paraíba S.A.("EPASA")	Privately-held corporation	Indirect 53.34%	Paraíba	2 Thermal	342	182
Paulista Lajeado Energia S.A.("Paulista Lajeado")	Privately-held corporation	Indirect 56.93% (a)	Tocantins	1 Hydropower	903	38
CPFL Energias Renováveis S.A. ("CPFL Renováveis")	Publicly-held corporation	Direct and Indirect 100%	(b)	(b)	(b)	(b)
CPFL Transmissão Piracicaba Ltda ("CPFL Transmissão Piracicaba")	Limited liability company	Indirect 100%	São Paulo			
CPFL Transmissão Morro Agudo Ltda ("CPFL Transmissão Morro Agudo")	Limited liability company	Indirect 100%	São Paulo			
CPFL Transmissão Maracanaú Ltda. ("CPFL Maracanaú")	Limited liability company	Indirect 100%	Ceará			
CPFL Transmissão Sul I Ltda. ("CPFL Sul I")	Limited liability company	Indirect 100%	Santa Catarina			
CPFL Transmissão Sul II Ltda. ("CPFL Sul II")	Limited liability company	Indirect 100%	Rio Grande do Sul			
CPFL Comercialização de Energia Cone Sul Ltda ("CPFL Cone Sul")	Limited liability company	Indirect 100%	São Paulo			
Companhia Estadual de Transmissão de Energia Elétrica – CEEE-T ("CPFL Transmissão") (d)	Privately-held corporation	Indirect 100%	Rio Grande do Sul			
Transmissora de Energia Sul Brasil S.A. (TESB)	Privately-held corporation	Indireta 96,84%	Rio Grande do Sul			

Energy commercialization	Company type	Core activity	Equity interest
CPFL Comercialização Brasil S.A. ("CPFL Brasil")	Privately-held corporation	Energy commercialization	Direct 100%
Clion Assessoria e Comercialização de Energia Elétrica Ltda ("CPFL Meridional")	Limited liability company	Commercialization and provision of energy services	Indirect 100%
CPFL Planalto Ltda ("CPFL Planalto")	Limited liability company	Energy commercialization	Direct 100%
CPFL Brasil Varejista de Energia Ltda ("CPFL Brasil Varejista")	Limited liability company	Energy commercialization	Indirect 100%

Provision of services	Company type	Core activity	Equity interest
CPFL Serviços, Equipamentos, Industria e Comércio S.A. ("CPFL Serviços")	Privately-held corporation	Manufacturing, commercialization, rental and maintenance of electro-mechanical equipment and service provision	Direct 100%
Nect Serviços Administrativos de Infraestrutura Ltda ("CPFL Infra")	Limited liability company	Provision of infrastructure and fleet services	Direct 100%
Nect Servicos Administrativos de Recursos Humanos Ltda ("CPFL Pessoas")	Limited liability company	Provision of human resources services	Direct 100%
Nect Servicos Administrativos Financeiros Ltda ("CPFL Finanças")	Limited liability company	Provision of financial services	Direct 100%
Nect Servicos Adm de Suprimentos E Logistica Ltda ("CPFL Supre")	Limited liability company	Supply and logistics services	Direct 100%
CPFL Atende Centro de Contatos e Atendimento Ltda ("CPFL Atende")	Limited liability company	Provision of call center services	Direct 100%
CPFL Total Serviços Administrativos S.A. ("CPFL Total")	Privately-held corporation	Collection services	Indirect 100%
CPFL Eficiência Energética Ltda ("CPFL Eficiência")	Limited liability company	Energy efficiency management	Direct 100%
TI Nect Serviços de Informática Ltda ("Authi")	Limited liability company	Provision of IT services	Direct 100%
CPFL Geração Distribuída de Energia Ltda ("CPFL GD")	Limited liability company	Provision of maintenance services for energy generation companies	Indirect 100%
Alesta Sociedade de Crédito Direto S.A. ("Alesta")	Privately-held corporation	Financial services	Direct 100%

Others	Company type	Core activity	Equity interest
CPFL Jaguari de Geração de Energia Ltda ("Jaguari Geração")	Limited liability company	Holding company	Direct 100%
Chapecoense Geração S.A. ("Chapecoense")	Privately-held corporation	Holding company	Indirect 51%
Sul Geradora Participações S.A. ("Sul Geradora")	Privately-held corporation	Holding company	Indirect 99.95%
CPFL Telecomunicações Ltda ("CPFL Telecom")	Limited liability company	Telecommunication services	Direct 100%

a) Paulista Lajeado holds a 7% interest in the installed power of Investco S.A. (5.94% interest in total capital).

b) CPFL Renováveis has operations in the states of São Paulo, Minas Gerais, Mato Grosso, Santa Catarina, Ceará, Rio Grande do Norte, Paraná, Rio Grande do Sul and Goiás and its main activities are: (i) holding investments in companies of the renewable energy segment; (ii) identification, development, and exploration of generation potentials; and (iii) sale of electric energy. At December 31, 2022, CPFL Renováveis had a portfolio of 108 enterprises with 3,1 GW of installed capacity (3,090.4 MW in operation):

- Hydropower generation: 47 small hydroelectric plants and central hydroelectric generators - SHPs/CHGs (485 MW) with 46 SHPs/CHGs in operation (457.1 MW) and 1 SHP under construction/development (28 MW), 3 hydroelectric power plants (HPP) in operation (848 MW - 51.54% of the assured energy and power of the Serra da Mesa hydropower plant, which concession is owned by Furnas, 25.01% of BAESA - Energética Barra Grande S.A. "BAESA" and 100% of Rio do Peixe);
- Wind power generation: 49 projects (1,390.2 MW);
- Biomass power generation: 8 plants in operation (394 MW);
- Solar power generation: 1 solar plant in operation (1.1 MW).

c) The joint venture Chapecoense has as its direct subsidiary Foz do Chapecó and fully consolidates its financial statements.

d) The Group took control of the Companhia Estadual de Transmissão de Energia Elétrica-CEEE-T ("CPFL Transmissão") on October 14, 2021. In April 2022, as a result of the auction of the unified public offer for the mandatory acquisition of common shares by transfer of control and voluntary transfer of preferred shares issued by CPFL Transmissão, the group now holds 99.26% of the total share capital (previously 66 .08%). In December 2022, as a result of the mandatory redemption of outstanding shares, the Group now holds 100% of the total share capital of CPFL Transmissão. For more details see note 13.4.1.

e) The Group took control of Campos Novos Energia S.A. ("ENERCAN") on November 17, 2022, after the acquisition of 3.39% of the subsidiary's share capital, when it became the holder of a 52.12% shareholding (previously 48.72% and jointly controlled, recorded using the equity method of accounting until the date of change of control). For more details see note 13.4.2.

1.1 Climate Changes

As our Statement on Climate Change, CPFL Energia declares its commitment to the objectives of the Paris Agreement and the need to limit the increase in global average temperature to 1.5°C, with the consequent reduction and neutralization of greenhouse gas emissions "GHG".

Annually, the Company carries out the GHG Emissions Inventory and makes measurements and disclosure in the three scopes of the inventory, which are:

- Scope 1: Direct emissions that belong to or are controlled by the company;
- Scope 2: Indirect emissions related to the purchase of electricity and technical losses from energy distribution and transmission
- Scope 3: Indirect emissions related to the value chain.

The Company includes in its strategy its ESG Plan (Environmental, Social and Governance), which defines the guidelines for all businesses and gives directions to the realization of investments aligned with global trends for sustainable development. The structure of the plan considers three main commitments related to the decarbonization of operations: (i) generate 100% renewable energy by 2030; (ii) be carbon neutral* as of 2025, reducing 35% of emissions from scopes 1, 2 and 3 by 2030; and (iii) offer low-carbon solutions to our customers, with annual revenue targets for IRECs (international renewable energy certificates) and carbon credits.

In the publication "Our Journey Against Climate Change", CPFL discloses its strategies, risks and opportunities for the Company, in accordance with the Task Force on Climate-Related Financial Disclosures (TCFD) methodology.

*Offsetting emissions from scopes 1, 2 and 3

(2) PRESENTATION OF THE FINANCIAL STATEMENTS

2.1 Basis of preparation

The individual (Parent Company) and consolidated financial statements have been prepared and are being presented in accordance with the International Financial Reporting Standards – IFRS, issued by the International Accounting Standard Board – IASB, and also in accordance with accounting practices adopted in Brazil (BR GAAP).

Accounting practices adopted in Brazil encompass those included in Brazilian corporate law and the technical pronouncements, guidelines and interpretations issued by the Accounting Pronouncements Committee (Comitê de Pronunciamentos Contábeis – CPC) and approved by the Brazilian Securities and Exchange Commission (Comissão de Valores Mobiliários – CVM).

The Company and its subsidiaries ("the Group") also follows the guidelines of the Accounting Manual of the Brazilian Electricity Sector and the standards laid down by the Brazilian Electricity Regulatory Agency (Agência Nacional de Energia Elétrica – ANEEL), when these do not conflict with the accounting practices adopted in Brazil and/or International Financial Reporting Standards.

Management states that all material information of the financial statements, and only this information, is disclosed and corresponds to what is used in the Group's management.

The financial statements were authorized for issue on March 13, 2023.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following material items, which are measured at each reporting date and recorded in the statements of financial position: i) derivative financial instruments measured at fair value and ii) non derivative financial instruments measured at fair value through profit or loss. The classification of the fair value measurement in the level 1, 2 or 3 categories (depending on the degree of observance of the variables used) is presented in note 35 – financial instruments.

2.3 Use of estimates and judgments

The preparation of the financial statements requires the Group's management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

By definition, the accounting estimates may differ from the actual results. Accordingly, the Group's management review the estimates and assumptions on an ongoing basis, based on previous experience and other relevant factors. Adjustments resulting from revisions to accounting estimates are recognized in the period in which the estimates are revised and applied on a prospective basis.

The main accounts that require the adoption of estimates and assumptions, which are subject to a greater degree of uncertainty and may result in a material adjustment if these estimates and assumptions suffer significant changes in subsequent periods, are:

- Note 7 – Consumers, concessionaires and licensees (allowance for doubtful debts: main assumptions in relation to the expectation of expected credit loss and assumptions for measuring the supply and tariff for use of the distribution system ("TUSD") not invoiced);
- Note 9 – Sector financial assets and liabilities (regulatory criteria and assumptions on certain items);
- Note 10 – Deferred tax assets and liabilities (asset recognition: availability of future taxable income against which tax losses can be used);
- Note 11 – Concession financial asset (assumptions for determining the fair value based on significant unobservable data, see Note 35);
- Note 12 – Other assets (allowance for doubtful accounts: main assumptions regarding expected credit losses);
- Note 13.4 - Business combination (main assumptions for determining fair value);
- Note 14 – Property, plant and equipment (application of estimated useful lives and main assumptions in relation to recoverable amounts);
- Note 15 – Contract assets (main assumptions regarding recoverable amounts);
- Note 16 – Intangible assets (main assumptions regarding recoverable amounts);
- Note 18 – Loans and financing (main assumptions for determining fair value);
- Note 19 – Debentures (main assumptions for determining fair value);
- Note 20 – Private pension plan (main actuarial assumptions in measuring defined benefit obligations);
- Note 22 - Taxes, fees and contributions payable (uncertainties about income taxes);
- Note 23 – Provisions for tax, civil and labor risks and escrow deposits (recognition and measurement: main assumptions about the probability and magnitude of outflows); and
- Note 35 - Financial Instruments - derivatives (main assumptions for determining fair value).

In addition, Management exercises significant judgment in determining the assumptions used in measuring of lease liabilities, such as determining the term of the various lease agreements, discount rates, determining the agreements that are within the scope of the standard and the impacts of any changes in the assumptions associated with the judgments and estimates adopted by the Company and its subsidiaries.

2.4 Functional currency and presentation currency

The Group's functional currency is the Brazilian Real, and the individual and consolidated financial statements are being presented in thousands of reais. Figures are rounded only after the amounts have been totalled. Consequently, when totalled, the amounts stated in thousands of reais may not tally with the rounded totals.

2.5 Segment information

An operating segment is a component of the Company (i) that engages in operating activities from which it earns revenues and incurs expenses, (ii) whose operating results are regularly reviewed by Management to make decisions about resources to be allocated and assess the segment's performance, and (iii) for which individual financial information is available.

The Group's officers use reports to make strategic decisions, segmenting the business into: (i) electric energy distribution activities ("Distribution"); (ii) electric energy generation ("Generation"); (iii) electric energy transmission ("Transmission") (iv) energy commercialization ("Commercialization"); (v) service activities ("Services"); and (vi) other activities not listed in the previous items.

2.6 Information on equity interests

The Company's equity interests in direct and indirect subsidiaries and joint ventures are described in note 1. Except for (i) the companies BAESA, Chapecoense, EPASA, TPAE and ETAU which use the equity method of accounting, (ii) the non-controlling interest in the subsidiary Paulista Lajeado (related to investment in Investco S.A), and CPFL Transmissão (related to investment in Centrais Elétricas S.A. - Eletrosul), all other entities are fully consolidated.

At December 31, 2022 and 2021 the noncontrolling interests in the consolidated balances refer to interests held by third parties in subsidiaries CERAN, ENERCAN, Paulista Lajeado, not wholly-owned subsidiaries of CPFL Renováveis, CPFL Transmissão TESB.

2.7 Statement of value added

The Company has prepared the individual and consolidated statements of value added ("DVA") in conformity with technical pronouncement CPC 09 - Statement of Value Added, which are presented as an integral part of the financial statements in accordance with accounting practices adopted in Brazil and as supplementary information to the financial statements in accordance with IFRS, as this statement is neither provided for nor required by IFRS.

(3) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in the preparation of these individual and consolidated financial statements are described below. These policies have been consistently applied in all reporting periods.

3.1 Cash and cash equivalents

In the statements of cash flows, cash and cash equivalents include negative balances of overdraft accounts that are immediately payable and are an integral part of the Group's cash management.

Cash and cash equivalents comprise the balances of cash and financial investments with original maturities of three months or less from the contract date, which are subject to an insignificant risk of change in fair value at the settlement date and are used by the Group in the management of short-term obligations.

The purpose of determining the components of the company's cash and cash equivalents is to maintain sufficient cash to ensure the continuity of investments and the fulfillment of short- and long-term obligations, maintaining the return on its capital structure at appropriate levels aimed at business continuity and increased value for shareholders and investors.

3.2 Concession agreements

Distribution subsidiaries:

ICPC 01 (R1) and IFRIC 12 – Service Concession Arrangements establish general guidelines for the recognition and measurement of obligations and rights related to concession agreements and apply to situations in which the granting authority controls or regulates which services the concessionaire should provide with infrastructure, to whom the services should be provided and at what price, and controls any significant residual interest in the infrastructure at the end of the concession period.

When these definitions are met, the infrastructure of distribution concessionaires is segregated at the time of construction in accordance with the CPC and IFRS requirements, so that the following are recognized in the financial statements (i) an intangible asset corresponding to the right to operate the concession and collect from the users of public utilities, and (ii) a financial asset corresponding to the unconditional contractual right to receive cash (indemnity) by transferring control of the assets at the end of the concession.

The concession financial asset of distribution is measured at fair value, determined in accordance with the remuneration base for the concession assets, pursuant to the legislation in force established by the regulatory authority (ANEEL), and takes into consideration changes in the fair value, mainly based on factors such as new replacement value, and adjustment for IPCA (Extended Consumer Price Index) to the subsidiaries of the distribution segment. The financial asset of distribution is classified at fair value through profit or loss, with the corresponding fair value changes entry in an operating income/expense account in the statement of profit or loss for the year (notes 4 and 27).

The remaining amount is recognized as an intangible asset and relates to the right to charge consumers for electric energy distribution services and is amortized in accordance with the consumption pattern that reflects the estimated economic benefit to the end of the concession.

Considering that (i) the tariff model does not provide for a profit margin for the infrastructure of discos construction services, (ii) the way in which the subsidiaries manage the constructions by using a high level of outsourcing, and (iii) the fact that there is no provision for profit margin on construction in the Group‘s business plans, Management is of the opinion that the margins on this operation are irrelevant, and therefore no mark-up to the cost is considered in revenue. The construction revenues and costs are therefore presented in the statement of profit or loss for the year in the same amounts.

Transmission subsidiaries:

The Group’s transmission companies are responsible for constructing and operating the transmission infrastructure in order to carry the energy from the generation centers to the distribution points, according to their concession arrangements.

The energy transmission company has the obligation to maintain its transmission infrastructure available to its users to guarantee the receipt of the Permitted Annual Revenue (RAP) during the concession agreement term. Potential unamortized investments generate the right to indemnity at the end of the concession arrangement

The transmission infrastructure is classified as a contract asset. The right to consideration for goods and services is subject to the satisfaction of performance obligations, investments in construction and improvements and not only to the passage of time.

Based on the Concession Agreements and in compliance with the requirements of Technical Pronouncement CPC 47 - Revenue from Customer Agreement and CPC 48 (IFRS 9) - Financial Instruments guided by Circular Letter No. 04 published by CVM on December 1, 2020, the Company assigned margins for the recognition of revenue from construction and infrastructure operation and maintenance, as well as the rate used to remunerate the concession contracts, which must correspond to the implicit rate remaining for each project, after allocating the respective margins.

In compliance with accounting requirements and in accordance with its accounting policies the Company clarifies that:

i. It assigned expected construction margins between 5% and 29%, before taxes, and operation and maintenance of 45% at the beginning of each project for the recognition of the respective revenues. In relation to indemnity contracts, as they are exclusively about indemnification and not construction of assets, no margins are recognized.

ii. The monetary restatement of the contractual asset recognized at the implicit rate is established at the beginning of each project after the allocation of construction and operating margins. The implicit rate that remunerates the contract asset varies between 4% p.a. and 13% p.a.

iii. The Company monitors the return on its transmission investments and currently the nominal pre-tax rate expected for its projects varies between 12% p.a. and 16% p.a.

3.3 Financial Instruments

- Financial Assets

Financial assets are recognized initially on the date that they are originated or on the trade date at which the Company or its subsidiaries become parties to the contractual provisions of the instrument. Derecognition of a financial asset occurs when the contractual rights to the cash flows from the asset expire or when the risks and rewards of ownership of the financial asset are transferred.

Subsequent Measurement and gains and losses:

Financial assets measured at fair value through profit or loss (FVTPL): these assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

Financial assets at amortized cost: these assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

Debt instruments at fair value through other comprehensive income (FVOCI): these assets are subsequently measured at fair value. Net gains and losses are recognized in other comprehensive income, except for interest income calculated using the effective interest method, foreign exchange gains and losses and impairment, which are recognized in profit or loss. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss. The Group does not hold financial assets under this classification.

Equity instruments at fair value through other comprehensive income: these assets are subsequently measured at fair value. All gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss, except dividends which are recognized as income in profit or loss (unless the dividend clearly represents a recovery of part of the cost of the investment). The Group holds no financial assets of this classification.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Amortized cost: A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL.

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are related solely to payments of principal and interest on the principal amount outstanding.

Fair value through other comprehensive income (FVOCI): A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets ; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment’s fair value in other comprehensive income. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets (see note 35). On initial recognition, the Group may irrevocably designate a non-derivative financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment:

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes the stated policies and objectives for the portfolio and the operation of those policies in practice. These include:

- whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at fair value through profit or loss.

Assessment whether contractual cash flows are solely payments of principal and interest:

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. based on the performance of an asset).

For transactions involving the purchase and sale of energy by the comercialization subsidiaries, the Group has an accounting policy defined according to the business strategy with instruments measured at amortized cost, which refer to agreements already entered into and still held with the purpose of receipt or delivery of energy in accordance with the requirements by the company related to purchase or sale. The transactions are usually long term and are never settled by the net cash amount or with another financial instrument and, even if some contracts have a certain flexibility, the strategy of the Group's portfolio is not changed for this reason.

- Financial liabilities

Financial liabilities are initially recognized on the date that they are originated or on the trade date at which the Company or its subsidiaries become a party to the contractual provisions of the instrument. The Group have the following main financial liabilities:

(i) Measured at fair value through profit or loss: these are financial liabilities that are: (i) held for trading, (ii) designated at fair value in order to match the effects of recognition of income and expenses to obtain more relevant and consistent accounting information, or (iii) derivatives. These liabilities are measured at fair value, which fair value changes recognized in profit or loss except for changes in fair value attributable to credit risk which are recognized in comprehensive income.

(ii) Measured at amortized cost: these are other financial liabilities not classified into the previous category. They are measured initially at fair value net of any cost attributable to the transaction and subsequently measured at amortized cost using the effective interest rate method.

The Group recognizes financial guarantees when these are granted to non-controlled entities or when the financial guarantee is granted at a percentage higher than the Company's interest to cover commitments of joint ventures. Such guarantees are initially measured at fair value, by recognizing (i) a liability corresponding to the risk of non-payment of the debt, which is amortized against finance income simultaneously and in proportion to amortization of the debt, and (ii) an asset equivalent to the right to compensation by the guaranteed party or a prepaid expense under the guarantees, which is amortized by receipt of cash from other shareholders or at the effective interest rate over the term of the guarantee. After initial recognition, guarantees are measured periodically at the higher of the amount determined in accordance with CPC 25 / IAS 37 and the amount initially recognized less accumulated amortization.

Financial assets and liabilities are offset and presented at their net amount when there is a legal right to offset the amounts and the intent to realize the asset and settle the liability simultaneously.

The classifications of financial instruments (assets and liabilities) are described in note 35.

- Issued Capital

Common shares are classified as equity. Additional costs directly attributable to share issues and share options are recognized as a deduction from equity, net of any tax effects.

3.4 Inventories

Inventories are measured at the lower of cost and net realizable value and are segregated into different types, according to CPC 16 / IAS 2. The cost of inventories is valued using the average cost method.

3.5 Property, plant and equipment

Items of property, plant and equipment are measured at acquisition, construction or formation cost less accumulated depreciation and, if applicable, accumulated impairment losses. Cost also includes any other costs attributable to bringing the assets to the place and in a condition to operate as intended by Management, the cost of dismantling the items and restoring the site on which they are located and capitalized borrowing costs on qualifying assets.

The replacement cost of items of property, plant and equipment is recognized if it is probable that it will involve economic benefits for the subsidiaries and if the cost can be reliably measured, and the value of the replaced item is written off. Maintenance costs are recognized in profit or loss as they are incurred.

Depreciation is calculated on a straight-line basis, at annual rates of 2% to 20%, taking into consideration the estimated useful life of the assets, as instructed and defined by the Granting Authority.

Gains and losses on disposal/write-off of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of the asset and are recognized net within other operating income/expenses.

Assets and facilities used in the electric generation, transmission and distribution activities are tied to these services and may not be removed, donated, disposed of, assigned or pledged in mortgage without the prior and express authorization of the ANEEL. The ANEEL, through Resolution No. 20 of February 3, 1999, amended by Normative Resolution No. 691 of December 8, 2015, releases Public Electric Energy Utility concessionaires from prior authorization for release of assets of no use to the concession, but determines that the proceeds from the disposal be deposited in a restricted bank account for use in the acquisition of new assets related to electric energy services.

3.6 Intangible assets and Contract asset

Includes rights related to non-physical assets such as goodwill and concession exploitation rights, software and rights-of-way.

Goodwill that arises on the acquisition of subsidiaries is measured based on the difference between the fair value of the consideration transferred for acquisition of a business and the net fair value of the assets, adding the portion of noncontrolling interests and liabilities of the subsidiary acquired.

Goodwill is subsequently measured at cost less accumulated impairment losses. Goodwill and other intangible assets with indefinite useful lives, if any, are not subject to amortization and are tested annually for impairment.

Negative goodwill is recognized as a gain in the statement of profit or loss in the year of the business acquisition.

In the individual financial statements, fair value adjustments (value added) of net assets acquired in business combinations are included in the carrying amount of the investment and the amortization is classified in the individual statement of income as “equity interest in associates and joint ventures” in accordance with ICPC 09 (R2). In the consolidated financial statements, the amount is stated as intangible asset and its amortization is classified in the consolidated statement of profit and loss as “amortization of concession intangible asset” in other operating expense.

Intangible assets corresponding to the right to operate concessions may have three origins, as follows:

(i) Acquisitions through business combinations: the portion arising from business combinations that corresponds to the right to operate the concession amortized in straight-line method over the remaining period of the concessions.
(ii) Investments in infrastructure (application of ICPC01 (R1) and IFRIC 12 – Concession contracts) - in progress: under the electric energy distribution concession agreements with the subsidiaries, the recognized intangible asset corresponds to the concessionaires' right to charge the consumers for use of the concession infrastructure. Since the exploration term is defined in the agreement, intangible assets with defined useful lives are amortized over the concession period in proportion to a curve that reflects the consumption pattern in relation to the expected economic benefits. For further information, see note 3.2.

Items comprised in the infrastructure are directly tied to the Company’s electric energy distribution operation and shall comply with the same regulatory rules described in item 3.5.

(iii) Use of public asset: certain generation concessions were granted with the condition of payments to the federal government for use of public asset. On the signing date of the respective agreements, the Company’s subsidiaries recognized intangible assets and the corresponding liabilities at present value. The intangible assets, capitalized by interest incurred on the obligation until the start-up date, are amortized on a straight-line basis over the remaining period of each concession.

3.7 Impairment

- Financial assets

The Group assesses evidence of impairment for certain receivables at both an individual and a collective level. Receivables that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

The Group recognizes impairment losses for ECLs on: (i) financial assets measured at amortized cost; (ii) debt investments measured at FVOCI, when applicable; and (iii) contract assets.

The Group measures impairment allowances, adopting the simplified method of recognizing, at an amount equal to lifetime, except for debt securities with low credit risk at the end of the reporting period, which are measured as 12-month ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating the expected credit losses, the Group considers a simplified approach of default assessment which consists in measuring the expected loss of a financial asset equivalent to the lifetime expected credit loss of an asset including reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group considers a financial asset to be in default when the borrower has not complied with its contractual payment obligations and is unlikely to pay its obligations.

The Group uses an allowance matrix based on its historical default rates observed along the expected lifetime of the trade receivables to estimate the expected credit losses for the lifetime of the asset where the history of losses is adjusted to consider the effects of the current conditions and its forecasts of future conditions that did not affect the period in which the historical data were based.

The methodology developed by the Group resulted in a percentage of expected loss for bills of consumers, concessionaires and licensees that is in compliance with IFRS 9 / CPC 48 described as expected credit losses, comprising in a single percentage the probability of loss weighted by the expected loss and possible results, that is, comprising the Probability of Default ("PD"), Exposure At Default ("EAD") and Loss Given Default ("LGD").

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities at FVOCI, when applicable, are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract clauses;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Impairment losses related to consumers, concessionaires and licensees recognized in financial assets and other receivables, including contract assets, are recognized in profit or loss.

- Non-financial assets

Non-financial assets that have indefinite useful lives, such as goodwill, are tested annually for impairment to assess whether the asset's carrying amount does not exceed its recoverable amount. Other assets subject to amortization are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may be impaired.

An impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount, which is the greater of (i) its fair value less costs to sell or (ii) its value in use.

The assets (e.g. goodwill, concession intangible asset) are segregated and grouped together at the lowest level that generates identifiable cash flows (the "cash-generating unit", or CGU). If there is an indication of impairment, the loss is recognized in profit or loss. Except in the case of goodwill impairment, which cannot be reversed in the subsequent period, impairment analysis are reassessed for any possibility of reversals.

3.8 Provisions

A provision is recognized if, as a result of a past event, there is a legal or constructive obligation that can be estimated reliably, and it is probable (more likely than not) that an outflow of economic resources will be required to settle the obligation. When applicable, provisions are determined by discounting the expected future cash outflows at a rate that reflects current market assessment and the risks specific to the liability.

3.9 Employee benefits

Certain subsidiaries have post-employment benefits and pension plans, recognized, being considered sponsors of these plans. The plans have the following characteristics:

(i) Defined contribution plan: a post-employment benefit plan under which the Sponsor pays fixed contributions into a separate entity and will have no liability for the actuarial deficits of the plan. The obligations are recognized as an expense in the statement of profit or loss in the periods during which the services are rendered.

(ii) Defined benefit plan: The net obligation is calculated as the difference between the present value of the actuarial obligation based on assumptions, biometric studies and interest rates in line with market rates, and the fair value of the plan assets as of the reporting date. The actuarial liability is calculated annually by independent actuaries, under the responsibility of Management, using the projected unit credit method. Actuarial gains and losses are recognized in other comprehensive income when they occur. Net interest (income or expense) is calculated by applying the discount rate at the beginning of the period to the net amount of the defined benefit asset or liability. When applicable, the cost of past services is recognized immediately in profit or loss.

If the plan records a surplus and it becomes necessary to recognize an asset, the recognition is limited to the present value of future economic benefits available in the form of reimbursements or future reductions in contributions to the plan.

3.10 Dividend and Interest on capital

Under Brazilian law, the Company is required to distribute the portion realized of the profit established in the Bylaws as a mandatory dividend, which cannot be less than 25% of the adjusted profit pursuant to item I of article 202 of law 6404/76, or if the Bylaws are silent, distribute half of the adjusted profit as per the aforementioned item. A provision may only be made for the minimum mandatory dividend, and dividends declared but not yet approved are only recognized as a liability in the financial statements after approval by the competent body. According to Law 6.404/76, the amounts paid out to shareholders in excess of the mandatory minimum dividend, will therefore be held in equity, in the "additional dividend proposed" account, as they do not meet the present obligation criteria at the reporting date.

On May 21, 2019, updated on December 16, 2021, the Company's Board of Directors approved a Dividend Policy that establishes the Company's annual dividend distribution of at least 50% of the adjusted profit in accordance with Law 6,404/76. This policy establishes factors that influence the distribution amounts, such as the Company's financial condition, future prospects, macroeconomic conditions, tariff reviews and adjustments, regulatory changes and the Company's growth strategy. It also highlights that certain obligations specified in financial contracts may limit the amount to be distributed. The approved policy is merely indicative in order to signal to the market the treatment the Company intends to give to the dividend distribution and, therefore, it has a programmatic nature and is not binding on the Company or its managing bodies.

As established in the Company's bylaws and in accordance with current Corporate law, the Board of Directors is responsible for declaring an interim dividend and interest on capital determined in a half-yearly statement of income. An interim of these amounts declared of June 30, if any, is only recognized as a liability in the Company's financial statement after the date of the Board of Directors' decision.

Interest on capital receives the same treatment as dividend and is also stated in changes in equity. The withholding income tax on interest on capital is always recognized as a charge to equity with a balancing item in liabilities upon the proposal for its payment, even if not yet approved, since it meets the criterion of obligation at the time of Management's proposal.

3.11 Revenue Recognition

The operating revenue in the normal course of the subsidiaries' activities is measured as the consideration received or receivable. The operating revenue is recognized when it represents the transfer of promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services.

IFRS 15 / CPC 47 establishes a revenue recognition model that considers five steps: (i) identify the contract with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenue when (or as) the entity satisfies a performance obligation.

Thus, revenue is recognized only when (or if) the performance obligation is satisfied, that is, when the "control" of the goods or services of a certain transaction is actually transferred to the customer.

The revenue from electric energy distribution is recognized when the energy is supplied. The energy distribution subsidiaries perform the reading of their customers consumption based on a reading routine (calendar and reading route) and invoice monthly the consumption of MWh based on the reading performed for each consumer. As a result, part of the energy distributed during the month is not billed at the end of the month and, consequently, an estimate is developed by Management and recorded as "unbilled". This unbilled revenue estimate is calculated using as a base the total volume of energy of each distributor made available in the month and the annualized rate of technical and commercial losses.

The revenue from energy generation sales is on the performance obligation that is satisfied on the basis of the value of the the assured energy and at tariffs specified in the terms of the supply contracts or the current market price, as appropriate.

The revenue from energy commercialization is recognized at the time when the performance obligation is met, that is, when energy is delivered from the bilateral contracts with market agents and properly registered with the Electric Energy Commercialization Chamber – CCEE.

The revenue from services provided is recognized during the provision of the service, under a service agreement between the parties.

The revenue from construction contracts is recognized based on the reach of the performance obligation over time, considering the fulfillment of one of the following criteria:

(a) the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs;

(b) the entity's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced;

(c) the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

The revenues of the transmission companies, recognized as operating revenue, are:

- Construction revenue: Refers to the services of construction of electric energy transmission facilities. These are recognized according to the percentage of completion of the construction works.
- Financing component: Refers to the interest recognized monthly under the accrual basis method on the amount receivable from the construction revenue.
- Revenue from operation and maintenance: Refers to the services of operation and maintenance of electric energy transmission facilities aimed at non-interruption of availability of these facilities, recognized based on incurred costs recognized monthly on an accrual basis.

No single consumer accounts for 10% or more of the Group's total revenue.

3.12 Income tax and social contribution

Income tax and social contribution expenses are calculated and recognized in accordance with the legislation in force and comprise current and deferred taxes. Income tax and social contribution are recognized in the statement of profit or loss except to the extent that they relate to items recognized directly in equity or other comprehensive income, when the net amounts of these tax effects are already recognized, and those arising from the initial recognition in business combinations.

Current taxes are the expected taxes payable or receivable or recoverable on the taxable profit or loss which reflects the uncertainties related to the calculation, if any. Deferred taxes are recognized for temporary differences between the carrying amounts of assets and liabilities for accounting purposes and the equivalent amounts used for tax purposes and for tax loss carryforwards and reflects the uncertainty related to the income tax, if any.

Certain subsidiaries recognized in their financial statements the effects of tax loss carryforwards and temporarily nondeductible differences, based on projections of future taxable profits. The subsidiaries also recognized tax credits relating to the benefit of merged intangible, which are amortized on a straight-line basis over the remaining period of each concession agreement.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity.

Deferred income tax and social contribution assets are reviewed annually and are reduced to the extent that it is no longer probable that the related taxes benefit will be realized.

3.13 Earnings per share

Basic earnings per share are calculated by dividing the profit or loss for the year attributable to the controlling shareholders by the weighted average number of shares outstanding during the year. Diluted earnings per share are calculated by dividing the profit or loss for the year attributable to the controlling shareholders, adjusted by the effects of instruments that potentially would have impacted the profit or loss for the year by the weighted average of the number of shares outstanding, adjusted by the effects of all dilutive potential convertible notes for the reporting periods, in accordance with CPC 41 / IAS 33.

3.14 Government grants – CDE

Government grants are only recognized when it is reasonably certain that these amounts will be received by the Group. The discounts recognized related to the low income subsidy, other tariff discounts, as well as the subsidies referring to the amounts received to compensate the Company for expenses incurred are recorded in income for the years (Aporte CDE - low income, other subsidies tariffs and tariff discounts - preliminary - note 27.3).

Subsidies received on compensation for discounts granted are supported by immediate financial support under the terms of CPC 07 (IAS 20).

Grants that aim to compensate the Group for expenses incurred are recorded on a systematic basis during the periods when related expenses are incurred, unless the conditions for receiving the grant are met after the recognition of related expenses. In this case, the grant is recognized when it becomes receivable.

3.15 Sector financial asset and liability

According to the tariff pricing mechanism applicable to the distribution companies, the energy tariffs should be set at a price level (price cap) that ensures the economic and financial equilibrium of the concession. Therefore, the concessionaires and licensees are authorized to charge their consumers (after review and ratification by ANEEL) for: (i) the annual tariff increase; and (ii) every four or five years, according to each concession agreement, the periodic review for purposes of reconciliation of part of Parcel B (controllable costs) and adjustment of Parcel A (non-controllable costs).

The distributors' revenue is mainly comprised of the sale of electric energy and for the delivery (transmission) of the electric energy through the distribution infrastructure (network). The distribution concessionaires' revenue is affected by the volume of energy delivered and the tariff. The electric energy tariff is comprised of two parcels which reflect a breakdown of the revenue:

- **Parcel A** (non-controllable costs): this parcel should be neutral in relation to the entity's performance, i.e., the costs incurred by the distributors, classifiable as Parcel A, are fully passed through the consumer or borne by the Granting Authority; and
- **Parcel B** (controllable costs): comprised of capital expenditure on investments in infrastructure, operational costs and maintenance and remuneration to the providers of capital. It is this parcel that actually affects the entity's performance, since it has no guarantee of tariff neutrality and thus involves an intrinsic business risk.

This tariff pricing mechanism can cause temporary differences arising from the difference between the predicted costs (Parcel A and other financial components) included in the tariff at the beginning of the tariff period and those actually incurred while it is in effect. This difference constitutes a right of the concessionaire to receive cash when the incurred costs included in the tariff are lower than those actually incurred, or an obligation to pay if the incurred costs are higher than those actually incurred.

3.16 Lease

With the adoption of IFRS 16 (CPC 06 (R2)) – the Group began to recognize a right-of-use asset and a lease liability on the lease start date. The lease liabilities are initially measured at the present value of the lease payments that were not paid on the transition date, discounted using the incremental rate, a fixed nominal rate based on the Group's indebtedness.

The lease term is equivalent to the minimum non-cancellable period of the contracts and the Group does not add to the lease term the periods covered by a renewal option, except in cases where the Company or the subsidiary is reasonably certain that the renewal option will be exercised. The right-of-use asset is initially measured at cost, which comprises the initial measurement value of the lease liability and, when applicable, adjusted for any lease payments made in advance, initial direct costs incurred, cost estimates for dismantling and removal and incentives received.

The right-of-use asset is subsequently amortized using the same depreciation or amortization method applied to similar items of property, plant and equipment and/or intangible concession rights (distributors) and, if applicable, it will also be reduced by impairment losses. The Group remeasures the lease liability if there is a change in the lease term or if there is a change in future lease payments resulting from changes in the ratio or rate used to determine such payments, recognizing the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

3.17 Business combination

Business combinations are recorded using the acquisition method when the set of activities and assets acquired meets the definition of a business and control is transferred to the Group. In determining whether a set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and a substantive process that together contribute significantly to the ability to generate output.

The Group has the option of applying a "concentration test" that allows a simplified assessment if a set of acquired activities and assets is not a business. The optional concentration test is met if, substantially, the entire fair value of the acquired gross assets is concentrated in a single identifiable asset or group of similar identifiable assets.

The consideration transferred in a business combination is generally measured at fair value, calculated as the sum of the fair values of the assets transferred by the acquirer, the liabilities incurred at the acquisition date to the former owner of the acquiree and the equity interests issued by the Company and subsidiaries in exchange for control of the acquiree. Costs related to the acquisition are generally recognized in profit or loss, when incurred.

At the acquisition date, other assets and liabilities are recognized at fair value, except for: (i) deferred taxes, (ii) employee benefits, and (iii) share-based payments.

The noncontrolling interests are initially measured either at fair value or at the noncontrolling interests’ proportionate share of the acquiree’s identifiable net assets. The measurement method is chosen on a transaction-by-transaction basis.

The excess of the consideration transferred, added to the portion of noncontrolling interests, over the fair value of the identifiable assets (including the concession intangible asset) and net liabilities assumed at the acquisition date are recognized as goodwill. In the event that the fair value of the identifiable assets and net liabilities assumed exceeds the consideration transferred, a bargain purchase is identified and the gain is recognized in the statement of profit or loss at the acquisition date.

3.18 Basis of consolidation

(i) Business combinations

The Company measures goodwill as the fair value of the consideration transferred including the recognized amount of any noncontrolling interest in the acquiree, less the recognized fair value of the identifiable assets acquired and liabilities assumed, all measured at the acquisition date.

(ii) Subsidiaries, joint ventures and associates

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Joint ventures are accounted for using the equity method of accounting from the moment joint control is established. For associates, the register is made at the time of acquisition of interest.

The accounting policies of subsidiaries and joint ventures taken into consideration for purposes of consolidation and/or equity method of accounting, as applicable, are aligned with the Group's accounting policies.

In the individual (parent company) financial statements, the financial information on subsidiaries and joint ventures is accounted for under the equity method. In the consolidated financial statements, the information on joint ventures is accounted for under the equity method.

The consolidated financial statements include the balances and transactions of the Company and its subsidiaries. The balances and transactions of assets, liabilities, income and expenses have been fully consolidated for the subsidiaries. Prior to consolidation into the Company's financial statements, the financial statements of subsidiaries CPFL Geração, CPFL Brasil, CPFL Jaguari Geração, CPFL Renováveis, CPFL Eficiência Energética, Alesta and CPFL Transmissão are fully consolidated into those of their subsidiaries.

Intragroup balances and transactions, and any income and expenses derived from these transactions, are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with investees are eliminated in proportion to the Company's interest in the subsidiary, if applicable. Unrealized gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the CPFL Energia interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

In the case of subsidiaries, the portion related to noncontrolling interests is stated in equity and in the statements of profit or loss and comprehensive income in each year presented.

The balances of joint ventures, as well as the Company's interest in each of them are described in note 13.5.

(iii) Acquisition of noncontrolling interests

Accounted for as transaction among shareholders. Consequently, no gain or goodwill is recognized as a result of such transaction.

3.19 Changes in significant accounting policies

As at January 1, 2022, the Group initially adopted the amendments to CPC 25 / IAS 37 on costs for fulfilling a contract, considering assessments in order to identify whether there are onerous contracts. It also adopted initially, the amendments to CPC 15 (R1) / IFRS 3, on the update of the definition standard related to the Conceptual Framework. Finally, we highlight the amendments related to CPC 27 / IAS 16 on property, plant and equipment, prohibiting the entity from deducting from the cost of the asset amounts received from the sale of items produced while the asset is not ready for use. Other new standards have also entered into force from January 1, 2022, but similarly to those highlighted above, they have not materially affected the Group's financial statements.

3.20 New standards and interpretations not yet effective

New standards and amendments to standards and IFRS interpretations were issued by the IASB and are not yet effective for the year ended December 31, 2022. The Group has not adopted the new standards early in preparing these financial statements:

(a) Definition of Accounting Estimates (amendments to CPC 23/IAS 8)

In February 2021, the IASB issued amendments to IAS 8 (standard equivalent to CPC 23), in which it introduces a definition of 'accounting estimates', in addition to other amendments to help entities to distinguish changes in accounting estimates from changes in accounting policies. In the new definition, accounting estimates are defined as "monetary amounts in the financial statements subject to measurement uncertainty". In relation to the other amendments, there was also clarification on how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period.

(b) Disclosure of Accounting Policies (Amendments to CPC 26/IAS 1)

In February 2021, the IASB issued amendments to IAS 1 (standard equivalent to CPC 26 (R1)) and IFRS Practice Statement 2 Making Materiality Judgments, to provide guidance and examples to help entities to apply materiality judgments to accounting policy disclosures. The amendments replace the term "significant accounting policies" to "material accounting policies", considering that material accounting policies are those that, together with other information from the financial statements, influence the decisions of the main users of the financial statements. That is, they are material due to the nature of the transactions, events or conditions to which they relate.

The amendments to IAS 1 are effective for annual reporting periods after January 1, 2023.

(c) Deferred Tax related to Assets and Liabilities resulting from a single transaction (changes to CPC 32 / IAS 12)

In May 2021, the IASB issued amendments to IAS 12 (standard related to CPC 32), in which it establishes the recognition of deferred tax on transactions that, upon the initial recognition, give rise to equal amounts of deductible and taxable temporary differences.

The amendments are effective for periods beginning on or after January 1, 2023, and will apply to changes in accounting policies and estimates that occur on or after the beginning of that period.

(d) Classification of Liabilities as Current or Non-Current (CPC 26 / IAS 1)

In January 2020 the IASB issued amendments to IAS 1 (CPC 26 (R1)) to clarify the requirements for the presentation of liabilities in the financial statements. The amendments establish that the classification of liabilities as current or non-current is based on the entity's rights existing on the balance sheet date. Thus, for an entity to classify liabilities as non-current, it must have the discretionary right to refinance the obligation and to avoid the settlement of liabilities for at least twelve months from the balance sheet date, for example.

The amendments will take effect for periods beginning on or after January 1, 2024 and will apply to changes in accounting policies and estimates that occur on or after the beginning of that period.

For the new interpretations and changes mentioned above that are not yet in force, the Company is evaluating the amendments from those pronouncements, but does not expect material impacts on the disclosures and amounts recognized in its consolidated financial statements.

(4) FAIR VALUE MEASUREMENT

Some of the Group’s accounting policies and disclosures require the fair value measurement, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods. When applicable, additional information on the assumptions made in the fair value measurement is disclosed in the notes specific to that asset or liability.

The Group measures fair value as the value at which an asset can be traded, or a liability settled, between interested parties, knowledgeable of the business and independent from each other, with the absence of factors that put pressure on the settlement of the transaction or that characterize a compulsory transaction.

- Property, plant and equipment, intangible and contract asset

The fair value of items of property, plant and equipment, intangible and contract asset is based on the market approach and cost approaches using quoted market prices for similar items when available and replacement cost when appropriate.

- Financial instruments

Financial instruments measured at fair value are valued based on quoted prices in an active market, or, if such prices are not available, they are assessed using pricing models, applied individually to each transaction, taking into consideration future cash flows, based on the contractual conditions, discounted to present value at rates obtained from market interest curves, having as a basis, whenever available, information obtained from the websites of B3 S.A. and “*Associação Brasileira das Entidades dos Mercados Financeiro e de Capitais – ANBIMA*” (note 35) and also includes the debtor's credit risk rate.

The right to compensation, to be paid by the Federal Government when the distribution concessionaires’ assets are handed over at the end of the concession period, is classified as measured at fair value through profit or loss. The methodology adopted for valuing these assets is based on the tariff review process for distributors. This process, conducted every four or five years according to each concessionaire, involves assessing the new replacement value of the distribution infrastructure, in accordance with criteria established by the granting authority (“ANEEL”). This valuation basis is also used for establishing the distribution tariff, which is adjusted annually up to the next tariff review, based on main inflation indices.

Accordingly, at the time of the tariff review, each distribution concessionaire adjusts the position of the financial asset base for compensation at the amounts ratified by the granting authority and uses the Extended Consumer Price Index (“IPCA”) as the best estimates for adjusting the original value until next tariff review process.

(5) CASH AND CASH EQUIVALENTS

	Parent Company		Consolidated	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Bank balances	860	332	136,250	916,324
Short-term financial investments	188,240	7,954	3,609,908	1,283,628
Overnight investment (a)	-	7,954	878	13,827
Private credit notes (b)	188,240	-	3,508,134	1,195,745
Investment funds (c)	-	-	100,896	74,055
Total	**189,100**	**8,287**	**3,746,158**	**2,199,952**

a) Bank account balances, which earn daily interest by investment in repurchase agreements secured on Bank Certificate Deposit (CDB) and interest of 15% of the variation in the Interbank Certificate of Deposit (CDI).

b) Short-term investments in: (i) Bank Certificates of Deposit (CDB) amounting to R$ 2,899,482 (R$ 716,939 in December 31, 2021), and (ii) secured debentures amounting to R$ 608,651 (R$ 478,806 in December 31, 2021). All these operations have daily liquidity, short-term maturity, low credit risk and remuneration equivalent, on average, to 100.03% of the CDI (98.5% of the CDI on December 31, 2021).

c) Investments funds, with high liquidity and interest equivalent, on average, to 101.09 % of the CDI (101.4% of the CDI on December 31.2021), subject to floating rates tied to the CDI linked to federal government bonds, CDBs, financial bills and secured debentures of major financial institutions, with low credit risk and short term maturity.

(6) MARKETABLE SECURITIES

	Consolidated	
	December 31, 2022	December 31, 2021
Through investment funds (a)	208,886	474,169
Direct investment (b)	647,358	111,689
Total	**856,244**	**585,858**

(a) It represents amounts invested in government securities, Financial Bills (“LF”) and Financial Treasury Bills (“LFT”), through investment fund quotas, yielding on average 101.09% (101.4% of CDI in December 31, 2021).

(b) It represents mainly securities without immediate liquidity and which do not have the possibility of redemption in the short term without significant loss of value, with remuneration equivalent to 100% of the CDI.

(7) CONSUMERS, CONCESSIONAIRES AND LICENSEES

The consolidated balance includes mainly activities from the supply of electric energy, broken down as follows at December 31, 2022 and 2021:

	Consolidated				
	Amounts	Past due		Total	
	not due	until 90 days	> 90 days	December 31, 2022	December 31, 2021
Current					
Consumer classes					
Residential	963,334	578,438	109,867	1,651,639	2,102,567
Industrial	145,714	53,131	108,662	307,508	348,504
Commercial	240,705	77,925	44,664	363,294	442,050
Rural	100,822	28,854	17,392	147,068	172,036
Public administration	74,040	8,196	8,264	90,499	109,602
Public lighting	98,781	4,796	3,207	106,784	150,422
Public utilities	60,379	10,093	14,579	85,053	102,303
Billed	**1,683,775**	**761,433**	**306,635**	**2,751,845**	**3,427,484**
Unbilled	1,531,707	-	-	1,531,707	1,356,948
Financing of consumers' debts	170,474	64,065	54,725	289,264	386,240
CCEE transactions	130,017	22,367	19,782	172,166	510,090
Concessionaires and licensees	489,481	228,968	20,233	738,682	519,150
Incentive program for the voluntary reduction of electricity consumption	(9,567)	-	-	(9,567)	(371,511)
Others	27,751	-	-	27,751	56,173
	4,023,638	**1,076,833**	**401,375**	**5,501,848**	**5,884,574**
Allowance for doubtful accounts				(430,718)	(459,396)
Total				**5,071,130**	**5,425,177**
Non-current					
Financing of consumers' debts	140,383	-	-	140,383	168,961
Free energy	8,125	-	-	8,125	7,230
CCEE transactions	13,383	-	43,768	57,151	82,983
Total	**161,891**	-	**43,768**	**205,659**	**259,173**
				205,659	**259,173**

Financing of Consumers' Debts - Refers to the negotiation of overdue credits with consumers of the residential, commercial, industrial, rural, and public administration classes. The rules for payment in installments comply with CPFL's internal policies.

Concessionaires and licensees - Refer basically to receivables for the supply of electric energy to other concessionaires and licensees, mainly by the subsidiaries CPFL Brasil, CPFL Renováveis and and charges for use of the network by the subsidiary CPFL Transmissão.

Program to encourage the voluntary reduction of electricity consumption - created by the Federal Government within the scope of the Chamber of Exceptional Rules for Hydropower Management (CREG) offered discounts to Consumers who reduced electricity consumption by an amount equal to or greater than 10% (ten percent), limited to 20% (twenty percent), in the period from September to December 2021 compared to September to December 2020.

Allowance for doubtful accounts

The allowance for doubtful debts is set up based on the expected credit loss (ECL), adopting the simplified method of recognizing, based on the history and future probability of default. The allowance methodology is detailed in note 35.(f).

Movements in the allowance for doubtful accounts are shown below:

	Consumers, concessionaires and licensees	Other assets	Total
At December 31, 2020	**(344,037)**	**(28,831)**	**(372,868)**
Business combination	(3,906)	-	(3,906)
Allowance - reversal (recognition)	(545,780)	(1,307)	(547,087)
Recovery of revenue	208,200	180	208,380
Write-off of accrued receivables	226,128	(180)	225,948
At December 31, 2021	**(459,396)**	**(30,138)**	**(489,534)**
Allowance - reversal (recognition)	(515,266)	(1,336)	(516,602)
Revenue recovery	212,662	(14,688)	197,974
Write-off of accrued receivables	331,281	14,683	345,964
Reclassification of other assets	-	(7,561)	(7,561)
At December 31, 2022	**(430,718)**	**(39,040)**	**(469,758)**
Current	(430,718)	(39,040)	(469,758)

(8) TAXES RECOVERABLE

	Consolidated	
	December 31, 2022	December 31, 2021
Current		
Prepayments of social contribution – CSLL	94,338	4,641
Prepayments of income tax - IRPJ	262,763	19,459
Income tax and social contribution to be offset	168,431	72,983
Income tax and social contribution to be offset	**525,531**	**97,083**
Withholding income tax - IRRF on interest on capital	43,468	7,817
Withholding income tax - IRRF	90,519	73,311
State VAT - ICMS to be offset	477,271	186,451
Social Integration Program - PIS	32,792	19,656
Contribution for Social Security Funding - COFINS	101,471	83,451
Others	5,833	4,994
Other taxes to be offset	**751,353**	**375,680**
Total current	**1,276,884**	**472,763**
Non-current		
Social contribution to be offset - CSLL	6,771	8,398
Income tax to be offset - IRPJ	114,610	108,934
Income tax and social contribution to be offset	**121,381**	**117,332**
State VAT - ICMS to be offset	407,150	271,003
Social Integration Program - PIS	112,611	2,646
Contribution for Social Security Funding - COFINS	7,980	8,647
Others	752	4,202
Other taxes to be offset	**528,493**	**286,498**
Total Non-current	**649,874**	**403,830**

Prepayment of Social Contribution - CSLL and Income Tax - IRPJ - refers to overpayment as IRPJ and CSLL estimates for the year 2022.

Withholding income tax - IRRF – Relates mainly to IRRF on financial investments.

State VAT - ICMS to be offset – In non-current, it refers mainly to the credit recorded on purchase of assets that results in the recognition of property, plant and equipment, intangible assets and financial assets.

Exclusion of ICMS from the PIS and COFINS tax base:

	Consolidated	
Assets	**December 31, 2022**	**December 31, 2021**
Current		
PIS over ICMS	296.009	226.042
COFINS over ICMS	1.389.634	1.062.781
Total current	**1.685.643**	**1.288.824**
Non-current		
PIS over ICMS	1.217.027	1.421.731
COFINS over ICMS	5.577.836	6.514.839
Total noncurrent	**6.794.863**	**7.936.570**

	Consolidated	
Liabilities - PIS/COFINS consumers return	**December 31, 2022**	**December 31, 2021**
Current	(945.091)	(58.606)
Non-current	(6.917.491)	(9.145.520)

The subsidiaries (i) CPFL Paulista, CPFL Piratininga, RGE Sul, CPFL Santa Cruz, (ii) CPFL Brasil and (iii) CPFL Serviços filed lawsuits involving the Federal Government, claiming the recognition of the right to exclude the ICMS from the calculation base of PIS and COFINS, as well as the right to recover the amounts previously paid.

In 2019 and 2021, most subsidiaries obtained a final and unappealable decision, recording tax assets to be offset and liabilities with consumers. Also in 2021, in view of (i) the May 2021 decision of the Federal Supreme Court that rejected the motions for clarification filed by the National Treasury in the records of RE No. 574,706 which did not modify the effects of its decision for taxpayers who had lawsuits filed before March 15, 2017, and (ii) the terms of CPC 25, item 33, which discusses the concept of classification of an asset considered “practically certain”, PIS and COFINS credits were recognized in September 2021 , in the subsidiaries CPFL Santa Cruz (company merged into CPFL Santa Cruz in December 2017), and RGE (company merged into RGE in December 2018). Since 2020, subsidiaries that have tax credits validated by the Brazilian Internal Revenue Service began applying them against respective debits.

During the tariff readjustments in 2021 and 2022 of the subsidiaries CPFL Santa Cruz, CPFL Paulista, RGE Sul and Piratininga, anticipation of the reversal of amounts arising from credits arising from the aforementioned lawsuits was considered as an extraordinary negative financial component in the amount of R$ 155,807, R$ 773,880, R$ 886,546 and R$ 434,863, respectively.

It is important to point out that, based on the opinion of its legal advisors, the Company understands that, for distributors, the need for reimbursement to consumers of amounts received after the final and unappealable judicial decision, such as PIS and COFINS tax credits, is limited to the statute of limitations of ten years. This position was even expressed by the Company through a contribution presented in the process of Public Consultation No. 05/2021, which is still in progress.

On June 28, 2022, Law No. 14,385 was published, which requires ANEEL to promote, in tariff proceedings, the full allocation of the relevant credit for the benefit of consumers. The Group considers that such legal provision does not deprive it of the right to have the credits comprised by limitation term of over 10 years (negative prescription) reverted in favor of its subsidiaries. Thus, the Group awaits the regulation and operationalization of the matter by ANEEL and will evaluate, in due course, appropriate measures to safeguard its right. Regarding this subject, in December 2022, ABRADEE (Brazilian Association of Electric Energy Distributors), an entity to which the CPFL Group Distributors are associated, filed a Direct Action of Unconstitutionality to the Federal Supreme Court, distributed under no. 7324, questioning said legislation, which is pending judgment.

Therefore, the Group’s accounting decision, at this time, not to record any tax credit to its favor does not mean any waiver of rights.

(9) SECTOR FINANCIAL ASSET AND LIABILITY

The breakdown of the balances of sector financial asset and liability and the movement for the year is as follows:

	Consolidated													
	At December 31, 2021			Operating revenue (note 26)				Receipt				At December 31, 2022		
	Deferred	Approved	Total	Constitution	Through billing	Adjustment for inflation	PIS/COFINS credit refund	Itaipu commercialization account	Water scarcity account	Agreement with consumer	CDE Eletrobrás	Deferred	Approved	Total
Parcel "A"	**2,373,119**	**582,769**	**2,955,886**	**(568,274)**	**(1,134,596)**	**244,369**	-	**(5,173)**	**(333,868)**	-	**(711,593)**	**(24,453)**	**471,206**	**446,753**
CVA [1]														
CDE [2]	(137,471)	21,916	(115,556)	817,309	(85,234)	21,400	-	-	-	-	(711,593)	(212,459)	138,784	(73,674)
Electric energy cost	(228,156)	(187,046)	(415,202)	(2,853,260)	1,250,268	(161,251)	-	-	(103,304)	-	-	(1,300,078)	(982,670)	(2,282,748)
ESS and EER [3]	1,415,965	150,042	1,566,007	(988,876)	(655,179)	69,419	-	-	(230,564)	-	-	(560,370)	321,176	(239,194)
Proinfa	992	23,178	24,170	150,389	(94,514)	14,559	-	-	-	-	-	3,491	91,114	94,605
Basic network charges	112,460	121,316	233,776	414,581	(197,628)	27,891	-	-	-	-	-	408,404	70,216	478,620
Pass-through from Itaipu	1,554,343	526,707	2,081,050	617,807	(1,578,071)	238,478	-	(5,173)	-	-	-	597,536	756,556	1,354,092
Transmission from Itaipu	865	16,501	17,366	31,546	(15,942)	1,389	-	-	-	-	-	31,388	2,971	34,359
Neutrality of sector charges	(86,990)	(50,423)	(137,413)	(109,772)	95,720	(5,791)	-	-	-	-	-	(127,901)	(29,354)	(157,255)
Overcontracting	(258,889)	(39,422)	(298,312)	1,352,002	145,984	38,274	-	-	-	-	-	1,135,535	102,413	1,237,948
Billed tariff flag	-	-	-	(397)	-	-	-	-	-	-	-	(397)	-	(397)
Other financial components	**440,582**	**(205,994)**	**234,588**	**816,884**	**975,668**	**92,150**	**(2,002,056)**	**(194,595)**	**(464,832)**	**(3,419)**	-	**251,537**	**(797,149)**	**(545,612)**
Total	**2,813,701**	**376,775**	**3,190,474**	**248,212**	**(158,928)**	**336,519**	**(2,002,056)**	**(199,768)**	**(798,700)**	**(3,419)**	**(711,593)**	**226,687**	**(325,943)**	**(99,256)**
Current assets			2,373,727											230,816
Noncurrent assets			816,748											214,133
Current liabilities			-											(281,398)
Noncurrent liabilities			-											(262,806)

Receipt - Water scarcity account:

Decree No. 10,939/2022 regulates measures aimed at addressing the financial impacts on the electricity sector resulting from the situation of water shortage. The creation of the Water Shortage Account, later regulated by ANEEL through Public Consultation No. 02/2022, was authorized, resulting in the publication of Normative Resolution No. 1,008/2022.

The Group's distributors expressed its accession to the program through a Term of Acceptance, and had the resources approved through Order No. 1,177/2022, with the receipt of R$ 798,700 in the second quarter of 2022.

CVA: refers to the variations of the Parcel A account, in accordance with note 3.15. These amounts are adjusted based on the SELIC rate and are compensated in the subsequent tariff processes.

Neutrality of sector charges: this refers to the neutrality of the sector charges contained in the electric energy tariffs, calculating the monthly differences between the revenue related to such charges and the respective amounts considered at the time the distributors' tariff was set.

Overcontracting: electric energy distribution concessionaires are required to guarantee 100% of their energy market through contracts approved, registered and ratified by ANEEL. It is also assured to the distribution concessionaires that costs or revenues derived from energy surplus will be passed through the tariffs, limited to 5% of the energy load requirement. These amounts are adjusted based on the SELIC rate and are compensated in the subsequent tariff processes.

Other financial components: (i) homologation of the return of the PIS/COFINS credit to the annual and extraordinary tariff adjustments of 2022, related to the exclusion of ICMS from the PIS/COFINS calculation base, which were considered as a regulatory liability by ANEEL; (ii) excess demand and excess reactive power that, will be amortized upon the approval of the periodic tariff review cycles; (iii) recalculations of the tariff processes; (iv) tariff effect arising from the bilateral agreement between the parties signatories of the Power Trading Chamber in the Regulated Environment – CCEAR, and (v) financial guarantees for energy contracts.

(10) DEFERRED TAX ASSETS AND LIABILITIES

10.1 Breakdown of tax assets and liabilities

	Consolidated	
	December 31, 2022	December 31, 2021
Social contribution credit/(debit)		
Tax losses carryforwards	172,001	198,774
Tax benefit of merged intangible	66,178	73,956
Temporarily nondeductible/taxable differences	(733,928)	(468,358)
Subtotal	**(495,748)**	**(195,629)**
Income tax credit / (debit)		
Tax losses carryforwards	479,984	553,464
Tax benefit of merged intangible	209,449	235,884
Temporarily nondeductible/taxable differences	(2,025,447)	(1,293,467)
Subtotal	**(1,336,014)**	**(504,119)**
PIS and COFINS credit/(debit)		
Temporarily nondeductible/taxable differences	(47,077)	(27,203)
Total	**(1,878,839)**	**(726,951)**
Total tax credit	247,816	231,594
Total tax debit	(2,126,655)	(958,545)

The expected recovery of the deferred tax assets arising from nondeductible temporary differences, tax benefit of merged intangible and income tax and social contribution losses, is based in the projections of future taxable income.

10.2 Tax benefit of merged intangible asset

Refers to the tax benefit calculated on the intangible assets derived from the acquisition of subsidiaries, as shown in the following table, which were merged and are recognized in accordance with the concepts of CVM Instructions No. 319/1999 and No. 349/2001 and ICPC 09 (R2) - Individual Financial Statements, Separate Financial Statements, Consolidated financial statements and Application of the Equity Method. The benefit is being realized in proportion to the tax amortization of the merged intangible assets that originated them as per CPC 27 and CPC 04 (R1) - Clarification of acceptable methods of depreciation and amortization, over the remaining concession period, as shown in note 16.

	Consolidated			
	December 31, 2022		December 31, 2021	
	Social Contribution	Income tax	Social Contribution	Income tax
CPFL Paulista	22,743	63,175	27,369	76,024
CPFL Piratininga	6,039	20,726	7,074	24,279
RGE	37,396	118,657	39,513	127,397
CPFL Renováveis	-	6,892	-	8,184
Total	**66,178**	**209,449**	**73,956**	**235,884**

Accumulated balances on nondeductible temporary / taxable differences

	Consolidated					
	December 31, 2022			December 31, 2021		
	Social Contribution	Income tax	PIS/COFINS	Social Contribution	Income tax	PIS/COFINS
Temporarily nondeductible/ taxable differences						
Provision for tax, civil and labor risks	92,005	255,567	-	62,905	174,736	-
Private pension fund	19,087	53,019	-	10,161	28,226	-
Allowance for doubtful accounts	39,848	110,689	-	44,029	122,303	-
Free energy supply	11,338	31,495	-	10,237	28,436	-
Research and development and energy efficiency programs	12,243	34,008	-	17,674	49,094	-
Personnel-related provisions	7,786	21,627	-	8,969	24,913	-
Depreciation rate difference	2,142	5,951	-	2,796	7,767	-
Derivatives	(58,508)	(162,521)	-	(134,790)	(374,417)	-
Recognition of concession - adjustment of intangible asset	(2,933)	(8,147)	-	(3,714)	(10,315)	-
Recognition of concession - adjustment of financial asset	(437,502)	(1,215,282)	-	(311,378)	(864,939)	-
Recognition of concession - adjustment of contract asset	(162,412)	(438,274)	(46,974)	(99,765)	(269,775)	(23,069)
Actuarial losses	25,153	69,870	-	25,153	69,870	-
Fair value measurement - Derivatives	40,556	112,655	-	20,470	56,861	-
Fair value measurement - Debts	(50,947)	(141,518)	-	(28,455)	(79,041)	-
Other	(63,620)	(176,672)	(104)	(11,343)	(31,662)	(916)
Temporarily nondeductible differences - accumulated comprehensive income:						
Property, plant and equipment - adjustment of deemed cost	(35,978)	(99,940)	-	(39,157)	(108,769)	-
Actuarial losses	100,095	278,043	-	135,697	376,937	-
Fair value measurement - Derivatives	231	641	-	600	1,667	-
Fair value measurement - Debts	(2,037)	(5,657)	-	(2,610)	(7,251)	-
Temporarily nondeductible differences - business combination						
Deferred taxes - asset:						
Provision for tax, civil and labor risks	13,271	36,863	-	17,806	49,462	-
Fair value of property, plant and equipment (negative value added of assets)	14,592	40,533	-	15,779	43,829	-
Deferred taxes - liability:						
Fair value of property, plant and equipment (value added of assets)						
Value added derived from determination of deemed cost	(16,056)	(44,602)	-	(16,375)	(45,487)	-
Value added derived from the acquisition of control of Enercan	(105,963)	(294,343)	-	-	-	-
Intangible asset - exploration right/authorization in indirect subsidiaries acquired	(172,542)	(478,958)	-	(189,269)	(525,418)	-
Other temporary differences	(3,778)	(10,494)	-	(3,778)	(10,494)	-
Total	**(733,929)**	**(2,025,447)**	**(47,077)**	**(468,358)**	**(1,293,467)**	**(23,985)**

10.3 Expected period of recovery

The expected period of recovery of the deferred tax assets recorded in noncurrent assets derived from temporarily nondeductible or taxable differences and tax benefit of merged intangible assets is based on the average period of realization of each item included in deferred assets, and tax loss carryforwards are based on the projections of future profits. Recoverable assets are comprised as follows:

Expectation of recovery	Consolidated
2023	458,095
2024	261,026
2025	195,681
2026	136,969
2027	536,184
2028 to 2030	132,845
2031 to 2033	23,655
Total	**1,744,454**

10.4 Reconciliation of the income tax and social contribution amounts recognized in the statements of profit or loss for 2022 and 2021:

	Parent Company			
	2022		2021	
	Social Contribution	Income tax	Social Contribution	Income tax
Income before taxes	**5,125,080**	**5,125,080**	**4,807,511**	**4,807,511**
Adjustments to reflect effective rate:				
Equity in subsidiaries	(5,225,740)	(5,225,740)	(4,827,338)	(4,827,338)
Amortization of intangible asset acquired	(13,528)	-	(13,528)	-
Interest on capital expenses	191,450	191,450	155,979	155,979
Other permanent additions (exclusions), net	16,103	21,847	9,432	14,223
Tax base	**93,365**	**112,637**	**132,056**	**150,375**
Statutory rate	9%	25%	9%	25%
Tax credit/(debit)	**(8,403)**	**(28,159)**	**(11,885)**	**(37,594)**
Tax credit adjustments	2,552	8,516	(2,315)	(7,668)
Total	**(5,851)**	**(19,643)**	**(14,200)**	**(45,262)**
Current	(5,954)	(19,929)	(8,831)	(27,729)
Deferred	103	286	(5,369)	(17,533)

	Consolidated			
	2022		2021	
	Social Contribution	Income tax	Social Contribution	Income tax
Profit before taxes	**7,319,648**	**7,319,648**	**6,615,458**	**6,615,458**
Reconciliation to reflect effective rate:				
Resultado de participações societárias	(490,530)	(490,530)	(521,805)	(521,805)
Amortization of intangible asset acquired	41,330	62,756	48,711	62,756
Effect of presumed profit system	(697,045)	(789,884)	(670,323)	(760,494)
Adjustment of revenue from excess demand and excess reactive power	201,602	201,602	179,950	179,950
Effect of valuation at fair value arising from business combination (note 13)	(670,016)	(670,016)	-	-
Tax Transaction - Judicial Litigation (Note 22)	455,013	546,527	-	-
Other permanent additions (exclusions), net	563,902	505,629	73,609	(19,398)
Tax base	**6,723,905**	**6,685,733**	**5,725,600**	**5,556,467**
Statutory rate	9%	25%	9%	25%
Tax credit/(debit)	**(605,151)**	**(1,671,433)**	**(515,304)**	**(1,389,117)**
Tax credit adjustments	45,308	132,752	36,615	107,786
Provision for tax risks	(1,234)	(1,075)	1,125	(2,814)
Total	**(561,078)**	**(1,539,757)**	**(477,563)**	**(1,284,145)**
Current	(427,676)	(1,170,942)	(444,922)	(1,188,071)
Deferred	(133,402)	(368,815)	(32,641)	(96,074)

Amortization of intangible asset acquired – Refers to the permanent nondeductible portion of amortization of intangible assets derived from the acquisition of investees. In the parent company, these amounts are classified in the line item of equity in subsidiaries, in conformity with ICPC 09 (R2) (note 13).

Tax credit adjustments- refers to the net between (i) tax credit refers to the amount of tax credit on tax loss carryforwards recorded as a result of review of projections of future profits and (ii) unrecognized tax credit refers to losses generated for which currently it is not probable that enough future taxable profits will be generated to absorb them.

Deferred income tax and social contribution income recognized in profit or loss of R$ 502,933 (R$ 128,715 in 2021) mainly refers to (i) tax income carryforwards pf R$ 100,968 in 2022 (R$ 5,100 in 2021); (ii) expense with realization of tax benefit of the merged goodwill of R$ 34,213 in 2022 (R$ 34,536 in 2021) and (iii) expenses with temporary differences of R$ 367,752 in 2021 (R$ 99,279 in 2021).

10.5 Deferred income tax and social contribution recognized directly in equity

The deferred income tax and social contribution recognized directly in equity (other comprehensive income) in 2022 and 2021 were as follows:

	Consolidated			
	2022		2021	
	Social Contribution	Income tax	Social Contribution	Income tax
Actuarial losses (gains)	(883,967)	(883,967)	(63,733)	(63,733)
Limits on the asset ceiling	28,785	28,785	(12,024)	(12,024)
Basis of calculation	**(855,182)**	**(855,182)**	**(75,757)**	**(75,757)**
Statutory rate	9%	25%	9%	25%
Calculated taxes	**76,966**	**213,796**	**6,818**	**18,939**
Limitation on recognition (reversal) of tax credits	(40,485)	(112,463)	46,998	130,553
Taxes recognized in other comprehensive income	**36,481**	**101,333**	**53,816**	**149,493**
Credit risk fair value measurement of financial liabilities	17,393	17,393	53,630	53,630
Deemed cost of property, plant and equipment	41,097	41,097	42,826	42,826
Subtotal	58,490	58,490	96,456	96,456
Statutory rate	9%	25%	9%	25%
Calculated taxes	**(5,264)**	**(14,622)**	**(8,681)**	**(24,114)**
Total taxes recognized in other comprehensive income	**31,217**	**86,711**	**45,135**	**125,379**

10.6 Unrecognized tax credits

As at December 31, 2022, the parent company has tax credits on tax loss carryforwards that were not recognized amounting to R$ 116,593 since at present there is no reasonable assurance of the generation of future taxable profits. This amount can be recognized in the future, according to the annual reviews of taxable profit projections.

Some subsidiaries have also income tax and social contribution credits on tax loss carryforwards that were not recognized because currently rather is no reasonable assurance that enough future taxable profits will be generated to absorb them. As at December 31, 2022, the main subsidiaries that have such unrecorded credits were CPFL Renováveis R$ 185,094, Sul Geradora R$ 72,778, CPFL Telecom R$ 35,144, CPFL Brasil R$ 117,065, CPFL Clion R$ 144, CPFL Cone Sul R$ 5,602 and Jaguari Geração R$ 2,543. These tax losses can be carried forward indefinitely.

(11) CONCESSION FINANCIAL ASSET

	Consolidated
At December 31, 2020	**10,347,567**
Non-current	10,347,567
Transfer - contract asset	1,810,965
Transfer - intangible asset	7,108
Fair value adjustment	1,193,870
Disposals	(77,825)
At December 31, 2021	**13,281,686**
Non-current	13,281,686
Fair value adjustment	1,449,690
Transfer - contract asset	3,594,739
Transfer - intangible asset	(13,957)
Disposals	(110,151)
At December 31, 2022	**18,202,007**
Non-current	18,202,007

The amount refers to the financial asset corresponding to the right established in the concession agreements of the energy distributors to receive cash by compensation upon the return of the assets to the granting authority at the end of the concession, the difference to adjust the balance at fair value (new replacement value – "VNR" – note 4) is recognized as a balancing item to the operating income account (note 27) in the statement of profit or loss for the year.

In 2022, write-offs of R$ 110,151 (R$ 77,825 in 2021) refer to both the write-off of assets of R$ 61,834 (R$ 48,622 in 2021) and the write-off of the respective update of R$ 48,317 (R$ 29,163 in 2021).

(12) OTHER ASSETS

	Consolidated			
	Current		Non-current	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Advances - Pension plan	7,544	8,877	-	6,797
Advances to suppliers	52,686	43,814	-	-
Pledges, funds and restricted deposits	67,582	27,214	19,973	18,026
Orders in progress	458,867	440,863	13,453	10,594
Services rendered to third parties	33,647	36,129	-	-
Energy pre-purchase agreements	-	-	269	3,015
Prepaid expenses	115,997	119,436	13,826	17,045
Receivables - CDE	216,754	189,776	-	-
Advances to employees	25,085	27,536	-	-
Incentive program for the voluntary reduction of electricity consumption	4,445	371,511	-	-
Borrowings	-	187,180	-	-
Others	263,251	296,148	239,518	144,022
(-) Allowance for doubtful debts (note 7)	(39,040)	(30,138)	-	-
Total	**1,206,817**	**1,718,346**	**287,039**	**199,500**

Pledges, funds and restricted depositis: Pledges related to CCEE operations and financial investments required by debt contracts.

Advances to suppliers: Refers mainly to advances to suppliers of projects under construction of generation and transmission companies.

Orders in progress: encompass costs and revenues related to ongoing decommissioning or disposal of intangible assets and the service costs related to expenditure on projects in progress under the Energy Efficiency ("PEE") and Research and Development programs ("P&D"). Upon the closing of the respective projects, the balances are amortized against the respective liability recognized in other payables (note 24).

Receivables – CDE: refer to low-income subsidies amounting and other tariff discounts granted to consumers amounting.

Borrowings – In December 31, 2021refers to a borrowings raised between the indirect subsidiary CPFL Transmissão and Companhia Estadual de Distribuição de Energia Elétrica (CEEE-D), previously a partner company. Received in full in the 3rd quarter of 2022.

(13) INVESTMENTS

	Parent Company		Consolidated	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Equity method				
By equity method of the subsidiary (and joint venture)	15,011,538	14,517,982	614,765	1,194,622
Advances for future capital increases	1,043,120	-	-	-
Subtotal	16,054,658	14,517,982	614,765	1,194,622
Fair value of assets, net	341,938	416,805	7,743	8,322
Goodwill	6,054	6,054	-	-
Total	**16,402,651**	**14,940,841**	**622,508**	**1,202,944**

13.1 Equity interests – equity method

The main information on investments in direct equity interests is as follows:

Investment	December 31, 2022				December 31, 2022	December 31, 2021	2022	2021
	Total assets	Issued capital	Equity	Profit or loss for the period	Share of equity of investees		Share of profit (loss) of investees	
CPFL Paulista	19,999,870	1,360,797	1,193,678	707,238	1,193,678	1,551,033	707,238	1,312,746
CPFL Piratininga	7,122,403	263,085	366,553	512,992	366,553	387,459	512,992	500,398
CPFL Santa Cruz	1,925,683	170,413	442,243	103,407	442,243	432,359	103,407	87,389
RGE	16,340,621	2,842,391	3,985,709	1,054,697	3,517,956	3,271,259	952,937	873,797
CPFL Geração	5,356,384	2,022,783	4,044,252	2,042,978	4,044,252	4,207,597	2,042,978	1,217,513
CPFL Renováveis	9,697,008	4,032,292	5,757,919	1,292,262	2,830,016	2,815,646	635,148	719,160
CPFL Jaguari Geração	36,635	40,108	25,432	(14,676)	25,432	59,214	(14,676)	26,960
CPFL Brasil	4,711,481	1,352,828	3,091,351	242,628	3,091,351	1,319,878	242,628	35,888
CPFL Planalto	5,831	630	5,039	4,409	5,039	3,014	4,409	4,419
CPFL Serviços	427,526	150,929	188,900	7,269	188,900	183,357	7,269	27,192
CPFL Atende	24,524	5,991	14,335	1,150	14,335	17,645	1,150	11,943
CPFL Infra	17,602	38	6,547	5,950	6,547	4,841	5,950	4,243
CPFL Pessoas	18,453	811	12,834	11,861	12,834	8,004	11,861	11,901
CPFL Finanças	22,296	385	17,105	20,643	17,105	12,565	20,643	15,103
CPFL Supre	10,346	826	5,926	10,807	5,926	5,432	10,807	6,950
CPFL Telecom	4,122	1,928	3,613	320	3,613	3,293	320	63
CPFL Eficiência	164,831	95,234	155,650	9,761	155,650	145,850	9,761	12,064
AUTHI	24,738	10	14,096	1,446	14,096	12,650	1,446	224
Alesta	125,370	38,126	118,647	44,116	118,647	76,627	44,116	32,690
Clion	635	206	484	224	484	260	224	38
Subtotal - by subsidiary's equity					**16,054,658**	**14,517,982**	**5,300,608**	**4,900,680**
Amortization of fair value adjustment of assets					-	-	(74,867)	(73,342)
Total					**16,054,658**	**14,517,982**	**5,225,740**	**4,827,338**
Investment					15,011,538	14,517,982		
Advances for future capital increases					1,043,120	-		

Asset surplus (value added) of net assets acquired in business combinations are classified in the parent's statement of profit or loss in the group of Investments. In the parent company's statement of profit or loss, the amortization of the asset surplus (value added) of net assets of R$ 74.867 (R$ 73,342 at December 2021) was classified in line item "share of profit (loss) of investees", in conformity with ICPC 09 (R2).

The movements, in the parent company, of the balances of investments in subsidiaries for years of 2022 and 2021 were as follows:

Investment	December 31, 2021	Share of profit (loss) of investees	Other comprehensive income	Dividend and Interest on capital	Advances for future capital increases	Others	December 31, 2022
CPFL Paulista	1,551,033	707,238	263,192	(1,327,785)	-	-	1,193,678
CPFL Piratininga	387,459	512,992	83,197	(617,095)	-	-	366,553
CPFL Santa Cruz	432,359	103,407	(177)	(93,346)	-	-	442,243
RGE	3,271,259	952,937	45,881	(752,121)	-	-	3,517,956
CPFL Geração	4,207,597	2,042,978	3,288	(2,210,001)	-	391	4,044,252
CPFL Renováveis	2,815,646	635,148	3,178	(624,334)	-	378	2,830,016
CPFL Jaguari Geração	59,214	(14,676)	-	(19,106)	-	-	25,432
CPFL Brasil	1,319,878	242,628	307,811	(57,624)	1,029,620	249,037	3,091,351
CPFL Planalto	3,014	4,409	-	(2,384)	-	-	5,039
CPFL Serviços	183,357	7,269	-	(1,726)	-	-	188,900
CPFL Atende	17,645	1,150	-	(4,460)	-	-	14,335
CPFL Infra	4,841	5,950	-	(4,243)	-	-	6,547
CPFL Pessoas	8,004	11,861	-	(7,031)	-	-	12,834
CPFL Finanças	12,565	20,643	-	(16,103)	-	-	17,105
CPFL Supri	5,432	10,807	-	(10,314)	-	-	5,926
CPFL Telecom	3,293	320	-	-	-	-	3,613
CPFL Eficiência	145,850	9,761	-	(13,461)	13,500	-	155,650
AUTHI	12,650	1,446	-	-	-	-	14,096
Alesta	76,627	44,116	-	(2,095)	-	-	118,647
Clion	260	224	-	-	-	-	484
	14,517,982	**5,300,608**	**706,371**	**(5,763,228)**	**1,043,120**	**249,807**	**16,054,658**

Investment	Investment at December 31, 2020	Capital increase /payment of capital	Share of profit (loss) of investees	Other comprehensive income	Dividend and Interest on capital	Advances for future capital increases	Others	Investment at December 31, 2021
CPFL Paulista	839,291	-	1,312,746	(81,723)	(519,281)	-	-	1,551,033
CPFL Piratininga	188,193	-	500,398	(626)	(300,506)	-	-	387,459
CPFL Santa Cruz	529,951	-	87,389	(1,581)	(183,400)	-	-	432,359
RGE	3,128,857	-	873,797	3,766	(735,162)	-	-	3,271,259
CPFL Geração	4,558,486	1,087,000	1,217,513	1,357	(1,568,667)	(1,087,000)	(1,091)	4,207,597
CPFL Renováveis	2,882,354	-	719,160	1,312	(786,125)	-	(1,055)	2,815,646
CPFL Jaguari Geração	56,775	-	26,960	-	(24,521)	-	-	59,214
CPFL Brasil	89,871	1,350,000	35,888	(59,259)	(96,400)	-	(222)	1,319,878
CPFL Planalto	4,926	-	4,419		(6,330)	-	-	3,014
CPFL Serviços	183,179	-	27,192	-	(27,013)	-	-	183,357
CPFL Atende	12,211	-	11,943	-	(6,509)	-	-	17,645
CPFL Infra	598	-	4,243	-	-	-	-	4,841
CPFL Pessoas	5,183	-	11,901	-	(9,080)	-	-	8,004
CPFL Finanças	8,047	-	15,102	-	(10,584)	-	-	12,565
CPFL Supri	3,652	-	6,950	-	(5,170)	-	-	5,432
CPFL Telecom	3,231	-	62	-	-	-	-	3,293
CPFL Eficiência	133,786	5,000	12,064	-	-	(5,000)	-	145,850
AUTHI	12,425	-	224	-	-	-	-	12,650
Alesta	45,490		32,690	-	(1,553)	-	-	76,627
Clion	-	-	38	-	-	-	222	260
	12,686,504	**2,442,000**	**4,900,680**	**(136,754)**	**(4,280,302)**	**(1,092,000)**	**(2,145)**	**14,517,982**

In October 2021, the Company made an advance for a future capital increase at CPFL Brasil of R$ 1,350,000 as part of the CPFL Transmissão business combination plan (note 13.4.1).

In the consolidated, the investment balances refer to interests in joint ventures accounted for using the equity method:

Investments	December 31, 2022	December 31, 2021	2022	2021
	Share of equity		Share of profit (loss)	
Baesa	127,288	155,703	(1,381)	9,721
Enercan	-	307,459	194,229	204,249
Chapecoense	186,139	433,866	223,652	233,816
EPASA	254,550	281,544	72,431	71,355
CSC-Central de Serv.Compartilhados S/A	1,093	-	379	-
Investimentos CPFL Transmissão	45,696	16,050	1,799	3,244
Fair value adjustments of assets, net	7,743	8,322	(579)	(579)
	622,508	**1,202,944**	**490,530**	**521,805**

13.2 Fair value adjustments and goodwill

Fair value adjustments refer basically to the right to the concession acquired through business combinations. The goodwill refers basically to acquisitions of investments and is based on projections of future profits.

In the financial statements, these amounts are classified as Intangible Assets (note 16).

13.3 Dividends and interest on capital receivable

At December 31, 2022 and 2021, the Company had the following amounts receivable from the subsidiaries below, relating to dividends and interest on capital:

	Parent Company					
	Dividend		Interest on capital		Total	
Subsidiary	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
CPFL Paulista	55,957	-	112,200	31,260	168,157	31,260
CPFL Piratininga	-	-	23,375	6,037	23,375	6,037
CPFL Santa Cruz	8,852	-	17,000	5,714	25,852	5,714
CPFL Geração	367,557	-	7,650	-	375,207	-
Jaguari de Geração	11,106	-	-	-	11,106	-
CPFL Brasil	57,624	8,523	-	-	57,624	8,523
CPFL Serviços	25,630	23,903	-	-	25,630	23,903
CPFL Atende	-	-	808	90	808	90
CPFL Eficiência	-	-	1,700	-	1,700	-
AUTHI	10,000	10,000	-	-	10,000	10,000
Alesta	2,095	1,553	-	-	2,095	1,553
	704,130	**43,979**	**162,733**	**43,101**	**866,863**	**87,081**

The consolidated balance included dividends and interest on capital receivable amounting to R$ 5.114 on December 31, 2022 and R$ R$ 134,813 at December 31, related basically to joint ventures.

After resolutions of the AGMs/EGMs of its direct subsidiaries, the Company recognized in 2022 R$ 3,661,248 relating to dividends and interest on capital for 2021. In addition, the subsidiaries declared in 2022 relating to results for 2022, and reversal of statutory reserves; (i) R$ 1,910,530 as a dividend and (ii) R$ 162,732 as interest on capital.

From the amounts recognized as receivables, R$ 4.954.728 was paid to the Company by subsidiaries in 2022.

13.4 Business combination

13.4.1 Acquisition of Companhia Estadual de Transmissão de Energia Elétrica ("CPFL Transmissão") by Cone Sul (subsidiary of CPFL Brasil)

On July 16, 2021, subsidiary CPFL Cone Sul was ranked first in the scope of Auction No. 01/2021, referring to disposal of shareholding control of CPFL Transmissão, held by B3 - Brasil, Bolsa, Balcão S.A. ("Auction").

CPFL Energia, within the scope of the public session of the Auction, through CPFL Cone Sul, presented the winning offer, amounting R$ 2,670,000 for the acquisition of shares representing approximately 66.08% of the total capital stock of CPFL Transmissão (approximately 67.12% of common shares and 0.72% of preferred shares), previously held by the state of Rio Grande do Sul. The portion of non-controlling interests was measured by the proportional share in fair value, as provided for by CPC 15(R1) / IFRS 3.

On September 24, 2021, the transaction was approved by the Brazilian Antitrust Agency (CADE), and, on September 30, 2021, authorization was obtained from ANEEL.

On October 14, 2021 ("acquisition date"), a Material Fact was announced to the market that the acquisition was concluded after all conditions precedent for the transaction were met, when CPFL Transmissão's control was undertook by CPFL Cone Sul and the ownership of the shares was transferred and the payment made. This acquisition resulted in a business combination in accordance with CPC 15 (R1) / IFRS 3, as CPFL Cone Sul now controls CPFL Transmissão.

In April 2022, the auction for the unified public offer for the mandatory acquisition of common shares by transfer of voluntary control of preferred shares issued by CPFL Transmissão took place. As a result of this auction, CPFL Cone Sul paid the consideration of R$ 1,119,412 for the acquisition of a 33.18% stake, with CPFL Cone Sul now holding 99.26% of the total share capital (previously 66.08%) of CPFL Transmission. As a counterpart to the cash outflow, R$ 1,369,759 was recorded in the investment group and R$ 250,347 was recorded as a capital reserve in shareholders' equity.

On November 18, 2022, a new Unified Public Offering Auction for the voluntary acquisition of common and preferred shares took place. As a result of the auction, the subsidiary CPFL Cone Sul paid the consideration of R$ 1,360 for the acquisition of a 0.06% stake and became the holder of 9,592,444 shares issued by the Company, representing approximately 99.32% of its capital total social (previously 99.26%).

On December 7, 2022, an Extraordinary General Meeting was held, in which the redemption of all shares issued by CPFL Transmissão that remained in circulation after the public offering auctions for the acquisition of common and preferred shares issued by the subsidiary, for conversion of registration as issuer of securities, from Category “A” to Category “B”. As a result, 26,787 common shares and 39,216 preferred shares issued by CPFL Transmissão were compulsorily redeemed, representing 0.68% of the share capital, which remain in treasury.

The acquisition is in line with CPFL Energia's strategic objective and will enable greater value creation for its shareholders, through (i) optimization of operating expenses; (ii) exploration of a low-risk asset with a high potential for expanding investments and consequent increase in remuneration; (iii) diversification of CPFL Energia's portfolio through a segment that will allow synergies with the other operations of the Group; and (iv) optimization of financing conditions, improving financial leverage.

CPFL Transmissão holds a 96.85% (94.22% as of December 31, 2021) interest in Transmissora de Energia Sul Brasil S.A. (“TESB”) and fully consolidates its financial statements. Additionally, CPFL Transmissão holds a 9.65% investment in TPAE (Transmissora Porto Alegrense de Energia) and 10% in ETAU (Empresa de Transmissão do Alto Uruguai).

Its administrative head office is located in the city of Porto Alegre, state of Rio Grande do Sul, with the state of Rio Grande do Sul as the controlling shareholder until October 13, 2021. Non-controlling interests were measured by the proportional share in the calculated fair value.

CPFL Transmissão has 6,037 km of transmission lines, 72 substations and holds three concessions for the exploitation of public electricity transmission services:

a. Concession Agreement No. 055/2001: With Provisional Executive Order (MP) No. 579 in effect (Law No. 12,783/2013), the term of the Concession Agreement was extended for another 30 years and is valid through December 31, 2042;

b. Concession Agreement No. 080/2002: Effective for 30 years, as of the start of operation of the respective transmission facilities, and may be renewed for an equal period. The end of this concession is scheduled for December 18, 2032;

c. Concession Agreement No. 4/ 2021-ANEEL: Works in progress with an established deadline for energization until September 30, 2024. The end of this concession is scheduled for March 31, 2051.

TESB has a concession agreement for the exploitation of public electricity transmission services, Agreement No. 001/2011-ANEEL and has a term of 30 years, as of the date the contract is signed. The end of this concession is scheduled for July 27, 2041.

Additional information regarding the acquisition (acquisition of CPFL Transmissão)

a) Considerations

The consideration transferred amounted to R$ 2,670,000, paid in cash, in a single installment, at the acquisition date. This consideration will not undergo any type of adjustment, for example, due to changes in working capital and net debt.

b) Assets acquired, liabilities recognized and non-controlling interests at the acquisition date

The measurement of fair value and the allocation of the price paid for acquired assets and liabilities, as well as the initial accounting for the acquisition of CPFL Transmissão, were calculated on acquisition date as of October 14, 2021, and at the end of the year base of the consolidated financial statements as of December 31, 2021, based on analyses conducted by Management itself, that is, the measurement of fair value was carried out on a provisional basis, as permitted by technical pronouncement CPC 15/ IFRS 3. Valuation techniques vary according to the group of evaluated accounts, which can be: the income approach, cost approach, or others.

Considering the complexity involved in the process of measuring fair values of acquired assets and assumed liabilities, which mainly involve the definition of assumptions about the discount rate, growth rate and projection of revenues and operating margins of the acquired company, the final fair values were reassessed and corroborated through the economic-financial appraisal report, prepared by an independent appraiser, concluded on October 31, 2022.

As a consequence, reclassifications were made between balance sheet lines in the amounts provisionally allocated on October 14, 2021, referring to (i) increase in current and non-current contractual assets; (ii) completion of the allocation of the fair value of the concession intangible assets as a result of the refinement of the assumptions used to determine the balances; (iii) increase in investments; (iv) increase in the balances of property, plant and equipment as a result of the allocation of asset surplus; (v) reduction in the balance of provisions for tax, civil and labor risks, as a consequence of the refinement of the assumptions used; (vi) respective deferred income tax and social contributions impacts. These reclassifications are within the measurement period, as provided for in CPC 15 (R1) / IFRS 3.

The acquisition-related costs, recorded as an expense in the 2021 statement of profit or loss, amounted to R$ 24,550.

The provisional allocation of the price paid to the fair values of the assets and liabilities acquired is presented below:

	14/10/2021	14/10/2021
	CPFL Transmissão	**CPFL Transmissão**
	Preliminary	**Final**
Current assets		
Cash and cash equivalents	478,405	478,405
Concessionaires and licensees	109,389	109,389
Investments in Government Bonds	110,763	110,763
Contract assets	787,504	788,010
Intangible exploration concession	-	33,894
Other assets	108,205	108,205
Non-current assets		
Contract assets	3,315,027	3,332,086
Borrowings disposed	205,490	205,490
Asset available for sale	217,552	217,552
Investments	12,960	42,827
Property, plant and equipment	91,975	190,854
Intangible exploration concession	849,070	686,354
Intangible	20,937	22,430
Other assets	104,194	104,194
Current liabilities		
Suppliers	34,244	34,244
Labor obligations	57,713	57,713
Borrowings, financing and other funding	50,291	50,291
Provision for employee benefits	97,658	97,658
Provision for tax, civial and labor risks	18,884	18,884
Other current liabilities	118,975	118,975
Non-current liabilities		
Borrowings, financing and other funding	624,793	624,793
Provision for employee benefits	619,674	619,674
Provision for tax, civial and labor risks	296,509	294,515
Deferred income tax and social contribution	243,368	254,201
Other noncurrent liabilities	209,054	209,054
Net assets acquired	**4,040,307**	**4,050,450**

Goodwill arising in acquisition

Consideration paid, net	2,670,000	2,670,000
(+) Participation of noncontrolling interest	1,370,307	1,380,450
(-) Fair value of net assets acquired	(4,040,307)	(4,050,450)
Goodwill	-	-

The fair values presented above were finalized and are in accordance with the economic-financial appraisal report, prepared by the independent appraiser.

c) Contingent consideration

There is no clause in the agreement related to contingent consideration to be paid to the seller.

d) Indemnification assets

The agreement does not provide for any situations in which subsidiary CPFL Cone Sul may be indemnified.

e) Contingent liabilities recognized

Following are the contingent liabilities provisionally recognized in the amount of R$105,353 at the acquisition date:

	CPFL Transmissão October 14, 2021
Labor lawsuits (i)	45.802
Civil lawsuits (i)	13.972
Other lawsuits (i)	45.579
Preliminary contingent liabilities	**105.353**
Provisions recognized in the subsidiaries	208.046
Provisions for tax, civil and labor risks	**313.399**

i. These amounts represent the fair values of labor, civil, regulatory and tax proceedings whose concept fits into contingent liabilities that can be measured reliably. Considering that the settlement of these proceedings depends on third parties, whether at judicial or administrative levels, it is not possible to estimate a timetable for the occurrence of potential cash outflows associated with these contingent liabilities. No indemnification assets were recognized for these contingent liabilities.

f) Receivables acquired

The fair value of the receivables acquired is R$ 109,389, which is the same gross contractual value of the receivables and represents Management's best estimate of expected receipt.

g) Acquired assigned borrowings

The fair value of the assigned borrowings acquired is R$ 205,490, which is the same gross contractual value of the receivables and represents Management's best estimate of expected receipt.

h) Provision for employee benefits

The fair value of the provision for employee benefits was measured considering Management's best estimate.

i) Net cash outflow on acquisition

Considering that CPFL Transmissão had a cash balance of R$ 478,405 on October 14, 2021 and that the consideration transferred amounted to R$ 2,670,000, the net cash outflow on acquisition was R$ 2,191,595.

j) Financial information of the acquiree

In the three-month period ended December 31, 2021, CPFL Transmissão contributed with a revenue of R$ 289,919 and profit of R$ 41,141 to the consolidated financial statements. Had the acquisition taken place at January 1, 2021, Management estimates that consolidated revenue would be R$ 40,092,461 and consolidated profit for the year would be R$5,131,461. To determine these amounts, Management took into account that the fair value adjustments, determined at the acquisition date, would be the same if the acquisition had taken place on January 1, 2021.

13.4.2 Acquisition of shares in Campos Novos Energia S.A. (ENERCAN) by CPFL Geração

On July 29, 2022, the auction for the privatization of the control of CEEE-G took place, in the context of the privatization of the companies of the CEEE Group, by the Government of the State of Rio Grande do Sul. Among the investments held by CEEE-G, the percentage of 6.51% of the participation in Campos Novos Energia S.A. ("Enercan") stands out.

Pursuant to the ENERCAN Shareholders' Agreement, in case of sale of a stake by any shareholder, preemptive rights must be granted to the other ENERCAN shareholders. In view of this, considering the privatization of CEEE-G, through a Material Fact dated September 6, 2022, CPFL Energia (through its subsidiary CPFL Geração) expressed its Preemptive Rights in the acquisition of Enercan shares.

On September 23, approval was granted by the National Electric Energy Agency (ANEEL) and, on November 1, 2022, the transaction was certified by the Administrative Council for Public Defense - CADE.

On November 17, 2022, CPFL Energia, through CPFL Geração, concluded the acquisition of 3.39% of Enercan's share capital for the amount of R$ 50,464. The ownership of the shares was transferred to CPFL Geração and the payment was made. In Management's understanding, with this acquisition, CPFL Geração becomes Enercan's controlling shareholder, as the company now holds the majority of shares, which gives it control of decisions related to substantive rights. This understanding is based on the analysis of the Shareholders' Agreement and the Bylaws of the acquiree, which resulted in a business combination in accordance with CPC 15 (R1) / IFRS 3. Due to the fact that CPFL Energia, through its subsidiary CPFL Geração, acquired control of a company over which it already held a previous stake, such transaction is considered, as defined by CPC 15 (R1) / IFRS 3, as a Business Combination achieved in stages, which, in turn, requires the remeasurement at fair value of the previously held investment. The fair value, on November 17, 2022 (acquisition date) of the equity interest that CPFL Geração held in Enercan immediately prior to the acquisition was R$ 1,034,877. Considering that the book balance recorded was R$ 364,860, CPFL Geração recorded a remeasurement gain at fair value of the investment of R$ 670,016, recorded in the line of Other Operating Income/Expenses.

Therefore, CPFL Geração now holds a 52.12% stake in Enercan (previously 48.72% and recorded using the equity method until the date of change of control). From the Group's perspective, the operation represents an opportunity to add value through increasing its participation in an already known asset, with recurring governance and monitoring within the group.

The object and main operational activity of Enercan is the construction, operation and exploitation of the Campos Novos Hydroelectric Power Plant ("Campos Novos UHE"), located on the Canoas River, between the municipalities of Campos Novos and Celso Ramos, State of Santa Catarina, and of the Associated Transmission System. The end of the concession is scheduled for January 6, 2039.

Enercan's administrative headquarters are located at Rua Lauro Linhares, nº 2010, Ed. Comercial São Francisco, Bloco B, Sala 101, Trindade neighborhood, Florianópolis, State of Santa Catarina, being a privately held corporation jointly controlled until the time of the transfer of shares to CPFL Geração.

Enercan owns an electricity generation plant with an average installed capacity of 880 MW, operated through a concession contract for the exploitation of public electricity generation services. Concession Agreement No. 43/200, granted on May 29, 2000, by the Government, provides for Enercan’s exploration rights for a period of 35 years, which may be extended, subject to the approval of the regulatory body. In November 2021, the Company signed the terms of acceptance of the grant extension period, in accordance with Law 14.052/2020 and homologation resolutions 2.919/21 and 2.932/21, as a result of which its concession period was extended by 1,318 days, the new deadline for closing the concession will be January 6, 2039.

a) Consideration to be transferred

The consideration transferred was R$ 50,464, paid in cash, in a single installment, on November 17, 2022. This payment will not be adjusted in any way, for example, due to variations in working capital and net debt. Furthermore, there are no contingent considerations in this transaction.

b) Acquired assets, recognized liabilities and non-controlling shareholders on the date of acquisition;

The measurement of fair value and the allocation of the price paid for acquired assets and liabilities, as well as the initial accounting for the acquisition of ENERCAN, were calculated on acquisition date as of November 17, 2022, and at the end of the base year of the consolidated financial statements as of December 31, 2022, based on analyses conducted by Management itself, that is, the measurement of fair value was carried out on a provisional basis, as permitted by technical pronouncement CPC 15 (R1) / IFRS 3. Valuation techniques vary according to the group of evaluated accounts, which can be: income approach, cost approach, among others.

To measure the fair value of acquired assets and assumed liabilities, including measuring the fair value of non-controlling interests, Management used the Income Approach method, which mainly involves the definition of assumptions about the discount rate, growth rate and projection of revenues and operating margins of the acquired company. These values will be confirmed after the completion of the economic-financial appraisal report, prepared by an independent appraiser. If new information obtained within one year of the acquisition date, about facts and circumstances that existed on the acquisition date, indicate adjustments to the fair values calculated by Management, or any additional provisions that existed on the acquisition date, the accounting of the acquisition will be reviewed.

The total amount paid in the transaction was allocated on the acquisition date to acquired assets and liabilities assumed, at fair values. Consequently, as the entire amount paid was provisionally allocated to identified assets and assumed liabilities, no residual value was allocated as *goodwill* in this transaction.

However, outside the scope of the total fair value identified in the transaction, a "goodwill" in the amount of R$ 227,805 was recognized in the individual financial statements of the acquirer as a contra entry to a deferred tax liability, due to the fact that the asset surplus generated in the remeasurement of the previous investment (R$ 670,016), is non-deductible for tax purposes, which generates a difference between its accounting and the tax bases. In the consolidated financial statements, there was also the respective accounting of a deferred tax liability for the asset surplus, allocated mainly to property, plant and equipment, with the total goodwill in the consolidated financial statements of R$ 451,678.

The provisional allocation of the price paid to the fair values of acquired assets and liabilities is presented as follows:

	17/11/2022 Enercan Preliminary
Current assets	
Cash and cash equivalents	147.351
Accounts receivable	228.876
Prepaid Expenses	875
Recoverable Taxes	5.080
Other current assets	720
Noncurrent assets	
Escrow deposits	89.537
Other noncurrent assets	6.366
Investments	714
Property, plant and equipment (a)	2.127.838
Intangible	237.926
Amount not allocated	-
Current liabilities	
Suppliers	22.835
Labor obligations	897
Income Tax and Social Contribution payable	168.839
Other taxes, fees and contributions payable	14.687
Use of Public Asset Current	5.058
Regulatory liabilities current	9.101
Dividends	220.648
Other current liabilities	5.400
Noncurrent liabilities	
Use of Public Asset Noncurrent	41.980
Deferred income tax and social contribution	41.962
Regulatory liabilities Noncurrent	10.753
Provision for tax, civil and labor risks (b)	178.767
Other noncurrent liabilities	356
Net assets acquired	**2.124.000**
Goodwill arising in acquisition	
Consideration paid in cash, net	50.464
(+) Fair Value of Participation of controlling interests	1.106.987
(+) Fair Value of Participation of noncontrolling interests	1.017.013
(-) Fair value of net assets acquired	**2.124.000**

a) Calculated based on the nature of the assets and the information presented, the method of Quantification of Cost and Direct Comparison of Market Data, level 2 of the fair value hierarchy, was applied, having as main assumptions ANEEL's reference price database, bank of ANEEL's reference prices, synthetic or analytical budgets and useful life of assets.

b) In this business combination, for measuring the fair value of contingencies, level 3 of the fair value hierarchy, whose chances of loss were classified as possible and remote, were considered at their fair values, according to Management and its external and independent advisors. The amounts were measured based on the analysis of the Company's external lawyers.

Additionally, no adjustment of fair values of assets and liabilities was recognized in the period between the acquisition date and the base date for the consolidated financial statements.

c) Contingent Consideration

There is no clause in the agreement related to contingent consideration to be paid to the seller.

d) Indemnity assets

The agreement does not provide for any situations in which CPFL Geração (buyer) may be indemnified.

e) Recognized contingent liabilities

Below we present the provisionally recognized contingent liabilities in the amount of R$ 81,487 on the date of acquisition:

	Enercan 17/11/2022
Tax lawsuits (i)	80,496
Civil lawsuits (i)	556
Other lawsuits (i)	434
Preliminary contingent liabilities	**81,487**
Provisions already recognized in the subsidiaries	97,281
Provisions for tax, civil and labor risks	**178,767**

i. These amounts represent the fair values of labor, civil and tax lawsuits whose concept falls under contingent liabilities that can be reliably measured. Considering that the settlement of these lawsuits depends on third parties, whether at the judicial or administrative levels, it is not possible to estimate a timeline for the occurrence of any cash outflows associated with these contingent liabilities. No indemnification assets were recognized for these contingent liabilities.

f) Acquired Receivables

The fair value of the acquired receivables is R$ 228,876, which is the same gross contractual amount of the receivables and represents Management's best estimate of expected receipt.

g) Net cash inflow on acquisition

Considering that Enercan had a cash balance on November 1, 2022 of R$ 147,351 and that the consideration to be transferred was R$ 50,464, the net cash movement in the acquisition was a consolidated cash increase of R$ 96,887.

h) Net operating revenue and net profit of the subsidiary included in the consolidated financial statements.

In the two-month period ended December 31, 2022, ENERCAN contributed net revenue of R$ 180,957 and profit of R$ 86,992 to the consolidated financial statements. If the acquisition had taken place on January 1, 2022, Management estimates that consolidated revenue would be R$ 40,217,188 and consolidated profit would be R$ 5,376,563. To determine these amounts, Management considered that the fair value adjustments, provisionally determined on the acquisition date, would have been the same as if the acquisition had occurred on January 1, 2022.

13.5 Noncontrolling interests and joint ventures

The disclosure of interests in subsidiaries, in accordance with IFRS 12 and CPC 45, is as follows:

13.5.1 Movements in noncontrolling interests

	CERAN	ENERCAN	LUDESA	Other subsidiaries of CPFL Renováveis	Paulista Lajeado	CPFL Transmissão and subsidiaries	Total
At December 31, 2020	**107,485**	-	**37,907**	**67,746**	**86,864**	-	**300,001**
Equity interest and voting capital	35.00%	-	40.00%	Between 5% and 10%	40.07%	-	
Equity attributable to noncontrolling interests	49,526	-	20,442	1,782	21,523	12,429	105,702
Gain (loss) on interest with no change in control	-	-	-	2,370	-	-	2,370
Dividends	(43,418)	-	(17,513)	(3,446)	(19,226)	(5,507)	(89,107)
Other movements	-	-	-	-	(212)	(29,385)	(29,597)
Business combination CPFL Transmissão	-	-	-	-	-	1,370,307	1,370,307
At December 31, 2021	**113,593**	-	**40,836**	**68,451**	**88,949**	**1,347,844**	**1,659,676**
Equity interest and voting capital	35.00%	48.72%	40.00%	Between 5% and 10%	40.07%	66.08%	
Equity attributable to noncontrolling interests	20,444	35,976	23,061	980	(9,713)	48,479	119,227
Gain (loss) on interest with no change in control	-	-	-	-	-	(1,379,460)	(1,379,460)
Dividends	(34,705)	(57,869)	(22,499)	(2,734)	(15,059)	(9,037)	(141,902)
Other movements	-	-	-	-	(3)	(475)	(480)
Business combination (note 13.4)	-	1,017,014	-	-	-	9,269	1,026,283
At December 31, 2022	**99,333**	**995,120**	**41,398**	**66,697**	**64,173**	**16,621**	**1,283,345**
Equity interest and voting capital	35.00%	47.88%	40.00%	Between 5% and 10%	40.07%	0.00%	

13.5.2 Summarized financial information on subsidiaries that have noncontrolling interests

The summarized financial information on subsidiaries that had noncontrolling interests at December 31, 2022 and 2021, is as follows:

BALANCE SHEET

	December 31, 2022						December 31, 2021				
	CERAN	ENERCAN	CPFL Transmissão and subsidiaries	LUDESA	Other subsidiaries of CPFL Renováveis	Paulista Lajeado	CERAN	CPFL Transmissão and subsidiaries	LUDESA	Other subsidiaries of CPFL Renováveis	Paulista Lajeado
Current assets	103,120	317,077	1,195,443	19,187	57,870	10,811	138,247	2,054,120	14,790	72,838	18,745
Cash and cash equivalents	71,365	78,697	268,915	5,182	22,036	1,155	94,537	747,165	647	4,854	11,244
Non-current assets	732,634	2,872,743	5,180,689	87,441	492,996	105,531	778,464	4,453,762	91,939	507,645	137,125
Current liabilities	332,825	400,674	616,597	3,134	45,128	29,270	381,197	1,008,497	4,639	77,373	10,438
Borrowings and debentures	-	-	83,430	-	17,716	-	106,008	656,088	-	25,198	-
Other financial liabilities	30,567	-	73,270	1,294	565	4,074	28,807	69,894	740	3,991	1,935
Non-current liabilities	219,120	710,869	2,437,835	-	140,232	856	210,964	1,520,787	-	125,095	810
Borrowings and debentures	-	-	977,537	-	107,092	-	-	23,591	-	112,581	-
Other financial liabilities	143,959	-	-	-	-	-	141,118	-	-	-	-
Equity	283,809	2,078,277	3,321,701	103,494	365,507	86,216	324,550	3,978,599	102,089	378,015	144,622
Equity attributable to owners of the Company	184,476	1,083,157	3,305,080	62,096	298,810	22,043	210,957	2,630,755	61,253	309,564	55,673
Equity attributable to noncontrolling interests	99,333	995,120	16,621	41,398	66,697	64,173	113,593	1,347,844	40,836	68,451	88,949

INCOME STATEMENT

	2022						2021				
	CERAN	ENERCAN	CPFL Transmissão and subsidiaries	LUDESA	Other subsidiaries of CPFL Renováveis	Paulista Lajeado	CERAN	CPFL Transmissão and subsidiaries	LUDESA	Other subsidiaries of CPFL Renováveis	Paulista Lajeado
Net operating revenue	255,020	180,957	1,413,484	70,504	110,218	36,751	355,676	289,919	58,266	112,910	59,079
Operacional costs and expenses	(95,716)	(43,071)	(549,034)	(5,566)	(29,736)	(63,109)	(67,180)	(171,584)	(189)	(33,963)	(8,604)
Depreciation and amortization	(41,557)	(23,843)	(70,121)	(5,458)	(25,888)	(1)	(37,940)	(15,136)	(5,254)	(17,174)	(721)
Interest income	5,891	3,584	38,857	738	5,272	830	4,731	9,904	197	2,949	796
Interest expense	(25,602)	294	(208,124)	-	(11,836)	-	(42,258)	(4,825)	-	(11,510)	-
Income tax expense	(28,799)	(42,454)	(256,693)	(2,487)	(5,179)	(2,778)	(70,956)	(57,796)	(1,928)	(5,736)	(4,771)
Profit (loss) for the year	58,412	75,135	484,669	57,652	41,279	(24,241)	141,503	41,141	51,106	53,008	53,714
Attributable to owners of the Company	37,968	39,159	436,189	34,591	40,299	(14,528)	91,977	28,711	30,664	51,226	32,191
Attributable to noncontrolling interests	20,444	35,976	48,479	23,061	980	(9,713)	49,526	12,429	20,442	1,782	21,523

13.5.3 Joint ventures

The summarized financial information on joint ventures at December 31, 2022 and December 31, 2021, is as follows:

BALANCE SHEET

	December 31, 2022			December 31, 2021			
	Baesa	Chapecoense	Epasa	Enercan	Baesa	Chapecoense	Epasa
Current assets	67,841	542,591	450,784	365,457	128,692	491,037	475,419
Cash and cash equivalents	21,333	381,283	299,182	168,970	52,609	209,790	165,040
Non-current assets	1,070,100	2,351,441	188,837	1,073,375	1,127,147	2,410,469	279,538
Current liabilities	86,232	592,312	96,719	599,825	104,123	408,941	104,682
Borrowings and debentures	-	235,203	-	130,766	-	137,959	16,452
Other financial liabilities	73,479	142,306	6,681	34,855	78,236	111,100	26,841
Non-current liabilities	542,675	1,936,742	65,711	207,973	529,052	1,641,847	122,480
Borrowings and debentures	-	877,391	-	-	-	642,698	26,603
Other financial liabilities	448,501	1,050,961	-	40,044	435,853	964,135	-
Equity	509,033	364,978	477,191	631,034	622,664	850,718	527,795

INCOME STATEMENT

	December 31, 2022			December 31, 2021			
	Baesa	Chapecoense	Epasa	Enercan	Baesa	Chapecoense	Epasa
Net operating revenue	323,099	1,194,081	311,259	880,125	458,130	1,067,381	1,370,875
Operacional costs and expenses	(213,034)	(251,257)	(82,602)	(180,561)	(251,130)	(47,141)	(1,125,249)
Depreciation and amortization	(57,154)	(106,633)	(91,322)	(55,522)	(51,114)	(109,431)	(90,616)
Interest income	6,208	60,309	33,592	6,523	2,371	16,211	3,388
Interest expense	(67,854)	(224,185)	(4,101)	(18,695)	(102,569)	(223,114)	(4,588)
Income tax expense	4,057	(222,078)	(31,458)	(212,135)	(16,525)	(230,884)	(18,621)
Profit (loss) for the year	(5,524)	438,534	135,783	419,204	38,877	458,463	133,765
Equity Interests and voting capital	**25.01%**	**51.00%**	**53.34%**	**48.72%**	**25.01%**	**51.00%**	**53.34%**

By holding more than 50% of the equity interest in Epasa and Chapecoense, the subsidiary CPFL Geração jointly controls these investments with other shareholders. The analysis of the classification of the type of investment is based on the Shareholders' Agreement of each joint venture.

The borrowings from BNDES obtained by the joint venture Chapecoense establish restrictions on the payment of dividend to subsidiary CPFL Geração above the minimum mandatory dividend of 25% without the prior consent of BNDES.

13.5.4 Joint ventures operation

Through its wholly-owned subsidiary CPFL Renováveis, the Company holds part of the assets of the Serra da Mesa hydropower plant, located on the Tocantins River, in Goiás State. The concession and the right to operate the hydropower plant are held by Furnas Centrais Elétricas S.A. In order to maintain these assets operating jointly with Furnas (jointly operation), CPFL Renováveis was assured 51.54% of the installed power of 1,275 MW (657 MW) and the assured energy of mean 605.7 MW (mean 312.18 MW) until 2028.

(14) PROPERTY, PLANT AND EQUIPMENT

	Consolidated							
	Land	Reservoirs, dams and water mains	Buildings, construction and improvements	Machinery and equipment	Vehicles	Furniture and fittings	In progress	Total
At December 31, 2020	**167,228**	**1,314,749**	**940,779**	**6,281,123**	**46,136**	**7,070**	**326,625**	**9,083,710**
Historical cost	223,864	2,244,143	1,650,990	10,065,688	124,042	24,752	486,923	14,820,404
Accumulated depreciation	(60,160)	(982,424)	(722,814)	(4,168,805)	(70,941)	(17,357)	-	(6,022,500)
Additions	-	-	-	-	-	-	540,458	540,458
Disposals	-	-	(84,282)	(54,301)	(2,446)	-	(94)	(141,124)
Transfers	3,035	1,193	74,887	614,516	21,635	2,396	(717,662)	-
Transfers from/to other assets	-	-	-	(156)	-	-	3,365	3,209
Business combination	922	-	3,038	30,019	6,342	333	48,493	89,148
Depreciation	(4,246)	(51,112)	(49,655)	(447,622)	(16,669)	(964)	-	(570,268)
Write-off of depreciation	-	-	6,474	26,885	1,931	-	-	35,290
At December 31, 2021	**163,416**	**1,211,800**	**878,637**	**6,066,224**	**63,895**	**9,161**	**361,484**	**8,754,616**
Historical cost	227,822	2,245,337	1,655,176	10,696,480	160,474	33,816	361,484	15,380,589
Accumulated depreciation	(64,406)	(1,033,536)	(776,539)	(4,630,256)	(96,580)	(24,655)	-	(6,625,973)
Additions	-	-	-	-	-	-	379,714	379,714
Disposals	-	(15,379)	(1,289)	(50,269)	(4,478)	(2,272)	(82,641)	(156,328)
Transfers	5,724	3,480	113	(64,037)	16,570	75	38,075	-
Depreciation	(5,046)	(55,388)	(79,246)	(480,665)	(19,653)	(991)	-	(640,990)
Write-off of depreciation	-	334	11,395	27,355	3,701	7,551	-	50,336
Business combination	12,586	1,543,598	207,984	445,368	1,011	501	15,669	2,226,718
At December 31, 2022	**176,680**	**2,688,446**	**1,017,593**	**5,943,976**	**61,047**	**14,026**	**712,301**	**10,614,068**
Historical cost	250,014	4,271,046	1,889,777	11,301,083	170,218	34,607	712,301	18,629,045
Accumulated depreciation	(73,334)	(1,582,601)	(872,184)	(5,357,107)	(109,171)	(20,581)	-	(8,014,978)
Average depreciation rate 2021	**3.86%**	**2.29%**	**3.08%**	**4.23%**	**12.40%**	**3.77%**		
Average depreciation rate 2022	**3.86%**	**2.56%**	**4.59%**	**4.07%**	**12.09%**	**3.78%**		

The balance of construction in progress, in the consolidated balances, refers mainly to works in progress of operating for the projects of subsidiary CPFL Renováveis, which has construction in progress of R$ 595.324 at December 31, 2022 (R$ 272,122 at December 31, 2021), with emphasis on maintenance works especially in wind farms.

In conformity with CPC 20 (R1) and IAS 23, the interest on borrowings taken by subsidiaries to finance the works is capitalized during the construction phase. In the consolidated balances, for the year 2022, there was no interest capitalized on qualifying assets, in accordance to CPC 20 (R1) and IAS 23 (R$ 5,216 at December 31, 2021)."

In the consolidated balances, the depreciation amounts are recognized in the statement of profit or loss in line item “depreciation and amortization”.

At December 31, 2022, the total amount of property, plant and equipment pledged as collateral for borrowings, as mentioned in note 18, is approximately R$ 602,386 (R$ 679,350 at December 31,2021), mainly relating to the subsidiary CPFL Renováveis.

Asset impairment test

For all the presented financial years, the Company evaluated possible signs of devaluation of its assets that could generate the need for impairment tests. This assessment was based on external and internal sources of information, taking into account variations in interest rates, changes in market conditions, among others. For the years 2022 and 2021, there was no need for an impairment provision.

(15) CONTRACT ASSET

	Distribution	Transmission	Consolidated
At December 31, 2020	**1,438,634**	**429,103**	**1,867,737**
Current	-	24,833	24,833
Non-current	1,438,634	404,271	1,842,905
Additions	3,065,717	396,990	3,462,707
Transfer - intangible assets in service	(866,903)	-	(866,903)
Transfer - financial assets	(1,810,850)	-	(1,810,850)
Monetary adjustment	-	(6,300)	(6,300)
Cash inputs - RAP	-	(62,918)	(62,918)
Business combination	-	4,102,531	4,102,531
At December 31, 2021	**1,826,598**	**4,859,407**	**6,686,005**
Current	-	845,025	845,025
Non-current	1,826,598	4,014,382	5,840,980
Additions	4,848,405	712,658	5,561,062
Transfer - intangible assets in service	(1,108,393)	-	(1,108,393)
Transfer - financial assets	(3,594,738)	-	(3,594,738)
Monetary adjustment	-	958,256	958,256
Cash inputs - RAP	-	(1,082,304)	(1,082,304)
Business combination	-	1,391	1,391
Disposal and transfer - other assets	-	396,852	396,852
At December 31, 2022	**1,971,872**	**5,846,260**	**7,818,132**
Current	-	709,222	709,222
Non-current	1,971,872	5,137,038	7,108,910

Contractual asset of distribution companies: Refers to concession infrastructure assets of the distribution companies during the construction period.

Contract asset of transmission companies: refers to the right to receive the “Permitted Annual Revenue – RAP” over the concession period as well as an indemnity at the end of the concession of the transmission subsidiaries.

Asset impairment test

For all the years presented, the Company evaluated any indications of devaluation of its assets that could generate the need for tests on the recovery value. This assessment was based on external and internal sources of information, taking into account variations in interest rates, changes in market conditions, among others. For the years 2022 and 2021, there was no need for a recovery provision.

(16) INTANGIBLE ASSETS

	Consolidated					
		Concession right				
	Goodwill	Acquired in business combinations	Distribution infrastructure - operational	Public utilities/Concession asset	Other intangible assets	Total
At December 31, 2020	**6.115**	**3.182.597**	**5.605.726**	**76.809**	**98.390**	**8.969.637**
Historical cost	6.152	7.495.458	13.508.846	91.003	274.187	21.375.646
Accumulated amortization	(37)	(4.312.861)	(7.903.120)	(14.194)	(175.797)	(12.406.009)
Additions	-	-	-	193.116	29.492	222.608
Amortization	-	(298.193)	(865.703)	(8.789)	(14.662)	(1.187.347)
Transfer - contract assets	-	-	866.903	-	-	866.903
Transfer - financial asset	-	-	(8.307)	-	1.198	(7.109)
Disposal and transfer - other assets	-	(1.613)	(70.583)	-	11.106	(61.090)
Business combination	-	849.070	-	-	20.937	870.007
At December 31, 2021	**6.115**	**3.731.861**	**5.528.035**	**261.136**	**146.462**	**9.673.609**
Historical cost	6.152	8.344.528	14.296.858	284.119	336.920	23.268.578
Accumulated amortization	(37)	(4.612.667)	(8.768.823)	(22.983)	(190.459)	(13.594.969)
Additions	-	-	-	-	21.067	21.067
Amortization	-	(318.331)	(998.239)	(11.308)	(44.401)	(1.372.279)
Transfer - contract assets	-	-	1.106.512	-	1.881	1.108.393
Transfer - financial asset	-	-	13.957	-	-	13.957
Disposal and transfer - other assets	-	(8.641)	(67.833)	-	(750)	(77.224)
Business combination	430.032	(128.824)	-	12.252	226.362	539.822
At December 31, 2022	**436.148**	**3.276.065**	**5.582.431**	**262.079**	**350.621**	**9.907.344**
Historical cost	436.184	8.215.704	15.349.493	302.746	609.851	24.913.978
Accumulated amortization	(37)	(4.939.639)	(9.767.062)	(40.666)	(259.230)	(15.006.634)

In the consolidated financial statements the amortization of intangible assets is recognized in the income statement as follows: (i) “depreciation and amortization” for amortization of distribution infrastructure intangible assets, use of public asset and other intangible assets; and (ii) “amortization of concession intangible asset” for amortization of the intangible asset acquired in business combination.

In conformity with CPC 20 (R1) and IAS 23, the interest on borrowings taken by subsidiaries for construction financing is capitalized during the construction stage for qualifying assets. In the consolidated, for of the year of 2022, R$ 53,547 were capitalized (R$ 33,709 at December 31, 2021) at a rate of 7,13% p.a. (at a rate of 7.19% p.a. at December 31,2021).

16.1 Intangible asset acquired in business combinations

The breakdown of the intangible asset related to the right to operate the concessions acquired in business combinations is as follows:

	Consolidated					
	December 31, 2022			December 31, 2021	Annual amortization rate	
	Historic cost	Accumulated amortization	Net value	Net value	2022	2021
Intangible asset - acquired in business combinations						
Intangible asset acquired and not merged						
CPFL Paulista	304,861	(256,929)	47,932	57,917	3.28%	3.28%
CPFL Piratininga	39,065	(31,513)	7,552	8,846	3.31%	3.31%
RGE	3,768	(2,897)	871	1,047	4.67%	4.67%
CPFL Geração	54,555	(44,714)	9,841	11,686	3.38%	3.38%
Jaguari Geração	7,896	(5,200)	2,696	2,966	3.41%	3.41%
CPFL Renováveis	3,653,906	(1,708,442)	1,945,465	2,111,685	4.55%	4.37%
CPFL Transmissão	720,246	(42,367)	677,880	838,243	22.27%	5.10%
Subtotal	**4,784,298**	**(2,092,062)**	**2,692,236**	**3,032,390**		
Intangible asset acquired and merged						
RGE	1,433,007	(1,179,436)	253,571	305,627	3.63%	3.63%
CPFL Renováveis	426,450	(373,295)	53,154	63,121	2.34%	2.34%
Subtotal	**1,859,457**	**(1,552,731)**	**306,725**	**368,748**		
Intangible asset acquired and merged – reassembled						
CPFL Paulista	1,074,026	(915,688)	158,339	190,543	3.00%	3.00%
CPFL Piratininga	115,762	(93,384)	22,378	26,214	3.31%	3.31%
Jaguari Geração	15,275	(10,676)	4,599	5,059	3.01%	3.01%
RGE	366,887	(275,098)	91,789	108,907	4.67%	4.67%
Subtotal	**1,571,950**	**(1,294,845)**	**277,104**	**330,723**		
Total	**8,215,705**	**(4,939,638)**	**3,276,065**	**3,731,861**		

The intangible assets acquired in business combinations are related to the right to operate the concessions and comprises:

- Intangible asset acquired, not subsumed

Refers to basically to the intangible asset from acquisition of the shares held by noncontrolling interests prior to adoption of CPC 15 and IFRS 3.

- Intangible asset acquired and subsumed

Refers to the intangible asset from the acquisition of subsidiaries that were incorporated into the respective equity, without application of CVM legal instructions No. 319/1999 and No. 349/2001, that is, without segregation of the related tax benefit installment amount.

- Intangible asset acquired and merged – reassembled

In order to comply with ANEEL requirements and avoid the amortization of the intangible asset resulting from the merger of parent company causing a negative impact on dividend paid to noncontrolling interests, at the time of the merger, the subsidiaries applied the concepts of CVM legal instructions No. 319/1999 and No. 349/2001 to the intangible asset. A reserve was therefore recognized to adjust the intangible, against a special goodwill reserve on the merger of equity in each subsidiary, so that the effect of the transaction on the equity reflects the tax benefit of the merged intangible asset. These changes affected the Company's investment in subsidiaries, and in order to adjust this, a nondeductible intangible asset was recognized for tax purposes, in order to recompose it.

16.3 Impairment testing

For all the reporting years the Company assesses whether there are indicators of impairment of its assets that would require an impairment test. The assessment was based on external and internal information sources, taking into account fluctuations in interest rates, changes in market conditions and other factors. In 2022, some cash-generating units in the generation segment, whose total book value is R$ 408,170, presented indicators that could eventually generate a change in the cash generation projection. The Company carried out the respective impairment test using the income approach model, the results did not indicate the need for a provision for impairment. In 2021 there was no need for a impairment provision.

(17) TRADE PAYABLES

	Consolidated	
	December 31, 2022	December 31, 2021
Current		
System service charges	1,574	926,667
Energy purchased	1,661,939	2,064,676
Electricity network usage charges	492,104	343,755
Materials and services	885,473	759,070
Free market energy	186,678	175,432
Total	**3,227,768**	**4,269,598**
Non-current		
Energy purchased	413,822	378,388
Materials and services	11,122	29,694
Total	**424,945**	**408,082**

(18) BORROWINGS

The movement in borrowings were as follows:

Consolidated							
Category	At December 31, 2021	Raised	Repayment	Interest, monetary adjustment and fair value measurement	Exchange rates variation	Interest paid	At December 31, 2022
Local currency							
Measured at cost							
Pre fixed	8.268	-	(6.451)	141	-	(150)	1.808
Post fixed							
TJLP	452.301	-	(52.177)	35.691	-	(32.962)	402.853
IPCA	4.640.334	775.933	(257.200)	532.999	-	(243.679)	5.448.388
CDI	1.075.836	2.209.620	(2.182.400)	171.968	-	(109.845)	1.165.179
IGP-M	29.205	-	(17.767)	3.854	-	(2.042)	13.250
Borrowing costs	(47.032)	(6.747)	-	14.151	-	-	(39.628)
Subtotal	**6.158.913**	**2.978.806**	**(2.515.994)**	**758.803**	-	**(388.678)**	**6.991.850**
Measured at fair value							
Pre fixed	578.983	-	-	38.581	-	(38.581)	578.983
Fair value measurement	(43.009)	-	-	6.720	-	-	(36.288)
Subtotal	**535.975**	-	-	**45.302**	-	**(38.581)**	**542.695**
Total - Local currency	**6.694.888**	**2.978.806**	**(2.515.994)**	**804.105**	-	**(427.259)**	**7.534.545**
Foreign currency							
Measured at cost							
Dollar	649.363	-	(583.635)	5.762	(25.982)	(45.508)	-
Subtotal	**649.363**	-	**(583.635)**	**5.762**	**(25.982)**	**(45.508)**	-
Measured at fair value							
Dollar	4.869.460	870.574	(550.357)	108.639	(297.469)	(102.232)	4.898.615
Euro	2.421.705	-	(524.832)	9.510	(281.744)	(9.986)	1.614.653
Fair value measurement	(172.545)	-	-	(107.601)	-	-	(280.146)
Subtotal	**7.118.620**	**870.574**	**(1.075.189)**	**10.548**	**(579.213)**	**(112.218)**	**6.233.122**
Total foreign currency	**7.767.983**	**870.574**	**(1.658.824)**	**16.310**	**(605.195)**	**(157.727)**	**6.233.122**
Total	**14.462.869**	**3.849.380**	**(4.174.818)**	**820.415**	**(605.195)**	**(584.985)**	**13.767.666**
Current	**2.246.711**						**3.362.615**
Non-current	**12.216.158**						**10.405.052**

Consolidated								
Category	At December 31, 2020	Raised	Repayment	Interest, monetary adjustment and fair value measurement	Exchange rates variation	Interest paid	Business combination	At December 31, 2021
Local currency								
Measured at cost								
Pre fixed	8,691	-	(3,566)	5,349	-	(5,353)	-	5,121
Post fixed								
TJLP	476,405	-	(52,948)	30,172	-	(30,168)	31,988	455,448
IPCA	2,791,276	1,724,988	(232,855)	505,100	-	(148,175)	-	4,640,334
CDI	129,843	960,000	(33,800)	22,875	-	(3,082)	-	1,075,836
IGP-M	38,922	-	(16,124)	9,568	-	(3,161)	-	29,205
Borrowing costs	(49,894)	(3,045)	-	5,907	-	-	-	(47,032)
Subtotal	**3,395,243**	**2,681,943**	**(339,293)**	**578,971**	-	**(189,939)**	**31,988**	**6,158,913**
Measured at fair value								
Pre fixed	-	572,000	-	25,100	-	(18,117)		578,983
Fair value measurement	-	-	-	(43,009)	-	-		(43,009)
Subtotal	-	**572,000**	-	**(17,908)**	-	**(18,117)**	-	**535,975**
Total at local currency	**3,395,243**	**3,253,943**	**(339,293)**	**561,062**	-	**(208,056)**	**31,988**	**6,694,888**
Foreign currency								
Measured at cost								
Dollar	-	-	(12,340)	21,050		(2,443)	643,096	649,363
Subtotal	-	-	**(12,340)**	**21,050**	-	- **2,443**	**643,096**	**649,363**
Measured at fair value								
Dollar	5,072,184	1,343,000	(1,882,057)	111,890	345,944	(121,500)	-	4,869,460
Euro	3,053,302	-	(595,759)	17,380	(35,458)	(17,760)	-	2,421,705
Fair value measurement	(98,695)	-	-	(73,850)	-	-	-	(172,545)
Subtotal	**8,026,792**	**1,343,000**	**(2,477,816)**	**55,420**	**310,486**	**(139,260)**	-	**7,118,620**
Total at foreign currency	**8,026,792**	**1,343,000**	**(2,490,156)**	**76,470**	**310,486**	**(141,703)**	**643,096**	**7,767,983**
Total	**11,422,035**	**4,596,943**	**(2,829,449)**	**637,531**	**310,486**	**(349,760)**	**675,084**	**14,462,869**
Current	**2,797,195**							**2,246,711**
Noncurrent	**8,624,840**							**12,216,158**

In accordance with CPC 48, borrowing costs refer to costs directly attributable to debts and these are classified as (i) financial liabilities measured at amortized cost and (ii) financial liabilities measured at fair value through profit or loss.

The classification as financial liabilities of loans and financing measured at fair value aims to confront the effects of the recognition of income and expenses arising from the marking to market of hedging derivatives, linked to the respective debts, in order to obtain more relevant accounting information and consistent, reducing the accounting mismatch.

Changes in the fair values of these debts are recognized in the Group's financial result, except for the change in fair value due to credit risk, which, depending on the characteristics of the debts at the time of contracting, may be recorded in other comprehensive income or in the result of the year. At December 31, 2022, the unrealized accumulated gains obtained from the fair value measurement of these debts were R$ 316.434 (R$ 215,554 at December 31, 2021) which reduced by the unrealized losses obtained with the fair value measurement of derivative financial instruments of R$ 302,920 (loss of R$ 155,475 at December 31, 2021), contracted to hedge against the echange rate variation (note 35), generated a net gain not realized of R$ 13.514 (R$ 60,079 on December 31, 2021).

The detail on borrowings are as follows:

Category	Annual interest	Consolidated December 31, 2022	December 31, 2021	Maturity range	Collateral	31/12/2021
Measured at cost - Local currency						
Pre fixed						
FINEM	Fixed rate from 2.5%	242	3.147	2016 to 2023	Fiduciary Assignment of Federal Public Securities, Treasury Note - Series B	-
FINAME	Fixed rate from 2.5% to 3%	1.566	5.121	2012 to 2023	(i) Liens on equipment; (ii) Pledge and liens on credit rights; (iii) Reserve, centralizing and receivables accounts; (iv) CPFL Renováveis, CPFL Energia e State Grid Brazil Power guarantee	5.121
		1.808	**8.268**			**5.121**
Post Fixed						
TJLP						
FINEM	TJLP and TJLP + from 1,72% to 3,05%	402.853	421.559	2012 to 2039	(i) Pledge and liens on equipment; (ii) Pledge and liens on credit rights (iii) Reserve, centralizing and receivables accounts; (iv) Pledge of shares (v) Pledge of emergents rights authorized by ANEEL; (vi) Pledge of beneficiary shares; (vii) CPFL Renováveis, CPFL Energia and State Grid Brazil Power guarantee; (viii) Bank guarantee (IX) Fiduciary Assignment of Federal Public Securities, Treasury Note - Series B	424.707
FINEP	TJLP + 5% to 6%	-	427	2017 to 2022	Bank guarantee	427
BNDES	TJLP + 3,05%	-	30.315	2029	Fiduciary Assignment of Federal Public Securities, denominated National Treasury Notes - Series B	30.315
		402.853	**452.301**			**455.449**
IPCA						
FINEM	IPCA + 4,27% to 4,80%	5.232.592	4.434.659	2020 to 2040	CPFL Energia guarantee and receivables	**4.434.659**
BNB	IPCA + de 1,06 to 1,48%	215.795	205.676	2022 to 2044	Bank guarantee	**205.676**
		5.448.388	**4.640.334**			**4.640.334**
CDI						
Bank loans	(i) 105% from CDI	55.205	97.432	2012 to 2023	(i) CPFL Energia guarantee; (ii) Structure of redeemable preferred shares and (iii) CPFL Renováveis guarantee	**97.432**
Promissory notes	CDI+0,96% to CDI+1,35%	1.109.975	978.404	2024	CPFL Energia guarantee	**978.404**
IGPM		**1.165.179**	**1.075.836**			1.075.836
Bank loans	IGPM + 8,63%	**13.250**	**29.205**	2013 to 2023	(i) Liens on equipment and receivables (ii) Pledge of shares of SPE and rights authorized by ANEEL and receivables of operation contracts	**29.205**
Borrowing costs (*)		**(39.628)**	**(47.032)**			**(47.032)**
Subtotal		**6.991.850**	**6.158.913**			**6.158.913**
Measured at fair value - Local currency						
Pre fixed						
Bank loans (Law 4,131)	Fixed rate from 6,16% to 7,38%	**578.983**	**578.983**	2024	CPFL Energia guarantee and Promissory notes	**578.983**
Fair value measurement		**(36.288)**	**(43.009)**			- **43.009**
Subtotal		**542.695**	**535.975**			**535.975**
Total - Local currency		**7.534.545**	**6.694.888**			**6.694.888**
Measured at cost - Foreign Currency						
Dollar						-
Incentivized bank loans		-	**649.363**	2017 to 2022	Federative Republic of Brazil and the State of Rio Grande do Sul	649.363
Measured at fair value - Foreign Currency						
Dollar						
Bank loans (Law 4,131)	US$ + Libor 3 months + from 0,87% to 0,99%	524.424	558.630	2023 to 2025	CPFL Energia guarantee and Promissory notes	558.630
Bank loans (Law 4,131)	US$ + from 0,78% to 4,32%	4.374.191	4.310.829	2018 to 2025	CPFL Energia guarantee and Promissory notes	4.310.829
		4.898.615	**4.869.460**			**4.869.460**
Euro						
Bank loans (Law 4,131)	Euro + from 0,43% to 0,79%	**1.614.653**	**2.421.705**	2021 to 2025	CPFL Energia guarantee and Promissory notes	**2.421.705**
Fair value measurement		**(280.147)**	**(172.545)**			**(172.545)**
Total in foreign currency		**6.233.122**	**7.767.983**			**7.767.983**
Total		**13.767.667**	**14.462.869**			**14.462.869**

Certain borrowings, mainly those contracted in foreign currency, have swap converting exchange variation and fixed rate to interest rate variation. For further information about the considered rates, see note 34. The effective rate of loans measured at amortised cost ranges from 90% to 120% of the CDI. The Company has foreign currency loans based in Libor, an besides libor had its use descontinued in June 2023, this change has no impact in Financial Statements since there is a swap operation with the same terms of loans (exchange to CDI). The Company management is evaluating with financial institution about the index to be used.

The maturities of the principal of borrowings recorded in noncurrent liabilities are scheduled as follows:

Maturity	Consolidated
2024	2,936,000
2025	2,593,427
2026	1,443,216
2027	2,788,425
2028	616,927
2029 to 2033	185,701
2034 to 2038	106,208
2039 to 2043	12,298
Subtotal	**10,682,203**
Fair value measurement	(277,151)
Total	**10,405,052**

The main indexes used for adjusting borrowings for inflation and the indebtedness profile in local and foreign currency, already considering the effects of the derivative instruments, are as follows:

Index	Accumulated variation %		Consolidated % of debt	
	2022	2021	December 31, 2022	December 31, 2021
TJLP	6.78	4.80	2.9	3.1
IPCA	5.79	10.06	39.3	32.1
CDI	13.65	4.40	53.7	60.0
Others			4.0	4.7
			100	100

Borrowings raised in the year:

Category	Released (R$ thousand) Total	Released	Interest payment	Repayment	Utilization	Annual rate and effective annual rate	Effective rate with
Local currency							
IPCA - BNDES							
CPFL Paulista	312.596	62.521	Quarterly until July 2023	Monthly from July 2023	Investment plan	IPCA + 4,34%	not applicable
CPFL Paulista	1.002.912	200.587	Quarterly	Bullet in June 2027	Investment plan	IPCA + 4,34%	not applicable
CPFL Santa Cruz	244.385	48.945	Quarterly until July 2023	Monthly from July 2023	Investment plan	IPCA + 4,34%	not applicable
RGE	353.019	70.607	Quarterly until July 2023	Monthly from July 2023	Investment plan	IPCA + 4,34%	not applicable
RGE	1.132.601	226.532	Quarterly	Bullet in June 2027	Investment plan	IPCA + 4,34%	not applicable
CPFL Piratininga	424.488	84.968	Quarterly	Monthly from July 2023	Investment plan	IPCA + 4,34%	not applicable
CPFL Renováveis - SPE Cherobim	221.936	60.000	Quarterly	Monthly from July 2024	Investment plan	IPCA + 4,18%	not applicable
Transmissão Maracanaú	42.422	21.774	Quarterly	Monthly from September 2022	Investment plan	IPCA + 3,14%	not applicable
CDI - Commercial notes							
CPFL Cone Sul	1.180.000	1.177.001	Semiannually	Bullet in April 2023	Investment plan	CDI + de 1,05% to 1,35%	not applicable
CPFL Paulista	650.000	647.685	Bullet in October 2024	Bullet in October 2024	Investment plan	CDI + 0,96%	not applicable
CPFL Geração	379.620	378.186	Bullet in October 2024	Bullet in October 2024	Investment plan	CDI + 0,96%	not applicable
Foreign currency							
Law 4131							
CPFL Piratininga	118.574	118.574	Semiannually	Bullet in March 2025	Working capital	USD + 2,81%	CDI + 1,22%
CPFL Renováveis	294.000	294.000	Semiannually	Bullet in March 2024	Working capital	USD + 2,57%	CDI + 1,05%
CPFL Santa Cruz	89.000	89.000	Semiannually	Bullet in March 2025	Working capital	USD + 2,74%	CDI+1,25%
CPFL Brasil	172.000	172.000	Semiannually	Bullet in March 2025	Working capital	USD + 2,84% until 03/2023 after 2,92%	CDI+1,10%
CPFL Paulista	197.000	197.000	Semiannually	Bullet in October 2025	Working capital	USD + 4,845%	CDI+1,05%
	6.814.553	**3.849.380**					

Pre-payment

During the year of 2022 were settled in advance R$ 2,094,306 of commercial notes, whose original maturities ran until October 2024, in 2021 there were no relevant early settlement of loans.

Covenants

Borrowings raised by Group companies require compliance with certain restrictive financial clauses, under penalty of restriction in the distribution of dividends and/or advance maturity of the related debts. Furthermore, failure to comply with the obligations or restrictions mentioned may result in default in relation to other contractual obligations (cross default), depending on each borrowing agreement. Additionally, borrowings contain non-financial covenants, which are met as per the last calculation period.

The calculations are made on an annual or semiannual basis, as appropriate. As the maximum and minimum ratios vary among the contracts, we present below the most critical parameters of each ratio, considering all contracts in effect at December 31, 2022.

Ratios required in the consolidated financial statements of CPFL Energia

- Net debt divided by adjusted EBITDA lower than or equal to 3.75
- Adjusted EBITDA divided by Finance Income (Costs) greater than or equal to 2.25.
- Equity divided by equity plus net debt greater than or equal to 0.28.

Ratios required in the individual financial statements of subsidiaries of CPFL Renováveis, holders of the contract

- Debt Service Coverage Ratio (ICSD) greater than or equal to an index ranging to 1.2
- Own Capitalization Ratio greater than or equal to 30%.

Ratios required in CPFL Renováveis' financial statements

- Net debt divided by EBITDA less than or equal to 3.75.

Ratios required in the individual financial statements of the distribution's subsidiaries, which hold the contracts

- Net debt divided by EBITDA adjusted less than or equal to 4.0

Ratio required in the consolidated financial statements of State Grid Brazil Power Participações S.A.

- Equity divided by Total Assets (disregarding the effects of IFRIC 12 / OCPC 01) minimum of to 0.3.

For purposes of determining covenants, the definition of EBITDA at the Company takes into consideration mainly the consolidation of subsidiaries, associates and joint ventures based on the Company's direct or indirect interests in those companies (for both EBITDA and assets and liabilities).

The Group's management monitors these ratios on a systematic and constant basis, so that all conditions are met. In the opinion of the Group's management, all covenants and financial and non-financial clauses are properly complied with as at December 31, 2022.

(19) DEBENTURES

The movement in debentures was as follows:

	Consolidated					
Category	At December 31, 2021	Raised	Repayment	Interest, monetary adjustment and fair value measurement	Interest paid	At December 31, 2022
Measured at cost - Post fixed						
CDI	5,145,242	6,576,000	(3,418,915)	815,415	(702,753)	8,414,989
IPCA	1,457,645	-	(614,673)	142,629	(72,805)	912,796
Borrowing costs (*)	(50,188)	(15,526)	-	40,161	-	(25,555)
Total at cost	**6,552,698**	**6,560,474**	**(4,033,588)**	**998,205**	**(775,558)**	**9,302,230**
Measured at fair value - Post fixed						
IPCA	1,539,051	982,000	-	206,034	(102,015)	2,625,069
Fair value measurement	(138,748)	-	-	(173,793)	-	(312,541)
Total at fair value	**1,400,303**	**982,000**	-	**32,241**	**(102,015)**	**2,312,529**
Total	**7,953,002**	**7,542,474**	**(4,033,588)**	**1,030,445**	**(877,573)**	**11,614,758**
Current	**1,788,125**					**1,323,011**
Non-current	**6,164,877**					**10,291,747**

(*) In accordance with IFRS 9/CPC 48, this refers to borrowing costs directly attributable to the issuance of the respective debts, measured at cost.

	Consolidated					
Category	At December 31, 2020	Raised	Repayment	Interest, monetary adjustment and fair value measurement	Interest paid	At December 31, 2021
Measured at cost - Post fixed						
CDI	5,600,262	603,000	(1,104,782)	232,114	(185,353)	5,145,242
IPCA	1,379,121	-	(62,671)	210,495	(69,301)	1,457,645
Total at cost	**6,979,384**	**603,000**	**(1,167,453)**	**442,610**	**(254,653)**	**6,602,887**
Borrowing costs	(26,355)	(32,797)	-	8,965	-	(50,188)
Measured at fair value - Post fixed						
IPCA	464,414	954,000	-	168,185	(47,547)	1,539,051
Fair value measurement	30,860	-	-	(169,608)	-	(138,748)
Total at fair value	**495,274**	**954,000**	-	**(1,424)**	**(47,547)**	**1,400,303**
Total	**7,448,303**	**1,524,203**	**(1,167,453)**	**450,149**	**(302,200)**	**7,953,002**
Current	**1,191,270**					**1,788,125**
Noncurrent	**6,257,032**					**6,164,877**

The details on debentures are as follows :

Category	Annual Interest		Consolidated December 31, 2022	December 31, 2021	Maturity range	Collateral
Measured at cost - Post fixed						
CDI	(i) From 107% to 109,75% of CDI (ii) CDI + 0,96% to 1,50%	(a)	8,250,396	4,297,874	2021 to 2031	CPFL Energia guarantee
	From 104,68% to 111,6% of CDI	(a)	164,592	847,368	2021 to 2023	No guarantee
IPCA	IPCA + from 4,30% to 6,02%	(b)	912,796	1,457,645	2022 to 2031	CPFL Energia guarantee
Borrowing costs			(25,555)	(50,188)		
			9,302,230	**6,552,699**		
Measured at fair value - Post fixed						
IPCA	IPCA + 6,02%		2,625,069	1,539,051	2024 to 2029	CPFL Energia guarantee
	Fair value measurement		(312,541)	(138,748)		
	Total		**11,614,758**	**7,953,002**		

Certain debentures have swap exchanging the variation based on IPCA for variation based on CDI. For further information on the rates considered, see note 35.

Effective rate

(a) From 104,68% to 111,60% of CDI | CDI + from 0,55% to 1,50%

(b) IPCA + 4,66% to 6,31%

In accordance with CPC 48, borrowings costs refer to costs directly attributable to debts and these are classified as (i) financial liabilities measured at amortized cost and (ii) financial liabilities measured at fair value through profit or loss.

The classification as financial liabilities of debentures measured at fair value aims to compare the effects of the recognition of income and expenses arising from the fair value measurement of hedge derivatives, linked to the respective debentures, in order to reduce the accounting mismatch.

Changes in the fair values of these debentures are recognized in the Group's financial results, except for the credit risk calculation component, which is recorded in other comprehensive income. As at December 31, 2022, the accumulated unrealized gains obtained in the fair value measurement of said debentures amounted to R$ 312,541 (gain of R$ 138,748 on December 31, 2021), which deducted from the unrealized losses obtained with the mark-to-market derivative financial instruments of R$ 200,458 (loss of R$ 92,879 on December 31, 2021), contracted to hedge against interest rate variations (Note 35), generated a total net unrealized gain of R$ 112,083 (gain of R$ 45,869 on December 31, 2021).

The maturities of the principal of debentures recognized in noncurrent liabilities are as follows:

Maturity	Consolidated
2024	821,385
2025	318,161
2026	4,646,398
2027	757,232
2028	2,868,882
2029 to 2033	1,192,229
Subtotal	**10,604,287**
Fair value measurement	(312,541)
Total	**10,291,747**

Debentures raised in the year:

		Released (R$ thousand)				
Category Subsidiary	Issued quantity	Released in 2022	Net of borrowing costs	Interest payment	Repayment	Effective annual rate
Local currency						
IPCA						
12th Issuing - CPFL Geração	489,000	489,000	489,000	Semiannually	3 installments- May/29, Mai/30 and May/31	IPCA + 6,0265%
13th Issuing - RGE	493,000	493,000	492,920	Semiannually	2 installments- May/28 and May/29	IPCA + 5,9853%
CDI						
11th Issuing - CPFL Paulista	750,000	750,000	747,828	Semiannually	2 installments - December/27 and December/28	CDI + 1,59%
13th Issuing - CPFL Piratininga	250,000	250,000	249,170	Semiannually	2 installments- December/27 and December/28	CDI + 1,59%
14th Issuing - CPFL Piratininga	334,000	334,000	333,052	Semiannually	1 installments - February/23, other semester - May and Nov of each year until 2029	CDI + 1,47%
1th Issuing - CPFL Transmissão	960,000	960,000	957,801	Semiannually	1st series in May/27, 2nd series in 2 installments - May/28 and May/29	CDI + 1,34% and CDI + 1,47%
12th Issuing - CPFL Paulista	3,192,000	3,192,000	3,185,250	Semiannually	Single installment in December 2026	CDI + 1,20%
14th Issuing - RGE	1,090,000	1,090,000	1,087,453	Semiannually	Single installment in June 2026	CDI + 1,20%
		7,558,000	7,542,474			

Pre-payment

During the year of 2022 R$ 2,314,358 in debentures were settled in advance, whose original maturities ran until April 2024 (R$ 11,367 December 31, 2021).

Covenants

The debentures issued by the Group companies require compliance with certain financial covenants. The calculations are made on an annual or semiannual basis, as appropriate. As the maximum and minimum ratios vary among the contracts, we present below the most critical parameters of each ratio, considering all contracts in effect at December 31, 2022.

Ratios required in the consolidated financial statements of CPFL Energia

- Net Debt divided by adjusted EBITDA less than or equal to 3.75.
- Adjusted EBITDA divided by finance income (costs) higher than or equal to 2.25.

The Group's management monitors these ratios on a systematic and constant basis, so that all conditions are met. In the opinion of the Group's management, all covenants and financial and non-financial clauses are properly complied with as at December 31, 2022.

(20) PRIVATE PENSION PLAN

The subsidiaries sponsor supplementary retirement and pension plans for their employees, with the following characteristics :

20.1 Characteristics

CPFL Paulista

The plan currently in force for the employees of the subsidiary CPFL Paulista through VIVEST two plans with the following characteristics:

(i) PPCPFL – Mixed benefit plan (closed for new adhesions)

(ii) Defined Benefit Plan ("BD") – in force until October 31, 1997 – a defined benefit plan, which grants a Proportional Supplementary Defined Benefit ("BSPS"), in the form of a lifetime income convertible into a pension, to participants enrolled prior to October 31, 1997, the amount being defined in proportion to the accumulated past service time up to that date, based on compliance with the regulatory requirements for granting. The total responsibility for coverage of actuarial deficits of this plan falls to the subsidiary.

(iii) Mixed model, as from November 1, 1997, which covers:

- benefits for risk (disability and death), under a defined benefit plan, in which the subsidiary assumes responsibility for the Plan's actuarial deficit, and

- scheduled retirement, under a variable contribution plan, consisting of a benefit plan, which is a defined contribution plan up to the granting of the income, and does not generate any actuarial liability for the subsidiary. The benefit plan only becomes a defined benefit plan, consequently generating actuarial responsibility for the subsidiary, after the granting of a lifetime income, convertible or not into a pension.

On August 30, 2022, an amendment was approved to the plan's regulations, to allow beneficiaries and pensioners to carry out the voluntary conversion of Lifetime Income to Financial Income. Opting for Financial Income, the beneficiary ceases to have a defined benefit and starts to have a flexible benefit, according to the accumulated balance.

2) CD CPFL – Defined contribution plan (open for new adhesions)

A plan whose programmed benefits have their value permanently adjusted to the account balance maintained in favor of the participant, including in the benefit-realization phase, considering the net result of its application, the amounts contributed and the benefits paid.

Additionally, the subsidiary's Managers may opt for a Free Benefit Generator Plan – PGBL (defined contribution), operated by either Banco do Brasil or Bradesco.

CPFL Piratininga

As a result of the spin-off of Bandeirante Energia S.A. (the subsidiary's predecessor), the subsidiary CPFL Piratininga assumed the responsibility for the actuarial liabilities of that company's employees retired and terminated until the date of spin-off, as well as for the obligations relating to the active employees transferred to the subsidiary.

On April 2, 1998, the Secretariat of Pension Plans – "SPC" approved the restructuring of the retirement plan previously maintained by Bandeirante, creating a "Proportional Supplementary Defined Benefit Plan – BSPS", and a "Mixed Benefit Plan", with the following characteristics:

(iv) PSAP/Piratininga plan (closed for new adhesions and settled):

(i) Defined Benefit Plan ("BD") – in force until March 31, 1998 – a defined benefit plan, which grants a Proportional Supplementary Defined Benefit (BSPS), in the form of a lifetime income convertible into a pension to participants enrolled until March 31, 1998, in an amount calculated in proportion to the accumulated past service time up to that date, based on compliance with the regulatory requirements for granting. In the event of death while working or the onset of a disability, the benefits incorporate the entire past service time. The subsidiary has full responsibility for covering the actuarial deficits of this Plan.

(ii) Defined Benefit Plan – in force after March 31, 1998 – defined-benefit type plan, which grants a lifetime income convertible into a pension based on the past service time accumulated after March 31, 1998, based on 70% of the average actual monthly salary for the last 36 months of active service. In the event of death while working or the onset of a disability, the benefits incorporate the entire past service time. The responsibility for covering the actuarial deficits of this Plan is equally divided between the subsidiary and the participants.

(iii) Variable Contribution Plan – implemented together with the Defined Benefit plan effective after March 31, 1998. This is a defined-contribution type pension plan up to the granting of the income and generates no actuarial liability for the subsidiary. The pension plan only becomes a Defined Benefit type plan after the granting of the lifetime income, convertible (or not) into a pension, and accordingly starts to generate actuarial liabilities for the subsidiary.

On May 31, 2022, an amendment was approved to the plan's regulation to settle the supplementary benefit and allow active, assisted and pensioners to carry out the voluntary conversion of Lifetime Income to Financial Income. Opting for Financial Income, the beneficiary ceases to have a defined benefit and starts to have a flexible benefit, according to the accumulated balance.

2) CD CPFL – Defined contribution plan (open for new adhesions)

Plan whose programmed benefits have their value permanently adjusted to the account balance maintained in favor of the participant, including in the benefits realization phase, considering the net result of its application, the amounts contributed and the benefits paid.

Additionally, the subsidiary's Managers may opt for a Free Benefit Generator Plan – PGBL (defined contribution), operated by either Banco do Brasil or Bradesco.

RGE

The subsidiary RGE has retirement and pension plans for its employees and former employees managed by Fundação Família Previdência. Before called Fundação CEEE de Previdência Privada, comprising:

(v) “Plan 1”: A “defined benefit” plan with benefit level equal to 100% of the inflation adjusted average of the last 36 salaries, deducting the presumed benefit from the Social Security, with a Segregated Net Asset. That is closed to new participants since 2011. This plan was recorded at the dissolved Rio Grande Energia S.A. until the merger of the distribution companies approved on December 31, 2018, and

(ii) “Plan 2”: A “defined benefit” plan that is closed to new participants since February 2011. The subsidiary’s contribution matches the contribution from the benefitted employees, in the proportion of one for one, including as regards the Fundação’s administrative funding plan.

For employees hired after the closing of the plans of Fundação Família Previdência, “defined contribution” private pension plans were implemented, being Bradesco Vida e Previdência for employees hired between 1997 and 2018 by the dissolved Rio Grande Energia S.A., and Itauprev for employees hired by RGE as from 2011, as well as for new employees to be hired after the event of merger of the distribution companies.

CPFL Santa Cruz

With the grouping of subsidiaries that took place in 2017, the company’s official plan became CMSPREV, managed by IHPREV Fundo de Pensão. Employees who had the benefit plan managed by BB Previdência – Banco do Brasil Pension Fund, maintained the same plan.

CPFL Renováveis

After the integration of CPFL Renováveis in 2020, some of the employees formerly linked to CPFL Geração, integrated into CPFL Renováveis and remained in the PPCPFL plan of origin. For this reason, CPFL Renováveis became the sponsor of this plan, which has been closed to new enrollments since April 2020. For other employees, the PGBL plan administered by Bradesco was maintained, which is currently offered to new employees.

CPFL Transmissão

The indirect subsidiary CPFL Transmissão maintains supplementary retirement and pension plans for its employees and former employees, managed by Fundação Família Previdência, formerly called Fundação CEEE de Previdência Privada, as follows:

(i) **"CEEEPREV Plan":** CEEEPREV is a plan with defined contribution variable because it contains a defined contribution part and a defined benefit part characteristics, except for the risk benefits and part of the settled benefits.

In 2014, a lawsuit was filed (Case nº 0065790-57.2014.4.01.3400) related to non-parity contributions, filed by Fundação Família Previdência (Former Fundação ELETROCEEE) against PREVIC, due to the Ordinance of the regulatory body that required the presentation of definitive solution on the articles of the Regulation of the Benefit Plan that deal with the employer's liability in the event of a possible insufficiency of equity coverage in the reserves that support the benefits, which are irregular under the applicable legislation.

This is because the CEEEPREV Benefit Plan provided for the sponsor's exclusive liability in the event of an eventual insufficiency of equity coverage, which, according to PREVIC, and an understanding supported by the subsidiary's Management, violates the provisions of Complementary Law No. 108/2001. The result in the 1st and 2nd instance was unfavorable to the Foundation and favorable to the subsidiary, with no suspensive effect on pending appeals.

Already in 2019, a second lawsuit was filed (Case No. 5051477-51.2019.8.21.0001) related to the subject, filed by the then CEEE-D and by the then CEEE-GT (before the split between the Generation and Transmission segments) against the Foundation, with the objective of recognizing the nullity of the clauses of the CEEEPREV Benefit Plan, in order to nullify the exclusive responsibility of the sponsors in the event of insufficiency of equity coverage. After the filing of the demand by the companies that were members of the former CEEE Group, the State of Rio Grande do Sul itself joined the dispute, as assistant to the plaintiff. On October 14 2021, the first instance sentence decided that the action was partly valid to recognize the nullity of the benefit plan clauses which do not apply the contributory parity (in the same sense as the sentence and judgment of Action No 0065790-57.2014.4.01.3400). After appeals were filed by the parties, the TJRS (Court of Justice of the State of Rio Grande do Sul) issued a decision on July 28, 2022, maintaining, in full, the sentence under appeal. At the present moment, motions for clarification filed by all parties against the ruling are awaiting trial by the TJRS itself. On this matter, a Suspension of Injunction and Sentence is still pending before the Presidency and the Special Court of STJ n. 3,163, which has a favorable decision for the Companies. In compliance with the preliminary injunction precedent of Case 50224494-89.2022.8.21.7000/RS, the subsidiary has been paying its contribution since March 2022, on an equal basis, and the Foundation has not been paying the installment for solving the deficit that would be due from the participants The amount involved in the lawsuit corresponds to approximately 50% of all the plan's deficits, and the legal advisors assess the chance of success as possible, with a probable bias. The Company estimates that between March and December 2022, the amount of R$ 41,369 should have been charged to participants, but this amount is allocated within the plan's total deficit, not representing additional financial repercussions.

Considering the legal grounds, supported by recent court decisions, in the cases that deal with the matter in detail, the subsidiary, as a sponsor of the CEEEPREV Plan, understands that from the new court decision de october, 2021, the best estimate for measuring this liability is to use risk sharing as a reducer of the actuarial liability as of the year ended December 31, 2021.

(i) **"Plan Único":** Plan Único has a defined benefit modality and has been closed to new participants since September 2, 2002. This plan receives equal contributions between the sponsor and employees.

Whereas the Regulations of the Single Plan prescribe that any insufficiencies (deficits) will be resolved in accordance with the applicable legislation, the liabilities of the Single Plan are recognized in equal proportion.

(ii) **"Accounts Payable Incentive Retirement – CTP":** As a result of a collective bargaining agreement, as of 1997, the Company was responsible for paying the pension supplementation benefit for length of service that has been granted by the Social Security to participants who are regularly enrolled with Fundação Família Previdência and who have not yet completed all the requirements for its enjoyment, at which time the former employee was definitively retired by the Foundation. Currently, they receive the complement of funds that were not included in the INSS calculation, and the company is sentenced by the court to pay for life. For this, the Company provisioned the full amounts of future commitments related to these salary supplements, considering the average payment term of these benefits, adjusted to present value, including contributions to the Foundation.

20.2 Movements in the defined benefit plans

				RGE Sul (RGE)		CPFL Transmissão			
	CPFL Paulista	CPFL Piratininga	CPFL Renováveis	*Plan 1*	*Plan 2*	Plan Único	CTP	CEEEPREV BD	Total
Present value of actuarial obligations	6,263,349	1,537,214	150,383	439,609	589,674	1,358,357	3,335	2,252,981	12,594,901
Fair value of plan's assets	(4,980,779)	(1,411,114)	(119,199)	(468,394)	(499,465)	(889,288)	-	(1,465,818)	(9,834,057)
Present value of obligations not covered by assets	**1,282,570**	**126,100**	**31,184**	**(28,785)**	**90,209**	**469,069**	**3,335**	**787,163**	**2,760,844**
Effect on the maximum asset recognition limit	-	-	-	28,785	-	-	-	-	28,785
Effect of risk sharing (parcel attributed to participants)	-	-	-	-	-	(274,221)	-	(495,115)	(769,336)
Effect of conversion to financial debt *	180,005	86,556	2,686	-	-	-	-	-	269,247
Net actuarial liability recognized in the statement of financial position	**1,462,574**	**212,655**	**33,870**	**-**	**90,209**	**194,848**	**3,335**	**292,048**	**2,289,539**

As described in note 20.1, in August 2022 the process of voluntary conversion from lifetime income to financial income was started, with the end of membership on January 31, 2023.

	31/12/2021								
				RGE	RGE Sul (RGE)	CPFL Transmissão			
	CPFL Paulista	CPFL Piratininga	CPFL Renováveis	*Plan 1*	*Plan 2*	Plan Único	CTP	CEEEPREV BD	Total
Present value of actuarial obligations	7,159,489	2,021,407	173,628	472,498	622,201	1,505,501	3,857	2,314,147	14,272,726
Fair value of plan's assets	(5,180,254)	(1,561,436)	(125,975)	(451,413)	(482,742)	(951,605)	-	(1,403,183)	(10,156,608)
Present value of obligations not covered by assets	**1,979,235**	**459,971**	**47,653**	**21,084**	**139,459**	**553,896**	**3,857**	**910,964**	**4,116,118**
Effect of risk sharing (parcel attributed to participants)	-	-	-	-	-	(257,756)	-	(412,896)	(670,652)
Net actuarial liability recognized in the statement of financial position	**1,979,235**	**459,971**	**47,653**	**21,084**	**139,459**	**296,140**	**3,857**	**498,068**	**3,445,466**

The movements net liability occurred in the period in the present value of the actuarial obligations and the fair value of the plan's assets are as follows :

	CPFL Paulista	CPFL Piratininga	CPFL Renováveis	RGE Sul (RGE) *Plan 1 (*)*	RGE Sul (RGE) *Plan 2*	CPFL Transmissão Plan Único	CPFL Transmissão CTP	CPFL Transmissão CEEEPREV BD	Total
Present value of actuarial obligations at December 31, 2020	**7,138,641**	**2,047,884**	**175,300**	**452,237**	**670,330**	**-**	**-**	**-**	**10,484,392**
Business combination	-	-	-	-	-	1,271,262	4,136	1,922,942	3,198,340
Gross current service cost	1,676	9,324	149	(1,167)	1,142	(111)	-	1,692	12,705
Interest on actuarial obligations	530,180	153,225	13,019	33,746	50,085	11,151	64	41,120	832,590
Participants' contributions transferred during the year	-	1,656	-	205	554	4,309	-	307	7,031
Actuarial loss (gain): effect of changes in demographic assumptions	(1,812)	(1,508)	(45)	25,026	14,221	2,044	199	13,670	51,795
Actuarial loss (gain): effect of financial assumptions	66,832	(58,827)	(2,308)	(9,252)	(76,057)	39,640	(449)	15,834	(24,587)
Effect of risk sharing (parcel attributed to participants)	-	-	-	-	-	(36,826)	-	(45,428)	(82,254)
Benefits paid during the year	(576,028)	(130,347)	(12,487)	(28,297)	(38,074)	(43,724)	(93)	(48,888)	(877,938)
Present value of actuarial obligations at December 31, 2021	**7,159,489**	**2,021,407**	**173,628**	**472,498**	**622,201**	**1,247,745**	**3,857**	**1,901,248**	**13,602,074**
Gross current service cost	1,399	(69,466)	34	(79)	1,367	(15,067)	-	(407)	(82,219)
Interest on actuarial obligations	645,392	186,590	15,637	42,801	56,456	74,329	383	119,399	1,140,987
Participants' contributions transferred during the year	-	1,097	-	160	565	31	-	1,378	3,231
Actuarial loss (gain): effect of changes in demographic assumptions	(45)	(404)	9	10,647	-	-	-	31,594	41,801
Actuarial loss (gain): effect of financial assumptions	(354,932)	(152,269)	(11,951)	(52,349)	(45,221)	(60,733)	(597)	(19,129)	(697,181)
Effect of risk sharing (parcel attributed to participants)	-	-	-	-	-	(16,465)	-	(82,219)	(98,684)
Benefits paid during the year	(697,008)	(161,987)	(16,830)	(34,069)	(45,694)	(145,704)	-	(193,998)	(1,295,290)
Benefit paid directly by the company	-	-	-	-	-	-	(308)	-	(308)
Gain resulting from voluntary conversion of income *	(490,946)	(287,754)	(10,144)	-	-	-	-	-	(788,844)
Present value of actuarial obligations at December 31, 2022	**6,263,349**	**1,537,214**	**150,383**	**439,609**	**589,674**	**1,084,136**	**3,335**	**1,757,866**	**11,825,565**

	CPFL Paulista	CPFL Piratininga	CPFL Renováveis	RGE Sul (RGE) *Plan 1 (*)*	RGE Sul (RGE) *Plan 2*	CPFL Transmissão Plan Único	CPFL Transmissão CTP	CPFL Transmissão CEEEPREV BD	Total
Fair value of actuarial assets at December 31, 2020	**(4,980,047)**	**(1,484,375)**	**(122,879)**	**(463,399)**	**(493,886)**	**-**	**-**	**-**	**(7,544,586)**
Business combination	-	-	-	-	-	(996,211)	-	(1,485,313)	(2,481,524)
Expected return during the year	(371,807)	(112,568)	(9,141)	(34,980)	(36,792)	(7,560)	-	(24,555)	(597,403)
Participants' contributions transferred during the year	-	(1,656)	-	(205)	(554)	(4,309)	-	(307)	(7,031)
Sponsors' contributions	(269,954)	(89,074)	(5,607)	(2,160)	(3,201)	(6,946)	-	(18,278)	(395,220)
Actuarial loss (gain): return on actuarial assets	(134,472)	(4,110)	(834)	21,033	13,616	19,698	-	76,382	(8,687)
Benefits paid during the year	576,028	130,347	12,487	28,297	38,074	43,724	-	48,888	877,845
Fair value of actuarial assets at December 31, 2021	**(5,180,251)**	**(1,561,436)**	**(125,974)**	**(451,414)**	**(482,742)**	**(951,605)**	**-**	**(1,403,182)**	**(10,156,606)**
Expected return during the year	(476,809)	(152,749)	(11,515)	(40,933)	(43,517)	(46,559)	-	(74,394)	(846,476)
Participants' contributions transferred during the year	-	(1,097)	-	(160)	(565)	(31)	-	(1,378)	(3,231)
Sponsors' contributions	(428,876)	(136,010)	(8,866)	(2,308)	(2,286)	(14,296)	-	(45,700)	(638,342)
Actuarial loss (gain): return on actuarial assets	25,671	23,640	2,146	(7,648)	(16,049)	(22,501)	-	(135,162)	(129,903)
Benefits paid during the year	697,008	161,987	16,830	34,069	45,694	145,704	-	193,998	1,295,290
Loss resulting from voluntary conversion of income *	382,478	254,551	8,180	-	-	-	-	-	645,209
Fair value of actuarial assets at December 31, 2022	**(4,980,779)**	**(1,411,114)**	**(119,199)**	**(468,394)**	**(499,465)**	**(889,288)**	**-**	**(1,465,818)**	**(9,834,057)**

* As described in note 20.1, in August 2022, the process of voluntary conversion from lifetime income to financial income was initiated, with adhesions to it ending on January 31, 2023.

20.3 Movements in recognized assets and liabilities

The movements in net liability are as follows:

	CPFL Paulista	CPFL Piratininga	CPFL Renováveis	RGE Sul (RGE) *Plan 1 (*)*	RGE Sul (RGE) *Plan 2*	CPFL Transmissão Plan Único	CPFL Transmissão CTP	CPFL Transmissão CEEEPREV BD	Total
Net actuarial liability at December 31, 2021	**1,979,237**	**459,970**	**47,654**	**21,084**	**139,458**	**296,140**	**3,857**	**498,066**	**3,445,465**
Expense (income) recognized in income statement	241,519	17,728	4,878	1,789	14,306	12,703	383	44,598	337,904
Sponsors' contributions transferred during the period	(428,876)	(136,010)	(8,866)	(2,308)	(2,286)	(14,296)	-	(45,700)	(638,342)
Actuarial loss (gain): effect of changes in demographic assumptions	(45)	(404)	9	10,647	-	-	-	31,594	41,801
Actuarial loss (gain): effect of financial assumptions	(354,932)	(152,269)	(11,951)	(52,349)	(45,221)	197,023	(597)	393,767	(26,529)
Actuarial loss (gain): return on actuarial assets	25,671	23,640	2,146	(7,648)	(16,049)	(22,501)	-	(135,162)	(129,903)
Risk sharing effect	-	-	-	-	-	(274,221)	-	(495,115)	(769,336)
Benefit paid directly by the company	-	-	-	-	-	-	(308)	-	(308)
Transfer of actuarial debt to financial debt *	(180,005)	(86,556)	(2,686)	-	-	-	-	-	(269,247)
Effect on the maximum asset recognition limit	-	-	-	28,785	-	-	-	-	28,785
Net actuarial liability at December 31, 2022	**1,282,569**	**126,099**	**31,184**	**-**	**90,208**	**194,848**	**3,335**	**292,048**	**2,020,291**
Conversion to financial debt	180,005	86,556	2,686	-	-	-	-	-	269,247
Other contributions	7,248	665	29	-	0	-	-	(11,756)	(3,813)
Total liability	**1,469,822**	**213,320**	**33,899**	**-**	**90,208**	**194,848**	**3,335**	**280,292**	**2,285,726**
Current									**699,336**
Noncurrent									**1,586,390**

* As described in note 20.1, in August 2022, the process of voluntary conversion from lifetime income to financial income was initiated, with adhesions to it ending on January 31, 2023.

	CPFL Paulista	CPFL Piratininga	CPFL Renováveis	RGE *Plan 1*	RGE Sul (RGE) *Plan 2*	CPFL Transmissão Plan Único	CPFL Transmissão CTP	CPFL Transmissão CEEEPREV BD	Total
Net actuarial liability at December 31, 2020	**2,158,592**	**563,508**	**52,419**	**-**	**176,444**	**-**	**-**	**-**	**2,950,968**
Business combination	-	-	-	-	-	275,051	4,136	437,629	716,816
Expenses (income) recognized in the statement of profit or loss	160,049	49,981	4,027	(1,539)	14,435	3,480	64	18,257	248,754
Sponsors' contributions transferred during the year	(269,954)	(89,074)	(5,607)	(2,160)	(3,201)	(6,946)	(93)	(18,278)	(395,313)
Actuarial loss (gain): effect of changes in demographic assumptions	(1,812)	(1,508)	(45)	25,026	14,221	2,044	199	13,670	51,795
Actuarial loss (gain): effect of financial assumptions	66,832	(58,827)	(2,308)	(9,252)	(76,057)	39,640	(449)	15,834	(24,587)
Actuarial loss (gain): return on actuarial assets	(134,472)	(4,110)	(834)	21,033	13,616	19,698	-	76,382	(8,687)
Effect of Risk Sharing	-	-	-	-	-	(36,826)	-	(45,428)	(82,254)
Effect of asset ceiling	-	-	-	(12,024)	-	-	-	-	(12,024)
Net actuarial liability at December 31, 2021	**1,979,237**	**459,970**	**47,654**	**21,084**	**139,458**	**296,140**	**3,857**	**498,066**	**3,445,465**
Other contributions									18,963
Total liability									**3,464,428**
Current									**604,254**
Noncurrent									**2,860,176**

20.4 Expected contributions and benefits

The expected contributions to the plans for 2023 are shown below:

	2023
CPFL Paulista	524,001
CPFL Piratininga	142,104
CPFL Renováveis	10,692
RGE Sul (RGE) - Plan 1	2,425
RGE Sul (RGE) - Plan 2	2,411
CPFL Transmissão - single plan	13,607
CPFL Transmissão - CTP	360
CPFL Transmissão - CEEEPREV BD	47,235
Total	**742,835**

The expected benefits to be paid by in the next 10 years are shown below:

	2023	2024	2025	2026	2027 a 2032	Total
CPFL Paulista	578,348	616,635	629,236	640,871	4,013,047	6,478,137
CPFL Piratininga	124,191	133,937	138,346	142,430	936,428	1,475,332
CPFL Renováveis	13,983	14,672	14,928	15,165	94,505	153,253
RGE Sul (RGE) - Plan 1	35,530	36,729	37,973	39,189	260,908	410,329
RGE Sul (RGE) - Plan 2	47,085	48,670	50,198	51,726	345,337	543,016
CPFL Transmissão - single plan	135,689	137,958	140,069	141,956	873,792	1,429,464
CPFL Transmissão - CTP	360	351	340	325	1,485	2,861
CPFL Transmissão - CEEEPREV BD	201,616	200,576	206,315	211,772	1,379,494	2,199,773
Total	**1,136,802**	**1,189,528**	**1,217,405**	**1,243,434**	**7,904,996**	**12,692,165**

At December 31, 2022, the average duration of the defined benefit obligation was 8.3 years for CPFL Paulista, 10.6 years for CPFL Piratininga, 8.2 years for CPFL Renováveis, 9.4 years for RGE Plan 1 and 9.6 years for RGE Plan 2, and 7.7 years for plan único and 8.8 years for plan CEEEPREV BD of CPFL Transmissão.

20.5 Recognition of private pension plan income and expense

Supported by the opinion of an external actuarial estimate, the Group's management presents the actuarial estimate of the expenses and/or income to be recognized in 2022 and the income/expense recognized in 2022 and 2021 are as follows:

	2023 estimated								
				RGE Sul (RGE)		CPFL Transmissão			
	CPFL Paulista	CPFL Piratininga	CPFL Renováveis	*Plan 1*	*Plan 2*	Plan Único	CTP	CEEEPREV BD	Total
Service cost	903	-	19	(80)	848	(33)	-	(10,075)	(8,418)
Interest on actuarial obligations	620,717	153,286	14,898	43,830	58,821	67,042	328	111,805	1,070,727
Expected return on plan assets	(514,680)	(147,567)	(12,213)	(46,955)	(49,605)	(43,061)	-	(72,386)	(886,467)
Effect of the asset limit to be registered	-	-	-	2,991	-	-	-	-	2,991
Total income	**106,940**	**5,719**	**2,704**	**(214)**	**10,064**	**23,948**	**328**	**29,344**	**178,833**

	2022 actual								
				RGE Sul (RGE)		CPFL Transmissão			
	CPFL Paulista	CPFL Piratininga	CPFL Renováveis	*Plan 1 (*)*	*Plan 2*	Plan Único	CTP	CEEEPREV BD	Total
Service cost	1,399	6,024	34	(79)	1,367	(15,067)	-	(407)	(6,729)
Settlement effect **	-	(75,490)	-	-	-	-	-	-	(75,490)
Effect of voluntary income conversion *	71,537	53,354	722						125,613
Interest on actuarial obligations	645,392	186,590	15,637	42,801	56,456	74,329	383	119,399	1,140,987
Expected return on plan assets	(476,809)	(152,749)	(11,515)	(40,933)	(43,517)	(46,559)	-	(74,394)	(846,476)
Total income	**241,519**	**17,728**	**4,878**	**1,789**	**14,306**	**12,703**	**383**	**44,598**	**337,905**

* In the consolidated, under the item expenses (income) in 2022, R$ 125,613 refers to the loss arising from the process of converting lifetime actuarial income to financial income. This loss is mainly due to the difference in the methodology for calculating the actuarial liability for IFRS purposes and for PREVIC purposes (the latter used for calculations of settlement and early settlements of the plan, the conversion being considered as an early settlement). The percentage of adherence up to December 31, 2022, was approximately 9%, a percentage used to calculate the impacts of the conversion, with the final date of the date of the adherence being January 31, 2023.

** With the approval of the settlement of the PSAP plan of the subsidiary CPFL Piratininga by the regulatory body PREVIC, as of May 31, 2022, the plan no longer receives new monthly contributions and a gain of R$ 75,490 was verified (the nominal discount rate of the calculations was 9.41%).

	2021 actual								
				RGE	RGE Sul (RGE)	CPFL Transmissão*			
	CPFL Paulista	CPFL Piratininga	CPFL Renováveis	*Plan 1*	*Plan 2*	Plan Único	CTP	CEEEPREV BD	Total
Service cost	1,676	9,324	149	(1,167)	1,142	(111)	-	1,692	12,705
Interest on actuarial obligations	530,180	153,225	13,019	33,746	50,085	11,151	64	41,120	832,590
Expected return on plan assets	(371,807)	(112,568)	(9,141)	(34,980)	(36,792)	(7,560)	-	(24,555)	(597,403)
Effect of the asset limit to be registered	-	-	-	862	-	-	-	-	862
	160,049	49,981	4,027	(1,539)	14,435	3,480	64	18,257	248,754

** Refers to the three months of the last quarter of 2021.*

The main assumptions taken into consideration in the actuarial calculation at the end of the reporting period were as follows:

	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Nominal discount rate for actuarial liabilities:	10.39% p.a.	9.41% p.a.	10.39% p.a.	9.41% p.a.	10.39% p.a.	10.38% p.a.
Nominal return rate on plan assets:	10.39% p.a.	9.41% p.a.	10.39% p.a.	9.41% p.a.	10.39% p.a.	10.38% p.a.
Estimated rate of nominal salary increase:	5.48% p.a.(*)	6.40% p.a.(*)	5.88% p.a.(**)	5.74% p.a.(**)	4.00% p.a.	5.03% p.a.
Estimated rate of nominal benefits increase:	4.00% p.a.	4.00% p.a.	4.00% p.a.	4.00% p.a.	4.00% p.a.	5.03% p.a.
Estimated long-term inflation rate (basis for the nominal rates above)	4.00% p.a.	4.00% p.a.	4.00% p.a.	4.00% p.a.	4.00% p.a.	5.03% p.a.
General biometric mortality table:	AT-2000 (-10)	AT-2000 (-10)	BR-EMS sb v.2015 (-20) (***)	BR-EMS sb v.2015	BR-EMSsb v.2021 MF (-10) (****)	BR-EMSsb-.2015 MF (****)
Biometric table for the onset of disability:	Mercer Disability (-30)	Low Light (-30)	Low Light	Medium Light	Low Light	Low Light
Expected turnover rate:	ExpR_2013 to 2021	ExpR_2012	Null	Null	Null	Null
Likelihood of reaching retirement age:	After 15 years of filiation and 35 years of service time for men and 30 years of service time for women	After 15 years of filiation and 35 years of service time for men and 30 years of service time for women	100% when a beneficiary first becomes eligible for a full benefit	100% when a beneficiary first becomes eligible for a full benefit	100% when a beneficiary first becomes eligible for a full benefit	100% when a beneficiary first becomes eligible for a full benefit

(*) The estimated rate of nominal salary increase for CPFL Piratininga was 4.00% in 2022 and 6.55% in 2021.
(**) The estimated rate of nominal salary increase for RGE (Plan 1) was 4.45% in 2022 and 5.22% in 2021.
(***) The biometric table for the onset of disability for the "RGE Sul" is the BR-EMSsb v.2021 by sex.
(****) The biometric table for the onset of disability for the "Plan Único" is the AT-2000 by sex.

20.6 Plan assets

The following tables show the allocation (by asset segment) of the assets of the Group CPFL pension plans, at December 31, 2022 and 2021 managed by VIVEST and Fundação Família Previdência and CEEEPREV (fundações). The tables also show the distribution of the guarantee resources established as target for 2023, obtained in light of the macroeconomic scenario in December 2022.

Assets managed by the plans are as follows:

	Assets managed by VIVEST				Assets managed by Fundação Família Previdência							
					RGE Sul (RGE)				CPFL Transmissão			
	CPFL Paulista and CPFL Geração		CPFL Piratininga		Plan 1		Plan 2		Plan Único		CEEEPREV BD	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Fixed rate	**75%**	**69%**	**79%**	**71%**	**75%**	**78%**	**74%**	**81%**	**67%**	**70%**	**65%**	**64%**
Federal governament bonds	37%	38%	36%	37%	66%	68%	64%	67%	58%	59%	56%	56%
Corporate bonds (financial institutions)	0%	1%	0%	1%	3%	4%	3%	5%	4%	4%	5%	5%
Corporate bonds (non financial institutions)	1%	1%	1%	1%	2%	3%	3%	3%	3%	3%	3%	3%
Multimarket funds	1%	1%	1%	1%	4%	4%	4%	6%	3%	3%	1%	1%
Other fixed income investments	36%	28%	41%	29%	-	-	-	-	0%	0%	0%	0%
Variable income	**17%**	**26%**	**17%**	**25%**	**12%**	**12%**	**14%**	**14%**	**19%**	**21%**	**21%**	**23%**
Investiment funds - shares	17%	26%	17%	25%	12%	12%	14%	14%	19%	21%	21%	23%
Structured investments	**3%**	**1%**	**3%**	**1%**	**9%**	**7%**	**8%**	**0%**	**7%**	**6%**	**9%**	**8%**
Equity funds	-	-	-	-	-	0%	0%	0%	0%	0%	0%	0%
Real estate funds	-	-	-	-	0%	0%	0%	0%	0%	0%	0%	0%
Multimarket fund	3%	1%	3%	1%	9%	7	8%	-	7%	6%	9%	7%
Listed on an active market	**95%**	**96%**	**99%**	**97%**	**97%**	**98%**	**96%**	**96%**	**94%**	**97%**	**96%**	**95%**
Real estate	**1%**	**1%**	**0%**	**1%**	**1%**	**1%**	**1%**	**1%**	**1%**	**2%**	**1%**	**1%**
Transactions with participants	**1%**	**1%**	**1%**	**2%**	**2%**	**2%**	**3%**	**4%**	**3%**	**2%**	**4%**	**4%**
Other investments	**3%**	**2%**	**0%**	**0%**	**0%**	**-1%**	**0%**	**-1%**	**2%**	**-1%**	**-1%**	**-1%**
Escrow deposits and others	3%	2%	0%	0%	0%	-1%	0%	-1%	2%	-1%	-1%	-1%
Not listed on an active market	**5%**	**4%**	**1%**	**3%**	**3%**	**2%**	**4%**	**4%**	**6%**	**3%**	**4%**	**5%**
	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

The plan assets do not include any properties occupied or assets used by the Company.

	Target for 2023					
	VIVEST		FAMILIA PREVIDÊNCIA		FAMILIA PREVIDÊNCIA	
			RGE Sul (RGE)		CPFL Transmissão	
	CPFL Paulista and CPFL Renováveis	CPFL Piratininga	Plan 1	Plan 2	Plan Único	CEEEPREV BD
Fixed income investments	83.9%	78.4%	72.0%	71.9%	66%	67%
Variable income investments	13.1%	18.2%	10.2%	10.8%	16%	17%
Real estate	1.4%	0.6%	1.0%	1.2%	1%	1%
Loans and financing	1.4%	2.1%	1.8%	2.6%	3%	4%
Structured investments	0.2%	0.6%	15.0%	13.5%	14%	12%
Investments abroad	0.0%	0.0%	0%	0%	0%	0%
	100.0%	**100.0%**	**100.0%**	**100.0%**	**100,00%**	**100,00%**

The allocation target for 2023 was based on the recommendations for allocation of assets made at the end of 2022 by VIVEST and Fundação Família Previdência, in their Investment Policy. This target may change at any time during 2023, in light of changes in the macroeconomic situation or in the return on assets, among other factors.

The asset management aims at maximizing the return on investments, but always seeking to minimize the risks of actuarial deficit. Accordingly, investments are always made considering the liability that they must honor. The two main studies for the foundations to achieve the investment management objectives are the

Asset Liability Management – ALM and the Technical Study of Compliance and Appropriateness of the Real Interest Rate, both conducted at least once a year, taking into consideration the projected flow of benefit payments (liability flow) of the pension plans managed by the Foundations.

The ALM study is used as a base to define the strategic allocation of assets, which comprises the target participations in the asset classes of interest, from the identification of efficient combinations of assets, considering the existence of liabilities and the need for return, immunization and liquidity of each plan, considering projections of risk and return. The simulations generated by the ALM studies assist in the definition of the minimum and maximum limits of allocation in the different asset classes, defined in the plans' Investment Policy, which is also used as a risk-control mechanism.

The Technical Study of Compliance and Appropriateness of the Real Interest Rate aims at proving the appropriateness and compliance of the annual real interest rate to be adopted in the actuarial valuation of the plans and the projected annual real rate of return of the investments, considering their projected flows of revenues and expenses.

These studies are used as a base to determine the assumptions of estimated real return of the pension plans' investments for short-term and long-term horizons and assist in the analysis of their liquidity, since they consider the flow of benefit payments against the assets considered liquid. The main assumptions considered in the studies are, in addition to the liability flow projections, the macroeconomic and asset price projections, through which estimates of the expected short-term and long-term profitability are obtained, taking into account the current portfolios of the benefit plans.

20.7 Sensitivity analysis

The significant actuarial assumptions for determining the defined benefit obligation are discount rate and mortality. The following sensitivity analyses were based on reasonably possible changes in the assumptions at the end of the reporting period, with the other assumptions remaining constant.

In the presentation of the sensitivity analysis, the present value of the defined benefit obligation was calculated using the projected unit credit method at the end of the reporting period, the same method used to calculate the defined benefit obligation recognized in the statement of income, according to CPC 33 / IAS 19.

See below the effects on the defined benefit obligation if the discount rate were 0.25 percentage points lower (higher) and if general biometric mortality table were to be softened (aggravated) in one year:

					RGE Sul (RGE)		CPFL Transmissão***		
	Gain (loss)	CPFL Paulista	CPFL Piratininga	CPFL Geração	Plan 1	Plan 2	Plan Único	CEEEPREV BD	Total
Nominal discount (*)	-0,25 p.p.	132,009	41,180	3,111	10,444	14,288	26,443	49,935	277,410
	+0,25 p.p.	(139,848)	(40,553)	(3,523)	(10,017)	(13,691)	(25,514)	(48,001)	(281,147)
General biometric mortality table (**)	+1 year	(170,303)	(36,014)	(3,971)	(7,400)	(10,770)	(35,089)	(43,290)	(306,837)
	-1 year	149,301	34,138	3,261	7,172	10,476	34,642	42,675	281,665

(*) The Company's assumption based on the actuarial report for the nominal discount rate was 10.38%. Projected rates are eased or increased by 0.25 p.p., to 10.13% p.a. and 10.63% p.a.
** The assumption used in the actuarial report for the mortality table was AT-2000(-10) for Fundação CESP plans and BREMS sb v.2015 for plans of the CEEE Foundation. The projections were made with a 1-year aggravation or smoothing in the respective mortality tables.
*** Not including estimates for the CTP plan.

20.8 Investment risk

The major part of the resources of the Company's benefit plans are invested in the fixed income segment and, within this segment, the greater part of the funds is invested in federal government bonds, indexed to the IGP-M, IPCA and SELIC, which are the index for adjustment of the actuarial liabilities of the Company's plans (defined benefit plans), representing the matching between assets and liabilities.

At Vivest, the Company's benefit plans are monitored by the Company's Investment and Pension Management Committee, which includes representatives of active and retired employees in addition to members appointed by the Company. Among the tasks of the aforementioned Committee is the analysis and approval of investment recommendations made by VIVEST's investment managers, which occurs at least quarterly.

In the Família Previdência, the management of the Company's benefit plans is monitored by the Investment Management, Investment Advisory Committee, Executive Board and Deliberative Council, in addition to supervisory bodies such as the Fiscal Council and external and internal audits. Among the tasks of the Investment Advisory Committee are the analysis, maintenance, approval and disapproval of investment recommendations made by the investment managers of Fundação Família Previdência, which occurs at least monthly.

The foundations uses the following tools to control market risks in the fixed income and variable income segments: VaR, Tracking Risk, Tracking Error and Stress Test.

Fundação Família Previdência also uses Sharpe, Generalized Sharpe and Drawn Down. In addition, to assess the market risk exposure of the plans' portfolios, the Base EBA Year Exposure is calculated and Stress Simulations are performed. The EBA consists of a metric that expresses the risk exposure of the portfolio as a percentage of equity, considering the sum of the exposures generated by each asset, based on the definition of increase/decrease of the respective risk factors.

The Investment Policies determine additional restrictions that, along with those already established by law, define the percentages of diversification for investments and establish the strategy of the plans, including the limit of credit risk in assets issued or co-obligation of the same legal entity to be adopted internally.

(21) REGULATORY LIABILITIES

	Consolidated	
	December 31, 2022	December 31, 2021
Financial compensation for the use of water resources - CFURH	4,454	933
Global reversal reserve - RGR	17,248	17,248
ANEEL inspection fee - TFSEE	9,605	8,949
Energy development account - CDE	46,909	46,909
Tariff flags and others	11	477,927
Total	**78,228**	**551,966**

Tariff flags and others – The balance at December 31, 2021, basically refers to tariff flags (red water scarcity) billed in December 2021, but not yet approved. As at January 2022, the tariff flag started to be registered in the group of Sector Financial Assets and Liabilities.

(22) TAXES, FEES AND CONTRIBUTIONS

	Consolidated	
	December 31, 2022	December 31, 2021
Current		
IRPJ (corporate income tax)	341,363	210,896
CSLL (social contribution on net income)	114,131	77,517
Income tax and social contribution	**455,493**	**288,412**
ICMS (State VAT)	50,063	669,830
PIS (tax on revenue)	43,031	23,340
COFINS (tax on revenue)	201,018	111,933
Income tax withholding on interest on capital	26,925	7,606
Other taxes	101,177	74,156
Tax transaction related to litigation - private pension debt	18,055	-
Other taxes	**440,270**	**886,864**
Total current	**895,763**	**1,175,276**
Non-current		
IRPJ (corporate income tax)	231,653	214,430
CSLL (social contribution on net income)	23,364	18,173
Imposto de renda e contribuição social a recolher	**255,017**	**232,603**
ICMS (State VAT)	911	874
IRPJ/CSLL installment	4,921	5,218
Tax transaction related to litigation - private pension debt	1,007,138	-
Other taxes	**1,012,970**	**6,092**
Total Non-current	**1,267,987**	**238,695**

Corporate Income tax – IRPJ: in noncurrent, this refers to the reclassification of provision for tax risks related to taxes on profit. The largest case amount refers to the Writ of Mandamus filed by the subsidiary CPFL Piratininga, which discusses the possibility of excluding the Social Contribution on Profit (CSLL) from the calculation base of the Corporate Income Tax (IRPJ); for such case, it is more probable that the Tax Authorities will not accept the procedure in question.

The Group has some uncertain income tax treatments for which management concluded that it is probable more likely than not that they will be accepted by the tax authority and for which the effects of potential contingencies is disclosed in note 23 – Provision for tax, civil and labor risks and escrow deposits.

Tax on the circulation of goods and services - ICMS: the reduction is mainly due to the changes brought by Complementary Law No. 194/2022, which were (i) reduction of the ICMS rate on electricity and (ii) non-levy of ICMS on certain billing items.

Tax transaction related to litigation – private pension debt - CPFL Paulista

On December 27, 2022, a tax transaction was entered into between the subsidiary CPFL Paulista and the National Treasury Attorney's Office ("PGFN"), based on Law No. 14,375, of June 21, 2022, regulated by Ordinance PGFN/ME 6,757 of July 29, 2022 and Ordinance PGFN 10,826 of December 22, 2022, regarding related processes to the discussions about deductibility, for income tax (IRPJ) and social contribution (CSLL) purposes, of the expenses recognized in the year 1997, referring to the novation of the debt related to pension plan of CPFL Paulista employees before the Fundação CESP (currently "Vivest"), in view of the current stage of the discussion and the financial benefits linked to this modality. Management based its decision to enter into the transaction and withdraw from the judicial discussion after considering the current stage of discussion of the process, possible risk of outcome in return for the financial benefits linked to the conclusion of the transaction. Under the terms of said agreement and, in return to the extinction of the lawsuits under the same case, the amount of the tax debt determined in the Transaction, on the base date of November 1, 2022, was R$ 1,288,174.

The amounts deposited in court by CPFL Paulista in the proceedings of the Tax Executions were used for amortization of tax debt balances, resulting in a total net debt of R$ 1,022,048 (as of November 1, 2022), which, updated to December 31, 2022, is R$ 1,025,193. As part of the agreement, said balance must be paid in 60 monthly installments, with the possibility of using owned or third-parties federal securities for such liquidation (complete or partial). With regard to financial guarantees (insurance and bank guarantees), the amount of which on December 31, 2022 is R$ 1,814,280, will be maintained in an amount sufficient to guarantee the Transaction, with the possibility of changing their amount with prior authorization of the National Treasury, in proportion to what is amortized from the debt within the scope of the Transaction.

Upon conclusion of the Tax Transaction and accounting recognition of the debt, CPFL Paulista will adopt the appropriate legal measures to comply with the established conditions and to extinguish the related lawsuits, in accordance with the terms of the Transaction.

(23) PROVISION FOR TAX, CIVIL AND LABOR RISKS AND ESCROW DEPOSITS

	Consolidated			
	December 31, 2022		December 31, 2021	
	Provision for tax, civil ad labor risks	Escrow deposits	Provision for tax, civil ad labor risks	Escrow deposits
Labor	510,853	190,486	435,822	150,788
Civil	417,121	33,127	416,029	45,319
Tax	295,984	491,290	92,046	662,742
Others	121,277	2,018	91,467	131
Total	**1,345,236**	**716,921**	**1,035,364**	**858,981**

The movements in the provision for tax, civil, labor and other risks are shown below:

	Consolidated						
	At December 31, 2021	Additions	Reversals	Payments	Monetary adjustment	Business combination	At December 31, 2022
Labor	435,822	228,533	(140,193)	(58,182)	44,741	132	510,853
Civil	416,029	170,812	(67,356)	(159,152)	56,306	482	417,121
Tax	92,046	36,922	- 4,445.63	(6,714)	2,024	176,153	295,984
Others	91,467	27,343	-	-	2,467	-	121,277
Total	**1,035,364**	**463,612**	**(211,995)**	**(224,048)**	**105,537**	**176,767**	**1,345,236**

The provision for tax, civil, labor and other risks was based on the assessment of the risks of losing the lawsuits to which the Group is part, where the likelihood of loss is probable in the opinion of the outside legal counselors and the Management of the Group.

The principal pending issues relating to litigation, lawsuits and tax assessments are summarized below:

a. **Labor:** The main labor lawsuits relate to claims filed by former employees or labor unions for payment of salary adjustments (overtime, salary parity, severance payments and other claims).

b. **Civil**

Bodily injury - refer mainly to claims for indemnities relating to accidents in the Company's electrical grids, damage to consumers, vehicle accidents, etc.

Tariff increase - refer to various claims by industrial consumers as a result of tariff increases imposed by DNAEE Administrative Rules 38 and 45, of February 27 and March 4, 1986, when the “Plano Cruzado” economic plan price freeze was in effect.

c. **Tax -** this refers to lawsuits in progress at the judicial and administrative levels resulting from the subsidiaries' operations, related to tax matters involving IRPJ, CSLL, INSS, FGTS, SAT, PIS and COFINS.

d. **Others:** The line item of “others” refers mainly to lawsuits involving regulatory matters.

Possible losses

The Group is part to other lawsuits in which Management, supported by its external legal counselors, believes that the chances of a successful outcome are possible due to a solid defensive position in these cases, therefore no provision was recognized. It is not yet possible to predict the outcome of the courts’ decisions or any other decisions in similar proceedings considered probable or remote.

The claims relating to possible losses at December 31, 2022 and 2021 were as follows:

	Consolidated		
	December 31, 2022	December 31, 2021	Main causes
Labor	629,643	574,607	Work accidents, risk premium for dangerousness at workplace and overtime
Civil	2,533,637	2,186,898	Compensation claims, electrical damages, overfed tariffs, review of contracts and charges for occupation of the right-of-way.
Tax	3,767,887	4,939,624	Income tax and social contribution
Tax - Others	2,973,319	2,512,047	INSS, ICMS, FINSOCIAL, PIS and COFINS
Regulatory	162,080	135,765	Technical, commercial and economic-financial supervisions
Total	**10,066,566**	**10,348,941**	

Tax :

(i) As disclosed in note 22 (Taxes, fees and contributions payable), on December 27, 2022, the Tax Transaction was entered into, referring to the lawsuits of the Pension Plan – CPFL Paulista, in which the deductibility for income tax (IRPJ) and social contribution (CSLL) of the expenses recognized in 1997 is discussed, referring to the novation of the debt related to the pension plan of the employees of the subsidiary CPFL Paulista before Fundação CESP (“Vivest”). Thus, the amount referring to the lawsuits was recorded under Taxes Payable, in the amount of R$ 1,025,193.

(ii) in 2016, the subsidiary CPFL Renováveis received a tax infringement notice in the update amount of R$ 384,975 relating to the collection of Withholding Income Tax - IRRF on the remuneration of capital gain incurred with parties resident and/or domiciled abroad, arising from the sale of Jantus SL in December 2011, for which the Company’s management, supported by the opinion of its outside legal counselors, assessing the chances of loss as possible loss;

(iii) in 2016 the subsidiary CPFL Geração received a tax infringement notice in the inflation-adjusted amount of R$ 717,628 related to the collection of IRPJ and CSLL for the calendar year 2011, calculated on the alleged capital gain identified on the acquisition of ERSA Energias Renováveis S.A. and on the recording of differences in the fair value remeasurement of SMITA Empreendimentos e Participações S.A., a company acquired in a downstream merger, for which the Company’s management, supported by the opinion of its outside legal counselors, assessing the chances of loss as possible. As of September 2020, as a result of the integration of CPFL Renováveis in 2020, the processes migrated to CPFL Renováveis.

The Company's management, based on the opinion of its external legal advisors, believes that the amounts accrued reflect the current best estimate.

(24) OTHER PAYABLES

	Consolidated			
	Current		Non-current	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Consumers and concessionaires	431,655	219,444	84,754	75,415
Energy efficiency program - PEE	400,715	394,443	6,344	17,149
Research & Development - P&D	210,868	221,806	69,492	27,660
EPE / FNDCT / PROCEL (*)	50,743	106,301	-	-
Reversion fund	1,712	1,666	7,481	9,192
Advances	766,939	529,182	126,579	56,970
Tariff discounts - CDE	29,253	22,772	-	-
Payroll	35,471	59,639	-	-
Profit sharing	128,318	104,826	47,200	33,909
Collection agreements	117,410	113,991	-	-
Business acquisition	12,282	11,317	-	-
Others	169,503	144,916	364,413	254,296
Total	**2,354,869**	**1,930,303**	**706,263**	**474,591**

(*) EPE - Energy Research Company; FNDCT- National Fund for Scientific and Technological Development; PROCEL - National Electricity Conservation Program

Consumers and concessionaires: refer to liabilities with consumers in connection with overpayments and adjustments of billing to be offset or returned.

Advances: refer mainly to advances from customers in relation to advance billing by the subsidiary CPFL Renováveis, before the energy or service has actually been provided or delivered.

Energy efficiency - EEP and research and development programs – R&D: the distribution subsidiaries recognized liabilities related to amounts already billed in tariffs (1% of net operating revenue), but not yet invested in EEP and R&D programs. Such amounts are subject to monthly monetary restatement, based on the SELIC rate, until their effective realization. Additionally, Law No. 14,120 on March 1, 2021 and ANEEL Dispatch No. 904 of March 30, 2021, establish that between September 1, 2020 and December 31, 2025, up to 30% of the amounts provided for the Programs R&D and EEP, not committed to projects contracted or started by August 31, 2020, should be allocated to the CDE in favor of low tariffs. The collections to CDE are made on the 10th of each month, and the first payment was made in April 2021.

Profit sharing: mainly comprised by:

(i) in accordance with a collective labor agreement, the Group introduced an employee profit-sharing program, based on the achievement of operating and financial targets previously established;

(ii) Long-Term Incentive Program: refers to the Long-Term Incentive Plan for the Group's Executives, approved by the Board of Directors, which consists in an incentive in financial resources based on salary multiples and that are driven by the company's results and average performance in the three fiscal years after each concession.

Collection agreements: refer to agreements signed with city halls and companies for collection through the electric energy bill and subsequent transfer of amounts referring to the contribution of public lighting, newspapers, medical assistance, home insurance, among others.

Lease liabilities are presented under the line Others (Note 3.16).

(25) EQUITY

The shareholders' interest in the Company's equity at December 31, 2022 and 2021 is shown below:

	Number of shares			
	December 31, 2022		December 31, 2021	
Shareholders	**Common shares**	**Interest %**	**Common shares**	**Interest %**
State Grid Brazil Power Participações S.A.	730,435,698	63.39%	730,435,698	63.39%
ESC Energia S.A.	234,086,204	20.32%	234,086,204	20.32%
Members of the Board of Directors	23,600	0.00%	163,600	0.01%
Members of the Executive Board	500	0.00%	2,300	0.00%
Other shareholders	187,708,438	16.29%	187,566,638	16.28%
Total	**1,152,254,440**	**100.00%**	**1,152,254,440**	**100.00%**

25.1 Capital management

The Company's policy is to maintain a solid capital base in order to keep the trust of the investor, the creditors and the market and to ensure the business sustainability. Management monitors the return on capital and the strategy of rising dividends from the subsidiaries to the Company and from the Company to the controlling shareholders.

The Company manages the leverage ratio analyzing the advantages and the security provided by an improved equity capital position. The Company monitors capital using the gearing ratio calculated by net debt to EBITDA.

In 2022, the consolidated capital structure and leverage ratio of CPFL Energia remained at adequate levels. The Company's net debt reached 1.88 times the EBITDA at the end of 2022 (2.13 times at December 31, 2021) under the criterion for measuring the Company's financial covenants, lower than in the prior year. The Group's policy is to keep such ratio below 3.75, since most of its agreements use this measurement. Historically, the Company has not acquired its own shares in the market.

25.2 Capital reserve

It basically refers to (i) registration of transactions involving the subsidiary CPFL Renováveis in business combinations and public offering of shares from 2011 to 2014 (R$ 467,927); (ii) reduction due to the acquisition of a stake in CPFL Renováveis, previously by the parent company, State Grid, in 2019 (R$ 2,034,920); (iii) increase due to the acquisition of an additional stake by the subsidiary CPFL Cone Sul, in CPFL Transmissão, in 2022 (R$ 250,347) and (iv) reduction due to other changes in stakes without change in control (R$ 79,693).

In accordance with ICPC 09 (R2) and IFRS 10 / CPC 36, these effects were recognized as transactions between shareholders, directly in Equity.

25.3 Earnings reserve

The profit reserve balance on December 31, 2022 was R$ 8,234,499, comprising: (i) legal reserve of R$ 1,710,665, (ii) unrealized profit reserve of R$ 1,683,740 and (iii) working capital reinforcement reserve R$ 4,840,094.

25.4 Accumulated comprehensive income

Accumulated comprehensive income is comprised of:

(i) Deemed cost: Refers to the recognition of the fair value adjustment of the deemed cost of the generating plants' property, plant and equipment, of R$ 274,113;

(ii) Private pension plan: the debt balance of R$ 1,462,231 (net of income taxes) refers to the effects recognized directly in comprehensive income, in accordance with IAS 19 / CPC 33 (R2); and

(iii) Effects of the credit risk in the fair value measurement of financial liabilities, net of income taxes, in accordance with IFRS 9 / CPC 48 (credit amount of R$ 7,335).

25.5 Dividends

The Ordinary and Extraordinary General Meeting of April 28, 2022 approved the proposed additional declaration of dividends of R$ 3,735,932 for the year 2021.

The Company is proposing, for the year 2022, the amount of R$ 1,211,152 of mandatory minimum dividend, and R$ 1,211,152 of proposed additional dividend.

In 2022, the Company paid R$ 3,735,932 in dividends.

25.6 Allocation profit for the year

The Company's bylaws establish the payment of minimum dividend of 25% of the profit for the year, adjusted as required by law, to the holders of its shares.

The proposal for allocation of profit for the year is shown in the table below:

	2022
Net income for the year - parent company	**5,099,586**
Realization of comprehensive income	27,124
Time-barred dividends	1,718
Net income considered for allocation	**5,128,428**
Legal reserve	(254,979)
Reserve for unrealized profits	(1,683,741)
Interest capital reserve	(767,405)
Mandatory minimum dividends	(1,211,152)
Proposed additional dividends	(1,211,152)

Considering the Company's evaluations for potential new business, the Company's Management is proposing the allocation of R$ 767,405 to the statutory reserve - reinforcement of working capital. In addition, part of the profit for the year was allocated to the Reserve for Unrealized Profits, in the amount of R$ 1,683,741, referring mainly to the monetary restatement of the Financial Assets of the Distributors Concession, the adjustment to market value of the purchase of Enercan and the non-cash result of CPFL-T, due to the application of CPC 47. Any changes in these perspectives that reflect changes in the reserve may be carried out during the 2023 financial year, upon approval by Management.

(26) EARNINGS PER SHARE

Earnings per share – basic and diluted

The calculation of the basic and diluted earnings per share as at December 31, 2022 and 2021 was based on the profit for the year attributable to controlling shareholders and the weighted average number of common shares outstanding during the reporting years:

	2022	2021
Numerator		
Profit attributable to controlling shareholders	5,099,586	4,748,049
Denominator		
Weighted average number of shares held by sharehol	1,152,254,440	1,152,254,440
Earnings per share	**4.44**	**4.12**

(27) NET OPERATING REVENUE

	Consolidated					
	Number of consumers		GWh		R$ thousand	
Revenue from Eletric Energy Operations	2022	2021	2022	2021	2022	2021
Consumer class						
Residential	9,350,515	9,148,715	20,922	21,051	17,529,779	18,745,160
Industrial	51,596	52,735	8,176	10,460	4,158,151	4,743,170
Commercial	523,143	515,427	9,177	9,751	6,627,441	6,838,021
Rural	329,584	359,804	2,886	3,236	1,858,627	1,940,854
Public administration	65,594	63,891	1,310	1,243	1,057,984	970,441
Public lighting	10,441	10,181	1,975	2,007	977,122	1,064,449
Public services	11,259	11,108	1,753	2,103	1,248,552	1,382,926
Billed	**10,342,132**	**10,161,861**	**46,199**	**49,851**	**33,457,657**	**35,685,021**
Own comsuption	-	-	35	34	-	-
Unbilled (net)	-	-	-	-	82,475	(234,693)
(-) Reclassificacion to Network Usage Charge - TUSD - Captive Consumers	-	-	-	-	(14,832,174)	(14,970,379)
Electricity sales to final consumers	**10,342,145**	**10,161,862**	**46,234**	**49,885**	**18,707,958**	**20,479,949**
Furnas Centrais Elétricas S.A.			2,394	3,111	918,110	779,717
Other concessionaires and licensees			12,692	11,430	3,597,272	3,341,761
(-) Reclassificacion to Network Usage Charge - TUSD - Captive Consumers			-	-	(165,072)	(147,576)
Spot market energy			10,667	6,914	582,956	1,696,478
Electricity sales to wholesalers			**25,753**	**21,455**	**4,933,266**	**5,670,380**
Revenue due to Network Usage Charge - TUSD - Captive Consumers					14,997,246	15,117,956
Revenue due to Network Usage Charge - TUSD - Free Consumers					5,189,949	4,854,501
(-) Compensation paid for failure to comply with the limits of continuity					(110,537)	(95,560)
Revenue from construction of concession infrastructure					5,356,676	3,312,656
Sector financial asset and liability (Note 9)					89,284	3,170,527
Concession financial asset - fair value adjustment (Note 11)					1,401,373	1,164,707
Energy development account - CDE - Low-income, Tariff discounts - judicial injunctions ,and other tariff discounts					1,926,329	1,610,203
Other revenues and income					2,159,062	1,055,766
Other operating revenues					**31,009,382**	**30,190,756**
Total gross operating revenue					**54,650,607**	**56,341,084**
Deductions from operating revenues						
ICMS					(5,386,982)	(8,094,133)
PIS					(664,430)	(765,115)
COFINS					(3,138,392)	(3,527,584)
ISS					(33,376)	(28,078)
Global reversal reserve - RGR					(1,815)	(807)
Energy development account - CDE					(5,720,252)	(3,736,253)
Research and development and energy efficiency programs					(278,404)	(298,247)
PROINFA					(325,822)	(211,715)
Tariff flags and others					327,584	(412,388)
Financial compensation for the use of water resources - CFURH					(16,889)	(8,403)
Other					(57,591)	(47,539)
					(15,296,370)	**(17,130,935)**
Net operating revenue					**39,354,237**	**39,210,148**

Other revenues and income: This line contains revenue from the Transmission segment arising from the operation and maintenance and remuneration of the contractual asset of R$ 1,620,033 (R$ 374,734 in 2021).

Revenue from construction of concession infrastructure: Refers to revenue from construction of concessions in the Distribution segment of R$ 4,736,849 (R$ 3,000,093 in 2021) and Transmission segment of R$ 619,827 (R$ 312,563 in 2021) .

27.1 Adjustment of revenues from excess demand and excess reactive power

As provided for in Sub-module 2.7 of the Tariff Regulation Procedures – PRORET, approved through Normative Resolution No. 463/2011, since the 4th cycle of period tariff review of the distribution subsidiaries, the revenues earned from excess demand and excess reactive power have been recorded as a sector liability since May 2015. The recorded amounts will be amortized as from the 5th cycle, (already in effect for subsidiary CPFL Piratininga) when they will be deducted from Portion B (portion of manageable costs of the tariffs), except for subsidiary CPFL Santa Cruz, whose amortization started in the Annual Tariff Review – RTA of March 2017 due to the renewal of its concession in 2015.

27.2 Periodic tariff review ("RTP") and Annual tariff adjustment ("RTA")

		2022		2021	
Distributor	Month	RTA / RTP	Effect perceived by consumers (a)	RTA / RTP	Effect perceived by consumers (a)
CPFL Paulista	April	12.77%	14.97%	17.62%	8.95%
CPFL Piratininga	October	21.07%	14.72%	14.78%	12.40%
RGE	June	8.72%	10.98%	15.23%	9.95%
CPFL Santa Cruz	March	7.82%	8.83%	17.19%	9.95%

(a) Represents the average effect perceived by the consumer, as a result of the elimination from the tariff base of financial components that had been added in the prior tariff adjustment.

27.2. Energy Development Account (CDE) – Low income, other tariff subsidies and tariff discounts - injunctions

Law 12,783 of January 11, 2013 determined that the amounts related to the low-income subsidy, as well as other tariff discounts shall be fully subsidized by amount from the CDE.

Income of R$ 1,926,329 was recognized in 2022 (R$ 1,610,253 in 2021), these items were recognized against other assets in the line item Receivables – CDE (note 12) and other payables in line item Tariff discounts – CDE (note 24).

27.3. Energy development account ("CDE")

ANEEL, through REH No. 3,004, of December 14, 2021, established the provisional monthly quotas of the CDE-USO, related to the accrual periods from January to April 2022.

REH No. 3,034, of April 26, 2022, established the definitive quotas of the CDE-USO for 2022.

And, created through REN No. 885, of June 23, 2020, the CDE Conta-Covid had its quotas approved by means of Order no. 181 of January 26, 2021, later rectified by Order no. 939 of April 5, 2021, and the amounts are paid from the month following the tariff process of the distributors.

27.4. Reduction of ICMS rates on electricity tariffs

On June 23, 2022, Complementary Law No. 194 was published, which determined the reduction of ICMS rates on electricity throughout the States, as well as reducing its tax base. In this context, the Company carried out an analysis of state rules and legislation on the subject in order to reflect a better understanding of the new determination in its billing systems.

(28) COST OF ELECTRIC ENERGY

	Consolidated			
	GWh		R$ thousand	
	2022	2021	2022	2021
Electricity Purchased for Resale				
Itaipu Binacional	10,198	10,489	2,971,650	3,711,587
PROINFA	968	1,041	594,896	355,409
Energy purchased through auction in the regulated market, bilateral contracts and spot market	58,883	56,344	11,463,069	15,711,811
PIS and COFINS credit	-	-	(1,332,795)	(1,756,760)
Subtotal	**70,049**	**67,874**	**13,696,819**	**18,022,046**
Electricity network usage charge				
Basic network charges			3,127,713	2,798,398
Transmission from Itaipu			283,992	302,177
Connection charges			103,021	190,592
Charges for use of the distribution system			77,181	66,161
System service charges - ESS net of CONER pass through (*)			555,820	2,081,037
Reserve energy charges - EER			703,364	168,776
PIS and COFINS credit			(477,452)	(521,928)
Subtotal			**4,373,639**	**5,085,211**
Total			**18,070,459**	**23,107,257**

(*) Energy reserve account

The reductionin the net ESS of the CONER transfer mainly represents the significant increase in the cost of energy security to face the unfavorable energy scenario in 2021.

The reduction in the cost of energy purchased for resale in 2022 is mainly associated with the lower activation of thermal plants (availability contracts) and to PLD (Settlement Price of Differences) at minimum levels, compared to the same period of 2021.

The great improvement in the energy scenario reduced the activation of thermoelectric plants in 2022, contributing to the reduction of System Service Charges (ESS).

(29) OTHER OPERATING COSTS AND EXPENSES

	Consolidated											
	Other Cost of operation		Cost of Services Rendered to Third Parties		Other operating expenses						Total	
					Selling expenses		General and administrative expenses		Other operating expenses			
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Personnel	1,437,069	1,115,165	-	-	184,963	170,020	415,546	346,144	-	-	2,037,578	1,631,329
Private Pension Plans	337,904	248,754	-	-	-	-	-	-	-	-	337,904	248,754
Materials	442,201	346,947	1,747	1,321	11,625	9,955	9,750	(2,936)	-	-	465,323	355,287
Third party services	191,336	147,770	2,850	4,157	197,350	173,169	343,269	344,257	-	-	734,805	669,353
Costs of infrastructure construction	-	-	5,385,799	3,514,799	-	-	-	-	-	-	5,385,799	3,514,799
Others	86,450	128,484	60	2,933	84,255	92,651	560,561	288,259	(499,417)	194,786	231,909	707,112
Collection fees	-	-	-	-	84,736	91,991	-	-	-	-	84,736	91,991
Leases and rentals	64,892	69,743	-	-	-	-	1,620	20,149	-	-	66,512	89,892
Publicity and advertising	18	10	-	-	-	-	28,974	20,785	-	-	28,992	20,795
Legal, judicial and indemnities	(1)	15,461	-	-	-	-	531,409	254,995	-	-	531,408	270,456
Gain (loss) on disposal, retirement and other non-current assets	-	-	-	-	-	-	-	-	177,994	157,049	177,994	157,049
Amotization of the risk premium paid - GSF	-	22,477	-	-	-	-	-	-	-	-	-	22,477
Fair Value adjustment arising from Business Combination	-	-	-	-	-	-	-	-	(670,016)	-	(670,016)	-
Others	21,541	20,792	60	2,933	(481)	660	(1,442)	(7,671)	(7,395)	37,737	12,283	54,451
Total	**2,494,961**	**1,987,119**	**5,390,456**	**3,523,210**	**478,193**	**445,796**	**1,329,126**	**975,724**	**(499,417)**	**194,786**	**9,193,319**	**7,126,636**

(30) FINANCE INCOME (COSTS)

	Consolidated	
	2022	**2021**
Financial income		
Income from financial investments	475,381	170,438
Late payment interest and fines	340,072	334,457
Adjustment for inflation of tax credits	723,446	110,487
Adjustment for inflation of escrow deposits	70,151	23,140
Adjustment for inflation and exchange rate changes	222,392	260,151
Discount on purchase of ICMS credit	50,040	16,916
Adjustments to the sector financial asset (note 7)	385,879	83,740
PIS and COFINS on other financial income	(93,432)	(69,733)
Other	(19,803)	195,558
Total	**2,154,127**	**1,125,153**
Financial expenses		
Interest on debts	(1,629,329)	(781,155)
Adjustment for inflation and exchange rate changes	(2,331,410)	(775,938)
(-) Capitalized interest	53,547	39,015
Adjustments to the sector financial liability (note 7)	(49,360)	-
Intragroup loans (note 25)	(339,201)	(132,847)
Exclusion of ICMS from the PIS/COFINS base (nota 6)	(561,943)	(60,780)
Other	(207,700)	(205,929)
Total	**(5,065,396)**	**(1,917,634)**
Financial result	**(2,911,269)**	**(792,482)**

Interests were capitalized at an average rate of 7.14% p.a. in 2022 and 2021 on qualifying assets, in accordance with CPC 20 (R1) and IAS 23.

In line item of monetary adjustment and exchange rate changes, the expense includes the effects of loss of R$ 1,327,347 at 2022 (gains of R$ 307.359 at 2021) on derivative instruments (note 35).

(31) SEGMENT INFORMATION

The segregation of the Group's operating segments is based on the internal financial information and management structure and is made by type of business: electric energy distribution, electric energy generation, electric energy commercialization and services rendered activities.

Profit or loss segment include items directly attributable to the segment, as well as those that can be allocated on a reasonable basis, if applicable. Prices charged between segments are determined based on similar market transactions. Note 1 presents the subsidiaries according to their areas of operation and provides further information on each subsidiary and its business line and segment.

The information segregated by segment is presented below, according to the criteria established by the Group's officers:

	Distribution	Geração	Transmissão	Commercialization	Services	Subtotal	Other (*)	Elimination	Total
2022									
Net operating revenue	32.388.550	2.953.000	1.550.460	2.317.611	144.526	39.354.147	90	-	39.354.237
(-) Intersegment revenues	10.898	1.298.430	413.844	19.730	899.077	2.641.980	-	(2.641.980)	-
Cost of electric energy	(16.902.804)	(545.087)	-	(2.369.486)	-	(19.817.378)	-	1.746.920	(18.070.459)
Operating costs and expenses	(8.498.160)	49.158	(1.004.028)	(53.994)	(843.995)	(10.351.019)	(56.008)	895.082	(9.511.947)
Depreciation and amortization	(1.070.643)	(761.171)	(70.122)	(5.774)	(52.485)	(1.960.196)	(71.250)	-	(2.031.445)
Income from electric energy service	5.927.841	2.994.329	890.154	(91.914)	147.123	9.867.533	(127.145)	-	9.740.387
Equity interests in subsidiaries, associates and joint ventures	-	488.731	1.799	-	-	490.530	-	-	490.530
Financial income	1.744.126	173.703	176.006	36.477	14.902	2.145.215	29.956	(21.044)	2.154.127
Financial expenses	(3.791.168)	(789.688)	(221.148)	(203.612)	(15.061)	(5.020.676)	(65.764)	21.044	(5.065.396)
Profit (loss) before taxes	3.880.800	2.867.075	846.811	(259.048)	146.964	7.482.602	(162.953)	-	7.319.648
Income tax and social contribution	(1.502.465)	(268.133)	(286.347)	15.645	(33.963)	(2.075.263)	(25.572)	-	(2.100.835)
Profit (loss) for the period	2.378.334	2.598.942	560.464	(243.404)	113.002	5.407.338	(188.526)	-	5.218.813
Purchases of contract asset PP&E and intangible assets	4.790.933	258.163	696.510	5.873	52.391	5.803.870	1.545	-	5.805.415
2021									
Net operating revenue	33.222.929	2.811.513	506.153	2.545.625	121.910	39.208.129	2.019	-	39.210.148
(-) Intersegment revenues	12.171	1.077.182	114.453	10.084	748.412	1.962.303	-	(1.962.303)	-
Cost of electric energy	(21.236.374)	(503.982)	-	(2.578.068)	-	(24.318.423)	-	1.211.166	(23.107.257)
Operating costs and expenses	(6.190.149)	(599.720)	(632.528)	(77.918)	(678.217)	(8.178.531)	(37.947)	751.137	(7.465.342)
Depreciation and amortization	(924.619)	(711.472)	(15.137)	(4.024)	(33.043)	(1.688.295)	(63.120)	-	(1.751.414)
Income from electric energy service	4.883.958	2.073.522	(27.059)	(104.301)	159.062	6.985.183	(99.048)	-	6.886.135
Equity interests in subsidiaries, associates and joint ventures	-	518.562	3.244	-	-	521.805	-	-	521.805
Financial income	859.746	136.048	27.722	94.382	8.392	1.126.291	39.159	(40.297)	1.125.153
Financial expenses	(1.423.216)	(407.209)	(36.018)	(64.523)	(4.325)	(1.935.291)	(22.641)	40.297	(1.917.634)
Profit (loss) before taxes	4.320.489	2.320.923	(32.112)	(74.441)	163.129	6.697.988	(82.530)	-	6.615.458
Income tax and social contribution	(1.452.175)	(118.790)	(71.974)	(18.539)	(40.813)	(1.702.291)	(59.417)	-	(1.761.708)
Profit (loss) for the period	2.868.314	2.202.133	(104.085)	(92.981)	122.317	4.995.697	(141.947)	-	4.853.751
Purchases of contract asset PP&E and intangible assets	3.027.731	466.045	399.432	7.970	91.783	3.992.961	6.772	-	3.999.733

(32) RELATED PARTY TRANSACTIONS

The Company's controlling shareholders are as follows:

- State Grid Brazil Power Participações S.A.

Indirect subsidiary of State Grid Corporation of China, a Chinese state-owned company primarily engaged in developing and operating businesses in the electric energy sector.

- ESC Energia S.A.

Subsidiary of State Grid Brazil Power Participações S.A.

The direct and indirect interests in operating subsidiaries are described in note 1.

Controlling shareholders, subsidiaries, associates, joint ventures and entities under common control and that in some way exercise significant influence over the Company and its subsidiaries and associates were considered as related parties.

The main transactions are listed below:

a) **Purchase and sale of energy and charges -** refer basically to energy purchased or sold by distribution, commercialization and generation subsidiaries through short or long-term agreements and tariffs for the use of the distribution system (TUSD). Such transactions, when conducted in the free market, are carried out under conditions considered by the Company as similar to market conditions at the time of the trading, according to internal policies previously established by the Company's management. When conducted in the regulated market, the prices charged are set through mechanisms established by the regulatory authority.

b) **Intangible assets, property, plant and equipment, materials and service** – refers mainly to rendered services in advisory and management of energy plants, consulting and engineering.

Certain subsidiaries of the Company have retirement supplementation plans with Vivest and Família Previdência, offered to their employees. For additional information, see note 20 Private Pension Plan.

The Group has a “Related Parties Committee”, comprising representatives of two independent members and one officer of the Company, which evaluates the main transactions with related parties.

Management has considered the closeness of relationship with the related party together with other factors to determine the level of detail of the disclosed transactions and believes that significant information regarding transactions with related parties has been adequately disclosed.

The total compensation of key management personnel in 2022, in accordance with CVM Decision 642/2010 and CPC 05(R1), was R$ 89,030 (R$ 51,633 in 2021). This amount comprises R$ 72,120 (R$ 40,093 in 2021) in respect of short-term benefits and R$ 1,233 (R$ 1,210 in 2021) of post-employment benefits, and a recovery of R$ 15,676 of expenses related to other long-term benefits (R$ 9,956 in 2021) , and refers to the amount registered under the accrual method.

The intercompany loan received balance at the parent company at December 31, 2022 in the amount of R$ 52,859 refers mainly to the loan raised in the year to the subsidiary CPFL Transmissão Maracanaú and CPFL Serviços, with maturity until December 2023 and subject to interest equivalent to 105.75% of the CDI (R$ 168,943 at December 31, 2021 refers mainly to the loan raised to the subsidiary RGE and paid for 107% of CDI).

The balance of the intercompany loan payable in the consolidated, in the amount of R$ 2,803,121 (R$ 2,518,150 at December 31,2021), mainly refers to the loan between subsidiary CPFL Renováveis and the parent company State Grid Brazil Power - SGBP, maturing up to June 2024 and bearing interest corresponding to CDI + 1.1% p.a. spread.

Other Financial Operations mainly refers to the issuance of debentures by the subsidiary CPFL Paulista acquired by State Grid Brazil Power Participações S.A. The effective annual rate of these debentures is CDI + 1.20% for a period of four years.

Transactions with entities under common control basically refers to transmission system charge paid by the Company’s subsidiaries to the direct or indirect subsidiaries of State Grid Corporation of China.

Transactions involving controlling shareholders, entities under common control or significant influence and joint ventures:

	Consolidated							
	ASSETS		LIABILITIES		INCOME		EXPENSES	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Other Financial Operations		-	-	-	-	-	-	-
State Grid Brazil Power Participações S.A.			1,500,000					
Joint ventures (CPFL Energia consolidated)	-	-	-	-	51	-	-	-
Energy purchase and sales, and charges								
State Grid Brazil Power Participações S.A	6	6	-	-	57	31	360,946	350,924
Entities under common control (State Grid Corporation of China subsidiaries)	3,915	1,560	152,944	194,426	38,337	17,000	1,296,344	1,499,983
Intangible assets, property, plant and equipment, materials and service rendered								
Entities under common control (State Grid Corporation of China subsidiaries)	-	-	20,363	7,724	-	-	82,620	40,669
Joint ventures (CPFL Energia consolidated)	230	168	-	-	4,568	7,279	-	-
Intragroup loans								
State Grid Brazil Power Participações S.A.	-	-	2,803,121	2,518,150	-	-	339,201	132,847
Dividends and interest on capital								
Joint ventures (CPFL Energia consolidated)	1,500	133,623	-	-	-	-	-	-
Others								
Instituto CPFL	-	-	-	-	-	-	19,038	3,407

(33) INSURANCE

The Group maintain insurance policies with coverage based on specialized advice and takes into account the nature and degree of risk. The amounts are considered sufficient to cover any significant losses on assets and/or responsibilities. The main insurance policies are:

Description	Type of coverage	December 31, 2022
Fixed asset	Operation Risks, Loss of Profits, Named Risks, Engineering Risks and Multi- Risk	3,214,702
Transport	National and internacional transport	727,683
Civil liability	General, civil worls, installation and assembly,eletricity distribution concessionaires or not, environmental risks and resp. professional civilian	285,674
Personnel	Group life and personal accidents	1,879,681
Garantia	Guarantee insurance	5,250,305
Others	Operational risks and others	150,000
Total		**11,508,045**

Certain policies for coverage of fixed assets and civil liability are shared between Group companies. The premium is paid proportionately by each company involved in accordance with criteria defined by Management.

(34) RISK MANAGEMENT

The Group's businesses comprise mainly the generation, transmission, trading and distribution of electricity. As concessionaire of public services, the activities and/or tariffs of its major subsidiaries are regulated by ANEEL.

Risk management structure

At the Group, the risk management is conducted through a structure that involves the Board of Directors and Supervisory Board, Advisory Committees, Executive Board, Internal Audit, Risk and Compliance Officer, DPO Officer, and business areas. This management is regulated by the Corporate Risk Management Policy, which describes the risk management model as well the main responsibilities of the parties involved and the limits of exposure to the main risks.

CPFL Energia's Board of Directors is responsible for:

- Deciding on the proposed risk indicators and risk limit methodologies recommended by CPFL Energia's Executive Board, in addition to knowing the exposures and mitigation plans presented in the event of any exceeding of these limits.
- Guiding the conduct of business, observing, among others, the monitoring of business risks exercised through the corporate risk management model adopted by the Company;
- Observing the responsibilities provided for in the Internal Regulations of the Board of Directors.
- Ensuring that the Executive Board has mechanisms and internal controls to know and assess the Risks.
- Observing and monitoring any important weaknesses in controls and/or processes, as well as relevant regulatory compliance failures, following up on plans proposed by CPFL Energia's Executive Board to remedy them.
- Deliberating on the proposed changes to the Corporate Risk Map submitted by the CPFL Energia's Executive Board.

The Advisory Committee(s) of the Board of Directors

- Comply with the responsibilities provided for in the Internal Regulation of the Advisory Committees;
- Monitor the progress of mitigation actions flagged for reframing exposures to approved risk limits.
- Guide the work of Internal Audit and elaborate proposals for improvement and;

- Become aware of: (i) risk monitoring models; (ii) exposures to risks; and (iii) levels of control (including their effectiveness), supporting the Board of Directors in the performance of its statutory role relating to risk management.

The Supervisory Board of CPFL Energia is responsible for, among other things, certifying that Management has means to identify the risks on the preparation and disclosure of the financial statements to which the CPFL Group is exposed as well as monitoring the effectiveness of the control environment.

The Executive Board of CPFL Energia is responsible for:

- Recommending risk indicators and risk limit methodologies or limits to CPFL Energia's Board of Directors for deliberation;

- Observing the defined risk limits, taking the necessary measures to prevent exposure to risks from exceeding such limits and reporting any excesses to CPFL Energia's Board of Directors, presenting mitigation actions;

- Recommending changes to the Corporate Risk Map to CPFL Energia's Board of Directors for deliberation;

- Evaluating, at least annually, the effectiveness of this Policy of risk management and of the risk management and internal controls systems, as well as of the integrity/compliance program and reporting to the board of directors on this assessment;

- Submitting to CPFL Energia's Board of Directors matters it deems relevant for the effective monitoring of corporate risks.

CPFL Energia's Audit, Risk, Compliance and DPO Board is responsible for:

- Coordinating the corporate risk assessment process, developing and keeping updated Corporate Risk Management methodologies;

- Identifying and documenting the risks to which CPFL Group companies are exposed;

- Developing, together with business managers, models and/or indicators for risk monitoring, classification criteria and limit proposals;

- Periodically monitoring exposures to risks and monitoring the implementation of mitigation actions by business managers;

- Monitoring the presentation of the risk model and the justification for exceeding the limit to CPFL Energia’s Executive Board;

- Monitoring and reporting the status of mitigation plans flagged for reframing exposures to approved limits; and

- Evaluating the internal control environment of CPFL Group companies and interacting with the respective Business Managers, seeking the definition of action plans in case of identified deficiencies.

The business areas have the primary responsibility for the management of the risks inherent to its processes, and should conduct them within the exposure limits defined and implementing mitigation plans for the main exposures as well as develop and maintain an proper environment of operational controls to effectiveness and business continuity and its associated business units.

The main market risk factors that affect the businesses are as follows:

Foreign exchange risk: This risk derives from the possibility of the Group incurring losses and cash constraints due to fluctuations in exchange rates, increasing the balances of liabilities denominated in foreign currency or decreasing the portion of revenue arising from annual adjustment of part of the tariff based on the fluctuation of the dollar, in power sale agreements of its subsidiary ENERCAN. The exposure related to foreign currency loans is covered by swap financial operations. The quantification of these risks is presented in note 35. In addition, the subsidiaries are exposed in their operating activities to fluctuations in exchange rates on purchase of electricity from Itaipu. The compensation mechanism - CVA protects the distribution subsidiaries against any economic losses.

Interest rate risk and inflation indexes: This risk arises due to the possibility of the Group incurring losses due to fluctuations in interest rates and in inflation indexes, which would increase the finance costs related to borrowings and debentures. The quantification of this risk is presented in note 35.

Credit risk: this risk arises from the possibility of the subsidiaries incurring losses resulting from difficulties in collecting amounts billed to customers. This risk is managed by the sales and services segments through norms and guidelines applied in terms of the approval, guarantees required and monitoring of the operations. In the distribution segment, even though it is highly pulverized, the risk is managed through monitoring of defaults, collection measures and cutting off supply. In the generation segment there are contracts under the regulated environment (ACR) and bilateral agreements that call for the posting of guarantees.

Risk of under/overcontracting from distributors: risk inherent to the energy distribution business in the Brazilian market to which the distributors of the CPFL Group and all distributors in the market are exposed. Distributors are prevented from fully passing through the costs of their electric energy purchases in two situations: (i) volume of energy contracted above 105% of the energy demanded by consumers and (ii) level of contracts lower than 100% of such demanded energy. In the first case, the energy contracted above 105% is sold in the CCEE (Electric Energy Trading Chamber) and is not passed through to consumers, that is, in PLD (Spot price used to evaluate the energy traded in the spot market – "Preço de Liquidação de Diferenças") scenarios lower than the purchase price of these contracts, there is a loss for the concession. In the second case, the distributors are required to purchase energy at the PLD amount at the CCEE and do not have guarantees of full pass-through to the consumer tariffs, there is a penalty for insufficiency of contractual guarantee. These situations may be mitigated if the distributors are entitled to exposures or involuntary surpluses.

Market risk of commercialization companies: this risk arises from the possibility of commercialization companies incurring financial losses due to variations in the prices that will value the positions of energy surplus and/or deficit of its portfolio in the free market, which are marked at the market price of electricity.

Risk of shortage of hydroelectric energy: The energy sold by the Company is mostly generated by hydropower plants. Lack of rain for a long period may result in reduction of the water volume in plants' dams, which jeopardizes the recovery of its volume, and may result in losses due to an increase in costs for purchasing energy or in revenue reduction due to the implementation of extensive energy saving programs or the adoption of a new rationing program, as occurred in 2001.

In 2022, favorable hydrology was observed, which made it possible to recover the reservoirs of hydroelectric plants across the country that had started the year with reduced volumes, due to the adverse conditions of 2021.

Risk of acceleration of debts: the Company has borrowing agreements and debentures with restrictive covenants normally applicable to these types of transactions. These covenants are monitored and do not restrict the capacity to operate normally, if met at the contractual intervals or if prior agreement is obtained from the creditors for failure to meet the covenants.

Regulatory risk: The electric energy tariffs charged to captive consumers by the distribution subsidiaries are set by ANEEL, at intervals established in the concession agreements entered into with the Federal Government and in accordance with the periodic tariff review methodology established for the tariff cycle. Once the methodology has been ratified, ANEEL establishes tariffs to be charged by the distributor to the final consumers. In accordance with Law 8,987/1995, the tariffs set will ensure the economic and financial equilibrium of the concession agreement at the time of the tariff review, but could result in lower adjustments than expected by the electric energy distributors.

Financial instruments risk management

The Group maintains operating and financial policies and strategies to protect the liquidity, safety and profitability of their assets. Accordingly, control and follow-up procedures are in place as regards the transactions and balances of financial instruments, for the purpose of monitoring the risks and current rates in relation to market conditions. An assessment of this potential impact arising from the volatility of risk factors and their correlations is performed periodically to execute the decision making process and to comply with the risk management strategy, which may incorporate financial instruments, including derivatives.

Portfolios composed of these financial instruments are monitored monthly, allowing the monitoring of financial results and their impact on cash flow.

Risk management controls: In order to manage the risks inherent to the financial instruments and to monitor the procedures established by Management, the Group has a financial adviser contracted to perform and report the calculation of the mark-to-market, stress testing and duration of the instruments, in addition to using the Bloomberg software system to assist in this process, assessing the risks to which the Group is exposed. Historically, the financial instruments contracted by the Group supported by these tools have produced adequate risk mitigation results. It must be stressed that the Company and its subsidiaries routinely contract derivatives, always with the appropriate levels of approval, only in the event of exposure that Management regards as a risk. The Group does not enter into transactions involving speculative derivatives.

(35) FINANCIAL INSTRUMENTS

The main financial instruments, at fair value and/or the carrying amount is significantly different of the respective fair value, classified in accordance with the Group's accounting practices, are:

				Consolidated	
				December 31, 2022	
	Note	Category / Measurement	Level (*)	Carrying amount	Fair value
Assets					
Cash and cash equivalent	5	(a)	Level 1	3,746,158	3,746,158
Securities	6	(a)	Level 1	856,244	856,244
Derivatives	35	(a)	Level 2	507,560	507,560
Investments in Equity Instruments		(a)	Level 3	89,041	89,041
Concession financial asset	11	(a)	Level 3	18,202,007	18,202,007
Total				**23,401,010**	**23,401,010**
Liabilities					
Borrowings - principal and interest	18	(b)	Level 2 (***)	6,991,850	6,997,170
Borrowings - principal and interest (**)	18	(a)	Level 2	6,775,817	6,775,817
Debentures - Principal and interest	19	(b)	Level 2 (***)	9,302,230	9,211,483
Debentures - Principal and interest (**)	19	(a)	Level 2	2,312,528	2,312,528
Derivatives	35	(a)	Level 2	342,618	342,618
Total				**25,725,043**	**25,639,615**

(*) Refers to the hierarchy for fair value measurement

(**) As a result of the initial designation of the financial liabilit, the consolidated balances reported a gain of 281.394 in 2022 (a gain of R$ 243.459 in 2021)

(***) Only for disclosure purposes, in accordance with CPC 40 (R1) / IFRS 7

Key

Category / Measurement:

(a) - Measured at amortized cost

(b) - Mensured at fair value

The classification of financial instruments at amortized cost or fair value through profit or loss is based on the portfolio business model and in the characteristics of expected cash flow for each instrument.

The financial instruments for which the carrying amounts approximate the fair values, due to their nature, at the end of the reporting year are:

- Financial assets: (i) consumers, concessionaires and licensees, (ii) leases, (iii) receivables – CDE, (iv) pledges, funds and restricted deposits, (v) services rendered to third parties, (vi) collection agreements, (vii) sector financial asset and (viii) intragroup loans;
- Financial liabilities: (i) suppliers, (ii) regulatory charges, (iii) use of public asset, (iv) consumers and concessionaires, (v) FNDCT/EPE/PROCEL, (vi) collection agreement, (vii) reversal fund, (viii) payables for business combination, (ix) tariff discounts – CDE and (x) sector financial liability and (xi) intragroup loans.

In addition, in 2022 there were no transfers between the fair value hierarchy levels.

a) Measurement of financial instruments

As mentioned in note 4, the fair value of a security corresponds to its maturity value (redemption value) adjusted to present value by the discount factor (relating to the maturity date of the security) obtained from the market interest curve, in Brazilian reais.

The three levels of the fair value hierarchy are:

Level 1: Quoted prices in an active market for identical instruments;

Level 2: Observable inputs other than quoted prices in an active market that are observable for the asset or liability, directly (i.e. as prices) or indirectly (i.e. derived from prices);

Level 3: Instruments whose relevant factors are not observable market inputs.

Pricing of forward and futures contracts is on the basis of future curves of the underlying assets. These curves are usually provided by the stock exchanges on which these assets are traded, or other market price providers. When price is not available for the intended maturity, it is obtained on the basis of interpolation between available maturities.

As the distribution subsidiaries have classified the respective financial assets of the concession as fair value through profit or loss, the factors relevant to the assessment at fair value are not publicly observable. Therefore, the classification of the fair value hierarchy is level 3.

The Company records in the consolidated, under “Investments in equity instruments”, the 5.94% interest that the indirect subsidiary Paulista Lajeado Energia SA holds in the total capital of Investco S.A., of which 28,154,140 shares are common shares and 18,593,070 are preferred shares, not listed on the stock exchange. The main objective of its operations is to generate electricity that will be sold by the respective holders of the concession, the Company records the respective investment at its fair value, in accordance with CPC 48/IFRS 9.

b) Derivatives

The Group adopts a policy of using derivatives with the purpose of hedging (economic hedge) against the risks of fluctuations in exchange rates and interest rates, mostly comprising currency and interest rate swaps. The derivative transactions are entered into with first-tier banks and financial institutions with a local rating of at least AA- or B- global, rated by at least one of the S&P, Moody’s or Fitch agencies, and in the case of more than 1, it is considered the lowest rating among them. For the years 2022 and 2021, Management has not identified that the derivative financial assets had a significant impairment using the criterion of expected losses.

The Group adopts the policy of offering financial guarantees for the obligations of its subsidiaries and joint ventures. On December 31, 2022 and December 31, 2021, the Company issued guarantees to certain financial institutions in relation to the lines of credit granted to its subsidiaries, as shown in notes 18 and 19.

The hedging instruments entered into by the Group are currency or interest rate swaps with no leverage component, margin call requirements or daily or periodic adjustments.

As a large part of the derivatives entered into by the subsidiaries have their terms fully aligned with the hedged debts, and in order to obtain more relevant and consistent accounting information through the recognition of income and expenses, these debts were designated for accounting recognition at fair value (notes 18 and 19). Other debts that have terms different from the derivatives contracted as a hedge continue to be recognized at amortized cost. Furthermore, the Group did not adopt hedge accounting for transactions with derivative instruments.

At December 31, 2022, the Group had the following swap transactions, all traded on the over-the-counter market:

	Fair Value (carrying amounts)								
Strategy	Assets	Liabilities	Fair value,net	Values at cost, net (1)	Gain (loss) on fair value measurement	Currency/ debt index	Currency/ swap index	Maturity range	Nocional
Derivatives to hedge debts designated at fair value									
Exchange rate hedge									
Bank Loans - Law 4.131	359.956	(203.025)	156.931	378.607	(221.676)	US$ + (Libor 3 months + 0,87% to 0,99%) or (0,78% to 3,66%)	106,4% of CDI or CDI + 0,55% to 1,29%	february/22 to september/26	4.401.172
Bank Loans - Law 4.131	53.071	(18.228)	34.842	80.010	(45.168)	Euro + 0,43% to 0,70%	CDI + 0,58 to 1,10%	february/23 to march/25	1.520.640
	413.027	**(221.254)**	**191.773**	**458.617**	**(266.844)**				
Hedge variation price index									
Debenture	94.533	(78.572)	15.961	216.418	(200.458)	IPCA + 4,3% to 5,8%	104,3% to 111,07% of CDI	august/24 to may/31	2.352.600
Bank Loans - Law 4.131	-	(42.792)	(42.792)	(6.716)	(36.076)	6,16% to 7,38%	CDI + 0,69% to 0,88%	March/2024 to June/24	572.000
	94.533	**(121.364)**	**(26.831)**	**209.703**	**(236.534)**				
Subtotal debt hedge	**507.560**	**(342.618)**	**164.942**	**668.320**	**(503.378)**				
Total	**507.560**	**(342.618)**	**164.942**	**668.320**	**(503.378)**				
Current	**201.698**	**(76.759)**							
Non-current	**305.862**	**(265.858)**							

For further details on terms and information on debts and debentures, see notes 18 and 19

(1) The value at cost are the derivatives amount without the respective fair value measurement, while the notional refers to the balance of the debt and is reduce according to the respective amortization

(2) Due to the characteristics of derivatives, the notional amount is presented in U.S dolar

Changes in derivatives are stated below:

	Consolidated			
	At December 31,2021	Monetary adjustment and exchange rate and fair value	Repayment	At December 31,2022
Derivatives				
To debts designated at fair value	1,509,491	(1,327,008)	485,837	668,320
Others	(1,319)	1,158	161	-
Fair value measurement (*)	(251,594)	(251,783)	-	(503,378)
Total	**1,256,578**	**(1,577,633)**	**485,998**	**164,942**
Assets - Current	**357,350**			**201,698**
Assets - Non-current	**990,491**			**305,862**
Liabilities - Current	**(5,067)**			**(76,759)**
Liabilities - Non-current	**(86,196)**			**(265,858)**

(*)The effects on the profit or loss and comprehensive income for 2022 related to the fair value adjustments (MTM) of the derivatives are: (i) losses of R$252.774 for the debts designated at fair value and (ii) gains of R$ 990 for other derivatives.

As mentioned above, certain subsidiaries elected to fair value measurement debts for which they have fully debt-related derivatives instruments (note 18 and 19).

The Group has recognized gains and losses on their derivatives. However, as these derivatives are used as a hedging instrument, these gains and losses minimized the impacts of fluctuations in exchange and interest rates on the hedged debts. For years ended at December 31, 2022 and 2021, the derivatives generated the following impacts on the consolidated profit or loss, recognized in the line item of finance costs on monetary adjustment and exchange rate changes and in the consolidated comprehensive income in the credit risk in the fair value measurement, the latter related to debts at fair value:

	Gain (Loss)		Gain (Loss) in Comprehensive Income	
	2022	2021	2022	2021
Hedged risk / transaction				
Interest rate variation	(80,295)	118,694	-	-
Fair Value Measurement	(107,149)	(193,503)	1,443	(3,268)
Exchange variation	(1,245,554)	224,412	-	-
Fair Value Measurement	(149,020)	(186,048)	2,941	13,207
Total	**(1,582,017)**	**(36,446)**	**4,384**	**9,940**

c) Concession financial assets

The distribution concessionaries classified the respective concession financial assets as fair value through profit or loss. The movements and respective gains (losses) in profit for or loss for 2022 are R$ 1,401,373 (R$ 1,164,707 in 2021) and the main assumptions are described in note 11 and 27.

d) Market risk

Market risk is the risk that changes in market prices – e.g. foreign exchange rates and interest rates – will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Group uses derivatives to manage market risks.

e) Sensitivity analysis

The Group performed sensitivity analyses of the main risks to which their financial instruments (including derivatives) are exposed, mainly comprising changes in exchange and interest rates.

When the risk exposure is considered asset, the risk to be taken into account is a reduction in the pegged indexes, due to a consequent negative impact on the Group's profit or loss. Similarly, if the risk exposure is considered liability, the risk is of an increase in the pegged indexes and the consequent negative effect on the profit or loss. The Group therefore quantify the risks in terms of the net exposure of the variables (dollar, euro, CDI, IGP-M, IPCA, TJLP and SELIC), as shown below:

e.1) Exchange rates variation

Considering that the net exchange rate exposure at December 31, 2022 is maintained, the simulation of the effects by type of financial instrument for three different scenarios would be:

Consolidated					
			Income (expense)		
Instruments	Exposure (a) R$ thousand	Risk	Currency depreciation (b)	Currency appreciation of 25%(c)	Currency appreciation of 50%(c)
Financial liability instruments	(4,666,986)		(374,776)	885,665	2,146,105
Derivatives - Plain Vanilla Swap	4,744,021		380,962	(900,284)	(2,181,530)
	77,035	drop in the dolar	**6,186**	**(14,619)**	**(35,425)**
Financial liability instruments	(1,566,136)		(158,335)	272,782	703,900
Derivatives - Plain Vanilla Swap	1,578,247		159,560	(274,892)	(709,344)
	12,111	drop in the euro	**1,225**	**(2,110)**	**(5,444)**
Total	**89,146**		**7,411**	**(16,729)**	**(40,869)**
Effects on the comprehensive income			**78**	**(185)**	**(449)**
Effects on the net profit			**7,333**	**(16,544)**	**(40,420)**

(a) The exchange rates considered as of December 31, 2022 were R$ 5.22 per US$ 1.00 and R$ 5.57 per 1.00.
(b) As per the exchange rate curves obtained from information made available by B3 S.A. - Brasil, Bolsa, Balcão, with the exchange rate being considered at R$ 5.64 and R$ 6.13, and the currency depreciation at 8.03% and 10.11% for USD and EUR, respectively at 12/31/2022.

(c) As required by CVM instruction No. 475/2008, the percentage increases in the ratios applied refer to the information made available by B3 S.A.

Due to the net exchange rate exposure of the euro being a assets the risk is decrease in the dollar, therefore the exchange rate is depreciated by 25% and 50% in relation to the probable exchange rate.

e.2) Interest rates variation

Assuming that the scenario of net exposure of the financial instruments indexed to floating interest rates at December 31, 2022 is maintained, the net finance cost for the next 12 months for each of the three scenarios defined, would be:

Consolidated							
					Income (expense)		
Instruments	Exposure R$ thousand	Risk	Rate in the period	scenario rate (a)	Likely scenario	Raising/Drop index by 25% (b)	Raising/Drop index by 50% (b)
Financial asset instruments	4,572,938				637,010	796,263	955,515
Financial liability instruments	(12,383,289)				(1,724,992)	(2,156,240)	(2,587,488)
Derivatives - Plain Vanilla Swap	(9,240,462)				(1,287,196)	(1,608,995)	(1,930,795)
Setorial financial assets and liabilities	(99,255)				(13,826)	(17,283)	(20,739)
	(17,150,068)	CDI/SELIC apprec.	**13.65%**	**13.93%**	**(2,389,004)**	**(2,986,255)**	**(3,583,507)**
Financial liability instruments	(221,936)				(14,071)	(17,588)	(21,106)
	(221,936)	IGP-M apprec.	**5.45%**	**6.34%**	**(14,071)**	**(17,588)**	**(21,106)**
Financial liability instruments	(402,853)				(29,690)	(37,113)	(44,535)
	(402,853)	TJLP apprec.	**6.78%**	**7.37%**	**(29,690)**	**(37,113)**	**(44,535)**
Financial liability instruments	(8,673,711)				(571,598)	(428,698)	(285,799)
Derivatives - Plain Vanilla Swap	2,533,534				166,960	125,220	83,480
Financial instruments - assets	18,248,751				1,202,593	901,945	601,296
	12,108,574	drop in the IPCA	**5.79%**	**6.59%**	**797,955**	**598,467**	**398,977**
Total	**(5,666,283)**				**(1,634,810)**	**(2,442,489)**	**(3,250,171)**
Effects on the comprehensive income					**427**	**142**	**(143)**
Effects on the net profit					**(1,635,237)**	**(2,442,631)**	**(3,250,028)**

(a) The indexes considered in this analysis were obtained from information available in the market.
(b) In compliance with CVM Instruction 475/08, the percentage of raising index are applied to the likely scenario.

f) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from Consumers, Concessionaires and Licensees and financial instruments. Monthly, the risk is monitored and classified according to the current exposure, considering the limit approved by Management.

Impairment losses on financial assets recognized in profit or loss are presented in note 7.

Receivables and contract assets - Consumers, Concessionaries and Licensees

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, Management also considers the factors that may influence the credit risk of its customer base.

The Group uses a provision matrix to measure the expected credit losses of trade receivables according to the consumer class (Residential, Commercial, Rural, Public Power, Public Lighting, Public Services), other revenues and unbilled revenue, comprising mostly a large number of dispersed balances.

Loss rates are based on actual experience of credit loss verified in recent years. These rates reflect differences between economic conditions during the period over which the historical data have been collected, current conditions and the Group's view of future economic conditions over the expected lives of the receivables. Accordingly, "adjusted revenue" was calculated, reflecting the Group's perception of expected loss. Such "adjusted" revenue was allocated by consumption class (matrix) according to the interval currently used in the allowance guided by the regulatory parameters as follows:

Class	**Days**	**Period**
Residential	90	Revenue of 3 months prior to the current month
Commercial and other revenues	180	Revenue of 6 months prior to the current month
Industrial, rural, public power in general	360	Revenue of 12 months prior to the current month
Unbilled	-	Uses revenue of the same month

Therefore, based on the assumptions above, an "adjusted" ratio of the expected credit losses ("ECL") allowance for the month was calculated, which was determined dividing the "Actual ECL" allowance by the "adjusted revenue" for each month. Then, the ECL allowance is estimated monthly, considering the respective moving average for the months of the adjusted monthly ratios and applied to the actual revenue for the current month.
Based on this criterion, the ECL allowance percentage to be applied is changed monthly to the extent that the moving average is calculated. The methodology used by Management includes a percentage that is compliant with the IFRS rule described as expected credit losses, including in a single percentage the probability of loss, weighted by the expected loss and possible outcomes, that is, including probability of default ("PD"), exposure at default ("EAD") and loss given default ("LGD").

Macroeconomic factors

After studies developed by the Group to assess which variables present a correlation ratio with the actual amount of expected credit loss allowance, no other ratios or macroeconomic factors that would have material impacts or that had direct correlation with the default level were identified.

Cash, cash equivalents, marketable securities

The Group limits its exposure to credit risk by investing only in liquid debt securities and only with counterparties that have a credit rating of at least AA-.

The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. Management did not identify for the years 2021 and 2022 that the securities had a significantly change in credit risk.

Derivatives

The Group adopts a policy of using derivatives with the purpose of hedging (economic hedge) against the risks of fluctuations in exchange rates and interest rates, mostly comprising currency and interest rate swaps. Derivatives are contracted with first-tier banks and financial institutions with a rating of at least global AA- or B-, rated by at least one of the agencies, S&P, Moodys or Fitch, and in the case of more than one, it is considered the lowest rating among them (note 35). For 2022 and 2021, Management did not identify impairment of these derivative financial assets using the expected loss criterion.

g) Liquidity analysis

The Company manages liquidity risk by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of its financial liabilities. The table below sets out details of the contractual maturities of the financial liabilities as at December 31, 2022, taking into account principal and future interest, and is based on the undiscounted cash flow, considering the earliest date on which the Group has to settle their respective obligations.

		Consolidated						
December 31, 2022	Note	Less than 1 month	1-3 months	3 months to 1 year	1-3 years	4-5 years	More than 5 years	Total
Trade payables	17	3,094,828	128,909	4,030	178,648	118	246,179	3,652,713
Borrowings - principal and interest	18	92,035	2,326,042	2,684,600	8,126,621	4,321,244	1,281,108	18,831,650
Derivatives	35	-	18,228	58,531	138,581	48,705	78,572	342,617
Debentures - principal and interest	19	100,921	369,012	1,631,232	2,443,300	6,364,813	4,036,000	14,945,276
Regulatory charges	21	74,164	4,064	-	-	-	-	78,228
Use of public asset		1,990	4,402	17,491	47,767	90,477	46,558	208,685
Other		39,308	518,219	43,993	3,423	2,140	86,672	693,755
Consumers and concessionaires		37,758	393,322	575	-	-	84,754	516,409
EPE / FNDCT / PROCEL (*)		1,407	7,201	42,135	-	-	-	50,743
Collections agreement		-	117,410	-	-	-	-	117,410
Reversal fund		143	286	1,283	3,423	2,140	1,918	9,193
Total		**3,403,247**	**3,368,876**	**4,439,877**	**10,938,339**	**10,827,496**	**5,775,088**	**38,752,924**

(36) NON-CASH TRANSACTIONS

	Consolidated	
	December 31, 2022	December 31, 2021
Transactions resulting from business combinations		
Contratual assets	17,565	4,102,531
Borrowings and financings	-	(624,793)
Asset acquired in business combination	2,127,838	-
Intangible asset acquired in business combination, net of tax effects	109,104	849,070
Deferred tax	(52,795)	(243,368)
Other net assets acquired in business combination	(214,920)	(521,538)
	1,986,792	3,561,902
Consideration paid with acquired cash	147,351	478,405
Other transactions		
Interest capitalized	53,547	39,015
Transfer between property, plant and equipament and other assets	-	(3,209)
Provision (reversal) for socio environmental costs capitalized in property, plant and equipment	22,437	70,507

(37) COMMITMENTS

The Group's commitments as regards long-term energy purchase agreements and plant construction projects at December 31, 2022, were as follows:

		Consolidated				
Commitments at December 31, 2022	Duration	Less than 1 year	1-3 years	4-5 years	More than 5 years	Total
Energy purchase agreements (except Itaipu)	up to 23 years	13,230,221	23,533,421	21,493,083	7,261,043	65,517,768
Energy purchase from Itaipu	up to 23 years	2,007,836	4,075,158	3,977,122	2,103,615	12,163,731
Electricity network usage charge	up to 31 years	4,872,595	10,427,764	10,302,825	14,358,596	39,961,780
GSF renegotiation	up to 31 years	53,315	108,849	106,850	206,031	475,045
Power plant construction projects	up to 5 years	2,108,159	1,072,953	299,546	556,782	4,037,440
Total		**22,272,126**	**39,218,145**	**36,179,426**	**24,486,067**	**122,155,764**

Commitments at December 31, 2022	Duration	Joint Ventures Less than 1 year	1-3 years	4-5 years	More than 5 years	Total
Power plant construction projects	Up to 2 years	10,794	5,574	0	-	16,368
Transmission and Distribution Charges	Up to 14 years	93,654	172,385	155,009	763,037	1,184,085
Renegotiation of Hydrological Risk	Up to 14 years	70,102	140,396	137,444	309,478	657,420
Suppliers of materials and services	Up to 2 years	8,118	4,715	-	-	12,833
		182,669	**323,071**	**292,453**	**1,072,515**	**1,870,707**

(38) EVENTS AFTER THE REPORTING PERIOD

38.1 New funding

As at January 1, 2023 and until the time of approval of these financial statements, the following amounts have been added to the debts:

Category	Release Month	Amount Release	Interest Paid	Amortization of principal	Annual effective rate	Resource destination	Restrictive conditions
Local Currency Debentures							
CPFL Transmissão	January/23	300,000	Semiannually	Single installment in December 2026	CDI + 1,20%	Investment plan and reinforcement of working capital	(a)
Foreign currency Borrowing Law - 4.131							
CPFL Brasil	February/23	129,408	Single installment in June 2023	Single installment in June 2023	CDI + 0,58%	Working capital	(a)
CPFL Paulista	February/23	1,101,000	Semiannually	Single installment in January 2026	CDI + 1,40%	Working capital	(a)
CPFL Jaguari	February/23	80,000	Semiannually	Single installment in February 2026	CDI + 1,33%	Working capital	(a)

(a) Ratios required in the consolidated statements of CPFL Energia: Net debit divided by EBITDA lower or equal 3.75% and EBITDA divided by Finance Income (Costs) greater than or equal to 2.25.

38.2 Conversion from lifetime income to financial income

The deadline for voluntary conversion of lifetime income to financial income for the pension plans of the subsidiaries CPFL Paulista, CPFL Piratininga and CPFL Renováveis and CPFL Brasil ended on January 31, 2023 (see note 20.1). The estimated percentage of consolidated conversion was 11% and the final impacts of this process are still being measured by the subsidiaries.

38.3 Subsequent event - Supreme Court decision on tax claims

In a decision delivered on February 8, 2023, related to Extraordinary Appeals 955227 (Tema 885) and 949297 (Tema 881), the Plenary of the Supreme Federal Court (STF) considered that a final decision on taxes collected on an ongoing basis will lose its effects if the Supreme Court later rules in the opposite direction in the context of repetitive appeal or concentrated control of constitutionality.

Based on this decision, the Company evaluated possible impacts on the taxes that could be framed in that decision, and the Management concluded that, on the date of completion of its Financial Statements, there are no cases with a favorable individual final decision in favor of the Company that have unfavorable decision in the Supreme Court in the context of repetitive appeal or concentrated control of constitutionality. Therefore, there are no impacts arising from this decision for the base date of 31 December 2022.

BOARD OF DIRECTORS

Daobiao Chen

Chairman

Yuehui Pan

Zhao Yumeng

Gustavo Estrella

Antonio Kandir

Marcelo Amaral Moraes

Liu Yanli

Directors

EXECUTIVE BOARD

GUSTAVO ESTRELLA
Chief Executive Officer (CEO)

YUEHUI PAN
Chief Financial Officer (CFO) and of Investors Relations Officer

Futao Huang
Executive Vice President
Strategy, Innovation and Business Excellence Vice President

GUSTAVO PINTO GACHINEIRO
Legal and Institutional Relations Vice President

FLÁVIO HENRIQUE RIBEIRO
Business Management Vice President

LUIS HENRIQUE FERREIRA PINTO
Regulated Operations Vice President

KARIN REGINA LUCHESI
Market Operations Vice President

VITOR FAGALI
Business Development Vice President

ACCOUNTING DIVISION

SERGIO LUIS FELICE
Accounting Director
CT CRC 1SP192767/O-6

Independent auditor's report

To the Board of Directors and Stockholders
CPFL Energia S.A.

Opinion

We have audited the accompanying parent company financial statements of CPFL Energia S.A. (the "Company"), which comprise the balance sheet as at December 31, 2022 and the statements of income, comprehensive income, changes in equity and cash flows for the year then ended, as well as the accompanying consolidated financial statements of CPFL Energia S.A. and its subsidiaries ("Consolidated"), which comprise the consolidated balance sheet as at December 31, 2022 and the consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including significant accounting policies and other explanatory information.

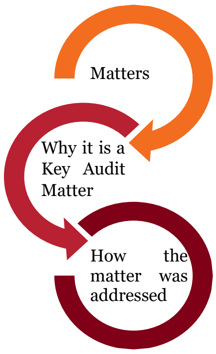
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CPFL Energia S.A. and of CPFL Energia S.A. and its subsidiaries as at December 31, 2022, and the financial performance and the cash flows for the year then ended, as well as the consolidated financial performance and the cash flows for the year then ended, in accordance with accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Basis for opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Parent Company and Consolidated Financial Statements section of our report. We are independent of the Company and its subsidiaries in accordance with the ethical requirements established in the Code of Professional Ethics and Professional Standards issued by the Brazilian Federal Accounting Council, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the parent company and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Why it is a Key Audit Matter	How the matter was addressed in the audit
Business Combination - shares Acquisition of Campos Novos Energia S.A. (Note 1 and 13.4.2)	
On November 17, 2022, CPFL Energia, through its subsidiary CPFL Geração de Energia S.A., obtained control of Campos Novos Energia SA ("Enercan"), after purchasing an additional 3.39% stake in its share capital , now holding 52.12% of the total shareholding in the investee's share capital. As this is a business combination achieved in stages, in addition to the goodwill, a gain on the remeasurement at fair value of the previously held interest was determined, and this gain is recognized in profit or loss for the year. The process of evaluating and measuring the assets acquired and liabilities assumed at fair value in this business combination involved the hiring of external experts by management and the exercise of judgments and use of critical estimates. The estimates used subjective data and assumptions, such as the discount rate, growth rate and projected revenues and operating margins of the acquired company, with a significant impact on measurements at fair value and, consequently, on the determination of goodwill and gain on remeasurement of the previously held stake. For these reasons, we consider this matter to be a key audit matter.	We read the set of agreements and the main documents that support the transaction, as well as held meetings with the Company's management, legal advisors and external consultants to understand the transaction and the respective accounting impacts related to the acquisition. We evaluated the competence and objectivity of the external specialists hired by the management to issue the purchase price allocation report in the staged business combination. With the support of our specialists, we evaluated the reasonableness of the methodology and the main assumptions adopted in identifying and measuring the fair value of the assets acquired and liabilities assumed in the acquisitions, comparing them with historical information available or with observable market and/or market data of their operating segment. We also verified the main accounting and tax impacts of measuring the fair value of assets acquired and liabilities assumed in the business combination, as well as reading the disclosures made by management in the financial statements. As a result of the evidence obtained through the procedures summarized above, we consider that the information disclosed in the financial statements is consistent with data and information obtained and analyzed in our audit.
Tax transaction related to litigation - private pension debt (Note 22)	
On December 27, 2022, the Company, through its subsidiary Companhia Paulista de Força e Luz, signed a tax transaction agreement with the Attorney General's Office of the National Treasury, referring to a lawsuit regarding the deductibility, for the purposes of income tax (IRPJ) and social contribution (CSLL), related to the pension plan of the Company's employees before Fundação CESP, recognizing, after the extinction of the legal proceedings in progress, an obligation to pay, whose balance on	Our audit approach considered, among others, the following procedures: We discussed with Management and Governance the process for the settlement of the tax transaction related to the litigation. We requested the opinion of the legal advisors who sponsored the causes of the

Why it is a Key Audit Matter	How the matter was addressed in the audit
December 31, 2022 is BRL 1,025,193 thousand. Due to the relevance of the balance, audit effort in assessing this matter and the nature of the agreement, we consider this matter a significant matter for the audit.	aforementioned lawsuit, with the objective of evaluating the reasonableness of the loss forecasts, the arguments presented and the existence of case law. Involving our tax specialists, we evaluated the terms of the tax transaction agreement between the Company and Attorney General's Office of the National Treasury and their respective accounting records. Finally, we read the disclosures presented in the explanatory note. Our audit procedures corroborated that the information disclosed in the financial statements in relation to the agreement entered into with the Attorney General's Office of the National Treasury is consistent with the information analyzed in our audit.
Legal discussion related to contributions to the CEEEPrev pension plan (Note 20) The Company, through its subsidiary Companhia Estadual de Transmissão de Energia Elétrica - CEEE-T, maintains defined benefit and defined contribution pension plans. CEEEPrev's defined benefit plan provided for the sponsor's exclusive responsibility in the event of any insufficient equity coverage. In 2014, a legal dispute related to non-parity contributions was filed, questioning the employer's liability in the event of insufficient asset coverage in the reserves that support the benefits, on the understanding that this procedure violates the provisions of Complementary Law No. 108/2001. Considering the legal grounds corroborated by recent court decisions, in the proceedings dealing with the matter, the Company's management, as sponsor of the CEEEPrev Plan, understands that from the new court decision of October 2021, the best estimate for measuring of this liability is to consider the risk sharing between the sponsor and the Foundation. Thus, since March 2022, the Company has been collecting its contributions on an equal basis. CEEEPrev Plan is in deficit on December 31, 2022, since the total actuarial obligations	Our audit procedures included, among others: • Assessing, with the support of our actuarial experts, the consistency of the criteria and assumptions used by management to measure and recognize the actuarial obligation; • Obtaining the legal opinion of other legal advisors, with the aim of assessing the reasonableness of the prognosis determined by the lawyer for the respective cause, as well as evaluating the arguments and jurisprudence adopted by the Company's legal advisors; • Involvement of our actuarial experts to assess the reasonableness of key assumptions, such as discount rates, salary growth projections, parity and biometric tables, as well as checking arithmetic calculations; and • Reading the plan's regulation and evaluating the respective disclosures in the explanatory note.

Why it is a Key Audit Matter	How the matter was addressed in the audit
estimated in the defined benefit plan exceed the fair value of plan assets, the obligation applied to the Company, after considering the risk sharing, of R$ 292,048 thousand. We consider this subject to be the focus of the audit, considering that it involves management's judgments on the assumptions used in the actuarial calculation of the plan's obligations, including the form of equal contribution, which, if they suffer variations, can have a significant impact relevant to the financial statements.	Our audit procedures corroborated that the judgments and assumptions used by management are reasonable and the disclosures consistent with data and information obtained.
Recognition of energy revenue provided but not billed (Note 3.11 e 7)	
Electricity distribution revenue is recognized when the energy is supplied. The Company, through its distribution subsidiaries, reads its customers' consumption based on a routine that depends on the timing and reading route. Consequently, a portion of the distributed energy is not billed at the end of each month, requiring management to estimate this amount, which on December 31, 2022 amounted to R$ 1,531,707 thousand. Recognition of unbilled revenue is determined based on historical data obtained, mainly through parameters of computerized systems, such as the volume of energy consumed by the distributor made available in the month and the annualized rate of technical and commercial losses. Due to the complexity of the data used and the judgments exercised by management in determining the annualized rate of technical and commercial losses, which could produce impacts significantly different from those calculated by management, if they suffer variations, we consider this matter to be significant for our audit.	Our audit approach considered, among others, the following procedures: We evaluated the design, implementation and effectiveness of key internal controls related to determining the amount of energy revenue distributed but not billed. We involved our information technology specialists to evaluate the systems and the computerized environment used to determine the recorded balances. Regarding the transaction tests, we evaluated the data used in determining the estimate of unbilled revenue, specifically, the data on the total energy load received in the distribution network, the effectively billed load, segregated by type of consumer, and the indices of technical and commercial losses, in order to determine the percentage of investment in the portion of unbilled revenue, thus estimating the net captive load by consumption class. We recalculated the amount of unbilled revenue through the net captive load by multiplying this load by the tariffs defined by the regulatory body for each class of consumer in their groups and modalities. Additionally, we tested the integrity and accuracy of the data used in the calculation, comparing the volume of total energy consumption minus the volume billed with the volume not billed considered as a premise for

Why it is a Key Audit Matter	How the matter was addressed in the audit
	management's estimate, and we performed a valuation test with tariffs per consumer to the volume allocated by management and confronted with the recognized revenue amounts. We also assess whether the disclosures made in the financial statements are in accordance with applicable standards. Based on the evidence obtained through the procedures summarized above, we consider the balances recognized for revenue from energy supplied but not billed to be reasonable, in the context of the financial statements taken as a whole, for the year ended December 31, 2022.

Other matters

Statements of Value Added

The parent company and consolidated Statements of Value Added for the year ended December 31, 2022, prepared under the responsibility of the Company's management and presented as supplementary information for IFRS purposes, were submitted to audit procedures performed in conjunction with the audit of the Company's financial statements. For the purposes of forming our opinion, we evaluated whether these statements are reconciled with the financial statements and accounting records, as applicable, and if their form and content are in accordance with the criteria defined in Technical Pronouncement CPC 09 - "Statement of Value Added". In our opinion, these Statements of Value Added have been properly prepared in all material respects, in accordance with the criteria established in the Technical Pronouncement, and are consistent with the parent company and consolidated financial statements taken as a whole.

Values corresponding to the previous year

The examination of the financial statements for the year ended December 31, 2021, was conducted under the responsibility of other independent auditors, who issued an audit report, dated March 17, 2022, without reservations.

Other information accompanying the parent company and consolidated financial statements and the auditor's report

The Company's management is responsible for the other information that comprises the Management Report.

Our opinion on the parent company and consolidated financial statements does not cover the Management Report, and we do not express any form of audit conclusion thereon.

In connection with the audit of the parent company and consolidated financial statements, our responsibility is to read the Management Report and, in doing so, consider whether this report is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement in the Management Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the parent company and consolidated financial statements

Management is responsible for the preparation and fair presentation of the parent company and consolidated financial statements in accordance with accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company and consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the financial reporting process of the Company and its subsidiaries.

Auditor's responsibilities for the audit of the parent company and consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the parent company and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Brazilian and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Brazilian and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the parent company and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company and its subsidiaries.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the parent company and consolidated financial statements, including the disclosures, and whether these financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the parent company and consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Campinas, March 15, 2023

PricewaterhouseCoopers
Auditores Independentes Ltda.
CRC 2SP000160/O-5

Adriano Formosinho Correia
Contador CRC 1BA029904/O-5

cpfl.riweb.com.br

RELATÓRIO ANUAL DO COMITÊ DE AUDITORIA

ANNUAL REPORT OF THE AUDIT COMMITTEE

CPFL ENERGIA

INTRODUÇÃO

Sempre em busca das melhores práticas de governança corporativa e em atendimento à regulação do Novo Mercado, o Conselho de Administração ("CA") da CPFL Energia S.A. ("CPFL Energia" ou "Companhia") conta com o Comitê de Auditoria ("CoA" ou "Comitê"), órgão permanente de atuação autônoma e independente que serve como auxiliador, consultor e assessor do CA da Companhia.

Sem a prerrogativa deliberativa, o CoA da CPFL Energia subsidia o CA com informações, opiniões e propostas para assegurar que os negócios e operações da Companhia sejam pautados por controles contábeis e financeiros íntegros e fidedignos, para garantir a qualidade das demonstrações financeiras, controles internos, gestão de riscos, *compliance*, auditoria interna e auditoria independente.

O órgão é regido por um Regimento Interno próprio, disponível no site de Relação com Investidores da Companhia no link https://cpfl.riweb.com.br/.

INTRODUCTION

Always seeking the best corporate governance practices and in compliance with Novo Mercado rules, the Board of Directors ("BoD") of CPFL Energia S.A. ("CPFL Energia" or "Company") has an Audit Committee ("CoA" or "Committee"), an autonomous and independent permanent body that acts as advisor, consultant and adviser to the Company's BoD.

Without deliberative prerogatives, CPFL Energia's CoA provides the BoD with information, opinions and proposals to ensure that the Company's businesses and operations are guided by solid and reliable accounting and financial controls, guaranteeing the quality of financial statements, internal controls, risk management, compliance, internal audit and independent audit.

The body is governed by its own Internal Regulation, available on the Company's Investor Relations website at the link https://cpfl.riweb.com.br/.

COMPOSIÇÃO DO COMITÊ

Observado o artigo 4º do seu Regimento Interno, o órgão é formado por 3 (três) membros eleitos pelo Conselho de Administração da CPFL Energia, sendo 2 (dois) membros independentes do CA, 1 (um) deles coordenador do CoA, e 1 (um) terceiro membro que integrou

COMPOSITION OF THE COMMITTEE

According to article 4 of its Internal Regulations, the body is composed by 3 (three) members elected by the Board of Directors of CPFL Energia, 2 (two) of whom are independent members of the BoD, 1 (one) of whom is the coordinator of the CoA, and 1 (one) third member anteriormente o Conselho Fiscal da CPFL Energia (abril de 2017 a abril de 2021). Todos os membros possuem reconhecida experiência em questões contábeis societárias, nos termos do regulamento aplicável da Comissão de Valores Mobiliários ("CVM"), e foram eleitos pelo Conselho de Administração da CPFL Energia, em reunião realizada no dia 14 de outubro de 2021, com mandato a partir da data de sua posse até a primeira Reunião Ordinária do Conselho de Administração da Companhia que ocorrer após a Assembleia Geral Ordinária de 2023, nos termos do artigo 16 do Regimento Interno do CoA.

who was a member of the Fiscal Council of CPFL Energia (April 2017 to April 2021). All members have recognized experience in matters of corporate accounting, pursuant to the applicable regulations of the Brazilian Securities Commission ("CVM"), and were elected by the Board of Directors of CPFL Energia, at a meeting held on October 14th, 2021, with mandate from the date of his inauguration until the first Ordinary Meeting of the Board of Directors of the Company that takes place after the Ordinary General Meeting of 2023, pursuant to article 16 of the Bylaws of the CoA.

Nome *Name*	Função *Function*	Independente *Independent*	Membro desde
Marcelo Amaral Moraes (membro Independente do CA) *(BoD Independent member)*	Coordenador *Coordinator*	Sim *Yes*	Outubro de 2021 *October 2021*
Antônio Kandir (membro Independente do CA) *(BoD Independent member)*	Membro *Member*	Sim *Yes*	Outubro de 2021 *October 2021*
Ricardo Florence dos Santos	Membro *Member*	Sim *Yes*	Outubro de 2021 *October 2021*

COMPETÊNCIAS DO COMITÊ

Ao CoA compete o assessoramento ao CA com temas relativos a(o):

COMMITTEE COMPETENCIES

The CoA is responsible for advising the BoD with the following themes:

i) Hiring, replacement, destitution, and compensation of independent auditors;

i) Contratação, substituição, destituição e remuneração dos auditores independentes;

ii) Avaliação das informações trimestrais, demonstrações intermediárias e demonstrações financeiras;

iii) Supervisionamento das atividades da auditoria interna e da área de controles internos;

iv) Avaliação e monitoramento das exposições de risco e *compliance* da Companhia;

v) Monitoramento e controle da qualidade das demonstrações financeiras, nos controles internos, no gerenciamento de riscos e *Compliance*;

vi) Avaliação, monitoramento e recomendação da correção ou o aprimoramento das políticas internas;

vii) Recepção e tratamento de informações acerca do descumprimento de dispositivos legais e normativos aplicáveis à Companhia, além de regulamentos e códigos internos.

Para o exercício de tais atribuições, o CoA mantém constante contato com as auditorias interna e independente da Companhia, servindo também como interface entre estas e o CA.

ii) Evaluation of the quarterly information, intermediary statements, and financial statements;

iii) Supervision of the activities of the internal audit and internal controls area;

iv) Evaluation and monitoring of the Company's risk exposures and compliance;

v) Monitoring and controlling the quality of the financial statements, internal controls, risk management and compliance;

vi) Evaluating, monitoring, and recommending the correction or improvement of internal policies;

vii) Receiving and processing information about the non-compliance with legal and regulatory provisions applicable to the Company, in addition to internal regulations and codes.

To exercise these attributions, CoA maintains constant contact with the Company's internal and independent auditors, also serving as an interface between them and the BoD.

ATIVIDADES DO COMITÊ DE AUDITORIA

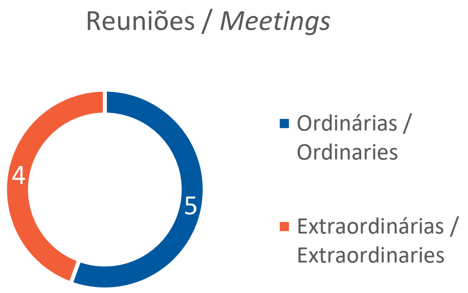
Nos termos do art. 10º de seu Regimento Interno, o Comitê reúne-se ordinariamente, no mínimo, a cada 3 (três) meses, ou, extraordinariamente, quando necessário.

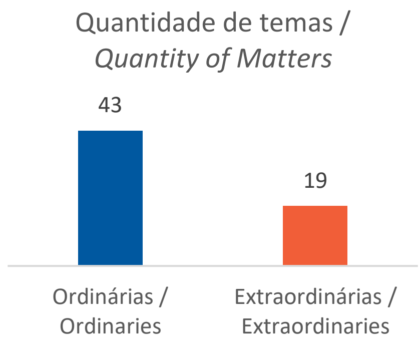
AUDIT COMMITTEE ACTIVITIES

Pursuant to art. 10 of its Internal Regulations, the Committee meets ordinarily, at least, every 3 (three) months, or, extraordinarily, when necessary.

Nos gráficos a seguir é possível identificar a quantidade de reuniões ordinárias e extraordinárias realizadas durante o ano de 2022, e a quantidade de temas apresentados.

In the graphs below, it is possible to identify the number of ordinary and extraordinary meetings held during the year 2022, and the number of topics presented.





Total de reuniões realizadas no ano: 9

Total meetings held in the year: *9*

Total de temas apresentados no ano: 62

Total of matters presented in the year: *62*

Durante o ano de 2022, contamos com 100% (cem por cento) de presença dos membros em todas as reuniões.

During 2022, we had 100% (one hundred percent) attendance of members at all meetings.

PRINCIPAIS TEMAS DISCUTIDOS PELO COMITÊ DE AUDITORIA EM 2022

O CoA se reuniu com diretores da Companhia, auditores internos e auditores independentes para aprofundar e monitorar especialmente processos, controles internos, riscos e eventuais planos de melhoria, bem como para emitir suas recomendações ao CA, tendo sido este subsidiado pelo Comitê com informações, opiniões e propostas em 20 (vinte) temas em 2022.

No gráfico a seguir é possível verificar, em termos percentuais e agrupado em macro

MAIN TOPICS DISCUSSED BY THE AUDIT COMMITTEE IN 2022

The CoA met with the Company's officers, internal auditors and independent auditors to deepen and monitor especially processes, internal controls, risks and possible improvement plans, as well as to issue its recommendations to the Board, which was subsidized by the Committee with information, opinions and proposals in 20 (twenty) themes in 2022.

In the following graph, it is possible to verify, in percentage terms and grouped temas, os referidos temas e as recomendações:

into macro themes, the aforementioned themes and recommendations:

AUDITORIA INTERNA, RISCOS, *COMPLIANCE* E DPO

As atividades de Auditoria Interna, Riscos, *Compliance* e *Data Protection ("DPO")* da Companhia são reportadas diretamente ao Comitê e ao CA, e estão estruturadas de forma a permitir a atuação eficiente para o atendimento dos seus objetivos.

Além de reuniões de discussão e acompanhamento das atividades, o CoA também apreciou medidas a serem eventualmente tomadas pela Administração, acompanhando-as ao longo da sua execução, a fim de fortalecer os sistemas de Auditoria Interna, Riscos, *Compliance* e DPO da Companhia.

INTERNAL AUDIT, RISKS, COMPLIANCE AND DPO

The Company's Internal Audit, Risks, Compliance and Data Protection ("DPO") activities are reported directly to the Committee and the BoD and are structured in such a way as to allow efficient action to meet its objectives.

In addition to meetings to discuss and monitor activities, the CoA also considered measures to be eventually taken by Management, accompanying them throughout their execution, in order to strengthen the Internal Audit, Risks, Compliance and DPO systems of the Company.

AUDITORIA INDEPENDENTE

A PricewaterhouseCoopers ("PwC") passou a ser, no exercício de 2022, os Auditores Independentes da Companhia, sucedendo a KPMG Auditores Independentes Ltda. ("KPMG") (Auditores de 2017 até as demonstrações financeiras de 31 de dezembro de 2021).

INDEPENDENT AUDIT

PricewaterhouseCoopers ("PwC") became, in 2022, the Company's Independent Auditors, succeeding KPMG Auditores Independentes Ltda. ("KPMG") (Auditors from 2017 to December 31st, 2021 financial statements). The replacement took place for the benefit of

A substituição ocorreu em benefício da preservação da independência do auditor e em atendimento a regulamentação da CVM, em um processo de transição supervisionado de perto pelo CoA, que acompanhou ativamente o exercício dos novos auditores na avaliação das demonstrações financeiras e relatórios corporativos integrados da Companhia e suas subsidiárias, com vistas a emitir relatório contendo parecer sobre sua adesão as normas aplicáveis de auditoria, bem como pela revisão dos Informes Trimestrais ("ITRs") da Companhia, a serem enviados à CVM e disponibilizados ao mercado.

preserving the auditor's independence and in compliance with CVM regulations, in a transition process closely monitored by the CoA, which actively monitored the exercise of the new auditors in evaluating the Company's financial statements and integrated corporate reports and its subsidiaries, with a view to issuing a report containing an opinion on their adherence to the standards applicable to the planning and execution of audits, in accordance with recognized standards, as well as the review of the Company's Quarterly Reports ("ITRs"), to be forwarded to CVM and made available to the market.

AUTOAVALIAÇÃO DO COMITÊ DE AUDITORIA

Anualmente os membros do CoA realizam uma autoavaliação que tem por objetivo avaliar o desempenho do Comitê como órgão de Governança e a contribuição individual de cada um dos membros para o negócio. Por meio dessa dinâmica os membros buscam identificar oportunidades de melhoria de processos quanto aos temas avaliados pelo CoA.

Os resultados da autoavaliação são analisados pela Diretoria de Governança Corporativa e divulgados a todos os membros, e por meio desta a efetividade do CoA é analisada, permitindo que o órgão se engaje cada vez mais em um processo de melhorias, por meio da implementação de planos de ação e criação de uma cultura voltada para eficácia em suas análises e recomendações.

AUDIT COMMITTEE SELF-ASSESSMENT

Annually, CoA members carry out a self-assessment, which aims to assess the Committee's performance as a Governance body and the individual contribution of each member to the business. Through this dynamic, members seek to identify opportunities for improving processes in relation to the topics evaluated by the CoA.

The results of the self-assessment are analyzed by the Corporate Governance Board and disclosed to all members, and through this the effectiveness of the CoA is analyzed, allowing the body to increasingly engage in a process of improvements, through the implementation of action plans and creation of a culture focused on efficiency in its analyzes and recommendations.

O processo de autoavaliação, no ano de 2022, sofreu uma revisão por consultoria externa de modo a assegurar a adoção das melhores práticas do mercado e também assegurar que a autoavaliação abarque, dentre outras questões, os impactos socioambientais gerados pelo negócio e a agenda voltada para temas de sustentabilidade, meio ambiente e governança.

O resultado geral positivo da autoavaliação de 2022 demonstrou a efetividade e amadurecimento do órgão.

The self-assessment process, in 2022, underwent a review by an external consultancy in order to ensure the adoption of the best market practices and also ensure that the self-assessment covers, among other issues, the socio-environmental impacts generated by the business and the agenda aimed at themes of sustainability, environment and governance.

The overall positive result of the 2022 self-assessment demonstrated the effectiveness and maturity of the body.

PARECER DO COMITÊ DE AUDITORIA

Durante a condução dos trabalhos não foi identificado pelos membros do CoA nenhuma situação que pudesse afetar os negócios desenvolvidos pela CPFL Energia e suas subsidiárias.

Os membros do CoA, no exercício de suas atribuições e responsabilidades legais, conforme disposto no art. 7º de seu Regimento Interno, procederam a análise das demonstrações financeiras, acompanhadas do relatório dos auditores independentes e do relatório anual da administração relativos ao exercício social encerrado em 31 de dezembro de 2022 (“Demonstrações Financeiras Anuais de 2022”).

Tendo em vista as informações prestadas pela administração da Companhia e pela PwC, bem como as atividades desempenhadas e acompanhadas pelo Comitê de Auditoria durante o exercício social de 2022, os membros do CoA

AUDIT COMMITTEE'S REPORT

During the execution of the works, the members of the CoA did not identify any situation that could affect the businesses carried out by CPFL Energia and its subsidiaries.

The members of the CoA, in the exercise of their legal attributions and responsibilities, as provided for in article 7 of its Internal Regulations, analyzed the financial statements, accompanied by the independent auditors' report and the annual management report, referring to the fiscal year ended on December 31st, 2022 ("Annual Financial Statements of 2022").

In view of the information provided by the Company's management and by PwC, as well as the activities developed and monitored by the Audit Committee during the 2022 fiscal year, the members of the CoA unanimously express the manifestam-se, por unanimidade, no sentido de que as Demonstrações Financeiras refletiram adequadamente, em todos os aspectos relevantes, a posição patrimonial e financeira da Companhia, de acordo com as práticas contábeis adotadas no Brasil e de acordo com as Normas Internacionais de Relatório Financeiro (“IRFS”), emitido pelo *International Accounting Standards Board* (IASB), e recomendam a aprovação pelo Conselho de Administração da Companhia.

opinion that the Financial Statements adequately reflected , in all material aspects, the Company's equity and financial situation, in accordance with accounting practices adopted in Brazil and in accordance with International Financial Reporting Standards ("IRFS"), issued by the International Accounting Standards Board (IASB), and recommend approval by the Company's Board of Directors.

Campinas, 14 de março de 2023.
Campinas, March 14th, 2023.

MARCELO AMARAL MORAES

Coordenador do Comitê de Auditoria e

Membro Independente do Conselho de Administração da CPFL Energia

Coordinator of the Audit Committee and

Independent Member of the Board of Directors of CPFL Energia

ANTÔNIO KANDIR

Membro do Comitê de Auditoria e

Membro Independente do Conselho de Administração da CPFL Energia

Member of the Audit Committee and

Independent Member of the Board of Directors of CPFL Energia

RICARDO FLORENCE DOS SANTOS

Membro do Comitê de Auditoria

Audit Committee Member

PARECER DO CONSELHO FISCAL	REPORT OF THE FISCAL COUNCIL
Os membros do Conselho Fiscal da CPFL Energia S.A., no desempenho de suas atribuições legais e estatutárias, examinaram o Relatório da Administração, as Demonstrações Financeiras do Exercício Social de 2022 e, ante os esclarecimentos prestados pela Diretoria da Companhia, e nos exames efetuados e considerando o relatório, sem ressalvas dos auditores independentes, Pricewaterhouse Coopers Auditores Independentes, datado de 15 de março de 2023, são de opinião que os referidos documentos estão em condição de serem apreciados e votados pela Assembleia Geral Ordinária de Acionistas, a ser realizada em 28 de abril de 2023. Campinas, 15 de março de 2023.	The members of the Fiscal Council of CPFL Energia S.A., in performing their legal and statutory attributions, have examined the Management Report, the Financial Statements for the Fiscal Year 2022 and, with the clarifications provided by the Company's Directors and considering the examinations made and the unqualified report of the independent auditors, dated from March 15th, 2023, are of the opinion that these documents are authorized to be analyzed and voted by the Annual General Shareholders' Meeting to be held in April 28th, 2023. Campinas, March 15, 2023.

Vinicius Nishioka **Ran Zhang** **Márcio Prado**

DECLARAÇÃO	STATEMENT
Em atendimento ao disposto nos incisos V e VI do artigo 25 da Instrução CVM nº 480, de 07 de dezembro de 2009, alterada pela Instrução CVM nº 586, de 8 de junho de 2017, o presidente e os diretores da **CPFL Energia S.A.**, sociedade por ações de capital aberto, com sede na Rua Jorge de Figueiredo Corrêa, nº 1.632 – parte - Jardim Professora Tarcília – CEP: 13087-397, na Cidade de Campinas, Estado de São Paulo, inscrita no CNPJ sob nº 02.429.144/0001-93, declaram que:	In compliance with the provisions in items V and VI of article 25 of the Brazilian Securities & Exchange Commission (CVM) Instruction No. 480, of December 7, 2009, as amended by CVM Instruction No. 586, of June 8, 2017, the chief executive officers and the officers of **CPFL Energia S.A.**, a publicly traded company, with its registered office at Rua Jorge de Figueiredo Corrêa, nº 1.632 – parte - Jardim Professora Tarcília – CEP: 13087-397, Campinas, Estado de São Paulo - Brazil, enrolled with the National Register of Legal Entities (CNPJ) under No. 02.429.144/0001-93, hereby stated that:
a) reviram, discutiram e concordam com as opiniões expressas no parecer da Pricewaterhouse Coopers Auditores Independentes, relativamente às demonstrações financeiras da **CPFL Energia S.A.** de 31 de dezembro de 2022;	a) they have reviewed and discussed, and agree with, the opinions expressed in the opinion of Pricewaterhouse Coopers Auditores Independentes on the financial statements of **CPFL Energia S.A.**, of December 31, 2022;
b) reviram, discutiram e concordam com as demonstrações financeiras da **CPFL Energia S.A.** de 31 de dezembro de 2022.	b) they have reviewed and discussed, and agree with, the financial statements of **CPFL Energia S.A.**, of December 31, 2022.
Campinas, 15 de março de 2023.	Campinas, March 15, 2023.

Sergio Luis Felice
Diretor de Contabilidade
Chief Accounting Officer
CT CRC: 1SP192.767/O-6
CPF: 119.410.838-54

Yuehui Pan
Diretor Vice-Presidente Financeiro e de Relações com Investidores
Chief Financial and Investor Relations Officer
CPF: 061.539.517-16

Gustavo Estrella
Diretor Presidente
Chief Executive Officer