

CPFL Energias
Renováveis S.A.
and subsidiaries

**Individual and Consolidated
Interim Financial Information for
the nine months Period Ended
September 30, 2016 and Report on
Review of Interim Financial
Information**

(Convenience Translation into
English from the Original Previously
Issued in Portuguese)

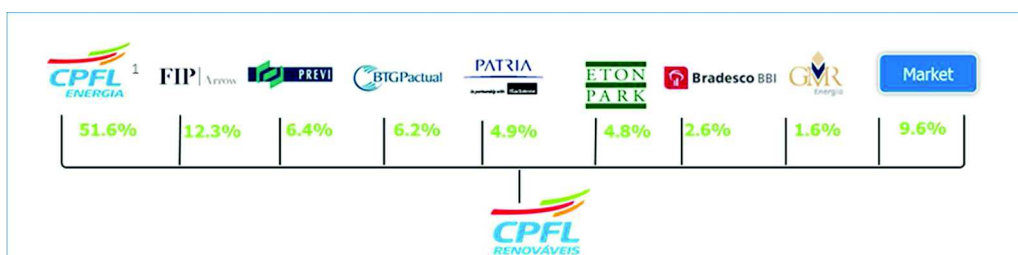
Overview

CPFL Energias Renováveis S.A. (“CPFL Renováveis or Company”) was organized on August 24, 2011, as a result of the joint venture between CPFL Energia, through subsidiaries CPFL Geração and CPFL Brasil, and ERSA – Energias Renováveis S.A. This joint venture resulted in the creation of the largest renewable energy company in Brazil, with strong presence in the four main renewable energy technologies annually developed in the country in the present – wind farms, small hydroelectric plants (SHPs), biomass-fired thermal plants and solar plants. The Company’s projects are present in eight Brazilian states and strongly contribute to the local and regional economic and social development.

CPFL Energias Renováveis S.A is an independent power generation company, exclusively focused on the Brazilian market of power generation using renewable sources, through the development, construction and operation of a portfolio of small- and medium-sized power plants.

Organizational Flowchart

In the third quarter of 2016, the Company’s shareholding structure is as follows:



Mercado = Market

Power Sale Environments

The demand for power varies based on the performance of other production sectors in Brazil which, in turn, are related to the economic activity in Brazil. The Company’s projects under construction or in operation already have long-term power sale agreements. For future projects, we should sell the power generated based on a return maximization strategy, by selecting best sales opportunities between the allocation in the Free Contracting Environment (ACL), including Special Consumers and Free Consumers, and in the Regulated Contracting Environment (ACR), through energy auctions.

Operating income and generation costs of SHPs, wind farms and biomass-fired thermal plants were substantially impacted by seasonality over the year, with the following characteristics:

- The lower average wind speed reduced the power generation of the wind farms in the first six-month period.
- The sugarcane crop in the Southeast region begins in April and ends in November. The sugarcane crop in the Northeast region begins between August and March of the subsequent year.
- Considering that the revenues recognized by the wind farms and biomass-fired thermal plants are based on their effective generation, in general, the revenues recorded in the first six-month period are lower than those recorded in the second six-month period.
- The rainfall period favors the generation of the SHPs in the Southeast/Mid-West regions in the first and fourth quarters and in the South region in the second and third quarters.

In addition, the effects from revenue recognition result from the physical guarantee of each plant, according to the seasonality recorded with CCEE. The differences between power generation and physical guarantee are covered by the Power Reallocation Mechanism (MRE). The volume of generated power, above or below the physical guarantee, is measured based on the Optimization Power Tariff (TEO), which considers the plant's operational and maintenance costs only. This additional revenue or expense is monthly recorded for each generator. Finally, if the plants under the MRE do not generate the sum of the physical guarantees, due to unfavorable water conditions, the difference calculated under the Difference Settlement Price (PLD) is apportioned amongst all plants. This effect is defined as the Generation Scaling Factor (GSF – see Note 29). As at September 30, 2016, four Company's plants were not covered by the MRE: Paiol, Pirapó, Socorro and Três Saltos.

Operational Portfolio

CPFL Renováveis' competitive advantage is the diversification of its portfolio, which, in the end of the 3Q16, comprised 86 plants located in 57 Brazilian municipalities. In order to meet this portfolio, the Company is supported by a robust and highly scalable platform.

In the 3Q16, the Company's installed capacity totaled 1,924.3 MW, an increase of 6.8% compared to the 3Q15. This increase resulted from the start-up of operations of SHP Mata Velha (24.0 MW) in May 2016 and four plants of Campo dos Ventos III wind farm (100.8 MW) beginning May 2016.

In the 3Q16, the Company's installed capacity is broken down as follows:

Source	Installed capacity (MW)	Number of plants	% of portfolio
Wind farms	1,130.1	38	58.7
Small hydroelectric plants (SHPs)	423.1	39	22.0
Biomass-fired thermal plants	370.0	8	19.2
Solar plants	1.1	1	0.1

Total 1,924.3 86 100

Statement of Profit and Loss

(R\$ thousand)	3Q16	3Q15	3Q16 vs 3Q15	9M16	9M15	9M16 vs 9M15
Net revenue	505,813	401,895	25.9%	1,144,731	1,061,929	7.8%
Power generation costs	(133,007)	(85,267)	56.0%	(334,498)	(347,408)	-3.7%
Depreciation and amortization	(98,380)	(102,067)	-3.6%	(288,635)	(275,191)	4.9%
Gross profit	274,426	214,561	27.9%	521,598	439,330	18.7%
General and administrative expenses	(27,910)	(20,829)	34.0%	(86,606)	(85,219)	1.6%
Development right amortization	(38,277)	(33,592)	13.9%	(114,011)	(119,510)	-4.6%
Depreciation and amortization	(1,763)	(808)	118.2%	(4,035)	(2,461)	64.0%
Operating income	206,476	159,332	29.6%	316,946	232,140	36.5%
Finance costs	(133,388)	(117,508)	13.5%	(394,569)	(336,243)	17.3%
Income tax and social contribution	(22,967)	(15,457)	48.6%	(39,838)	(27,257)	46.2%
Net profit (loss)	50,121	26,367	90.1%	(117,461)	(131,360)	-10.6%
Ebitda ¹	344,896	295,799	16.6%	723,627	629,302	15.0%
Ebitda margin	68.2%	73.6%	-5.4 p.p.	63.2%	59.3%	3.9 p.p.

(1) EBITDA, in accordance with the provisions of CVM Instruction 527 issued on October 4, 2012, which provides for the EBITDA voluntary disclosure by publicly-held companies, is reconciled to the financial statements as follows: net profit plus income tax and social contribution, finance income (costs) and depreciation and amortization. EBITDA is not a measure of financial performance in accordance with accounting practices adopted in Brazil or IFRS, and should not be considered in isolation or as an alternative to net profit or as an operational measure or an alternative to operating cash flows or as a measure of liquidity and should not be considered as the basis for dividend distribution.

Net operating revenue

Net operating revenue amounted to R\$505.8 million in the 3Q16, an increase of 25.9% compared to the 3Q15 (+ R\$103.9 million). This variation is basically explained by the following factors:

- (i) Increase in the power generation of the wind farms due to the higher wind speed in the 3Q16 (+R\$31.2 million);
- (ii) Start-up of operations and tested generation of the plants comprising the Campo dos Ventos and São Benedito wind farms (+R\$24.6 million);
- (iii) Increase in the SHPs' revenue due to the difference in the seasonality of the physical guarantee in the 3Q16 (R\$26.1 million). In the last year, the seasonality of the physical guarantee of the SHPs was more concentrated in the 1Q15, while in this year, the seasonality was more consistent over the months; and

- (iv) Increase in the power generation of Bio Pedra in the 3Q16 due to the recovery of one of its turbines involved in the accident in May 2015 (R\$11.1 million).

In the 9M16, net revenue totaled R\$1,144.7 million, an increase of 7.8% compared to the same period in 2015 (+R\$82.8 million). This variation is basically explained by the following factors:

- (i) GSF recognition in the plants' revenues in connection with the PROINFA's agreements, in the amount of R\$0.1 million, in the 9M16 compared to R\$24.2 million in the 9M15;
- (ii) Start-up of operations of SHP Mata Velha in April 2016 (+R\$9.7 million);
- (iii) Increase in the power generation of Bio Pedra in the 9M16 due to the recovery of one of its turbines involved in the accident in May 2015 (+R\$20.4 million); and
- (iv) Start-up of operations of new plants, namely: i) 100% of Morro dos Ventos II wind farm; and ii) 87.3% of Campo dos Ventos wind farm (+R\$34.7 million).

Such factors were partially offset by the decrease in revenue, mainly, Bio Alvorada and Coopcana in 2016, due to the power purchased in 2015 to meet the average mobile power (-R\$41.8 million).

In addition, there was a positive effect of the adjusted agreements in the last 12 months, based on the IGP-M or IPCA variation. As at September 30, 2016, the average power sales price was R\$244.34/MWh, an increase of 6.3% compared to September 30, 2015 (R\$229.88/MWh).

The SHPs' revenues (except for the PROINFA agreements) are recognized based on the seasonality curve of the agreements and the wind farms' revenues are recognized according to the effective generation of the wind farms. In relation to the biomass-fired thermal plants, revenues are recognized based on each agreement, according to the seasonality or effective generation.

Power generation costs

(R\$ thousand)	3Q16	3Q15	3Q16 vs 3Q15	9M16	9M15	9M16 vs 9M15
Power purchase cost	(57,569)	(26,816)	114.7%	(127,761)	(174,255)	-26.7%
Amortization of the Generation Scaling Factor (GSF)	(591)	-	N.A	(1,774)	-	N.A
System use charges	(23,938)	(17,599)	36.0%	(64,757)	(56,844)	13.9%
PMSO ⁽¹⁾	(50,909)	(40,852)	24.6%	(140,206)	(116,309)	20.5%
Power generation costs	(133,007)	(85,267)	56.0%	(334,498)	(347,408)	-3.7%
Depreciation and amortization	(98,380)	(102,067)	-3.6%	(288,635)	(275,191)	4.9%
Total power generation costs + depreciation and amortization	(231,387)	(187,334)	23.5%	(623,133)	(622,599)	0.1%

(1) Personnel, material, outsourced services and other.

Power purchase cost

Power purchase cost amounted to R\$57.6 million in the 3Q16, an increase of 114.7% compared to the 3Q15 (-R\$30.8 million).

This variation is basically explained by the following factors:

- (i) Recognition of the indemnity payable in the amount of R\$22.5 million, according to contractual conditions, of Campo dos Ventos and São Benedito wind farm;
- (ii) Seasonality variation between the periods, due to the sales strategy, resulting in the power purchase (+R\$8.2 million);
- (iii) Power purchase to meet the power sales agreements of the SHPs outside the MRE in the 3Q16 (+R\$3.3 million);
- (iv) Recognition of R\$2.3 million related to the annual revenues from the power sales agreements of Eurus and Campo dos Ventos II wind farms. The generation was impacted by climate events, such as El Niño, which decreased the wind speed in the regions of these plants; and
- (v) GSF decrease in the 3Q16 (-R\$2.0 million).

In the 9M16, the power purchase cost totaled R\$127.8 million, a decrease of 26.7% compared to the 9M15 (+R\$46.5 million). This decrease in the power purchase cost resulted mainly from the GSF lower impact in the amount of R\$6.8 million in the 9M16, compared to R\$74.5 million in the 9M15, and the power purchase in the 9M15 to meet the average mobile power of the biomass-fired thermal plants in connection with the agreements, in the amount of R\$50.0 million, which was not repeated in 2016. These effects were partially offset by the negative effects of the indemnity and the annual and four-year period revenues of some wind farms.

The average mobile power in the South and Southeast/Mid-West regions was R\$69.91/MWh in the 9M16 compared to R\$323.14/MWh in the 9M15, positively impacting the power purchase.

PMSO

In the 3Q16, costs with personnel, materials, outsourced services and other (PMSO) totaled R\$50.9 million, an increase of 24.6% (-R\$10.1 million) compared to the 3Q15. In the 9M16, PMSO costs totaled R\$140.2 million, an increase of 20.5% compared to the same period in 2015 (-R\$23.9 million). These variations are basically explained by the following factors:

- (i) Growth of the operating portfolio and higher generation in the period;
- (ii) Price adjustments to the agreements with O&M suppliers of the wind farms in the end of the partial grace period of the first years of operation; and
- (iii) Decrease in wood purchase cost compared to 9M15 due to the power purchases to supplement the generation of the biomass-fired thermal plants.

Depreciation and amortization

Depreciation and amortization costs decreased by 3.6% in the 3Q16, basically due to: i) the conclusion of DESA's acquisition report and the subsequent reclassification of a portion of the amortization from development right amortization, in general and administrative expenses, to depreciation and

amortization costs; and ii) the adjustment of depreciation terms of some projects under operation and construction. These effects were partially offset by the start-up of operations of some plants over the last 12 months.

In the 9M16, depreciation and amortization costs increased by 4.9% mainly due to the start-up of operations of some plants over the last 12 months.

General and administrative expenses

(R\$ thousand)	3Q16	3Q15	3Q16 vs 3Q15	9M16	9M15	9M16 vs 9M15
Personnel expenses	(17,580)	(15,300)	14.9%	(47,324)	(39,325)	20.3%
Outsourced services ¹	(9,761)	(10,239)	-4.7%	(27,708)	(33,197)	-16.5%
Other	(569)	4,710	-112.1%	(11,576)	(12,697)	-8.8%
General and administrative expenses	(27,910)	(20,829)	34.0%	(86,608)	(85,219)	1.6%
Depreciation and amortization	(1,763)	(808)	118.2%	(4,035)	(2,461)	64.0%
Development right amortization	(38,277)	(33,592)	13.9%	(114,011)	(119,510)	-4.6%
Total general and administrative expenses + depreciation and amortization	(67,950)	(55,229)	23.0%	(204,654)	(207,190)	-1.2%

¹ Outsourced services consider occupation, material and professional service expenses

General and administrative expenses totaled R\$68.0 million in the 3Q16, an increase of 23.0% (-R\$12.7 million) compared to 3Q15.

The main variations in the quarter are basically explained by the following factors:

- (i) Increase in personnel expenses mainly due to the collective agreement and increase in the number of employees;
- (ii) Decrease in outsourced service expenses due to the environmental programs related to current projects and decrease in attorneys' fees; and
- (iii) Partial reimbursement, in the 3Q15, by the insurance company, in the amount of R\$4.5 million, related to the accident involving the Bio Pedra's turbine, which was not repeated in the 3Q16.

In the 9M16, general and administrative expenses totaled R\$204.7 million, a decrease of 1.2% (+R\$2.5 million) compared to the 9M15, basically due to the decrease in outsourced service expenses and other, in addition to the reclassification of development right amortization expenses, due to the conclusion of DESA's acquisition report.

Finance income (costs)

(R\$ thousand)	3Q16	3Q15	3Q16 vs 3Q15	9M16	9M15	9M16 vs 9M15
Finance income	33,486	39,557	-15.3%	98,738	99,046	-0.3%
Finance costs	(166,874)	(157,065)	6.2%	(493,307)	(435,289)	13.3%
Finance income (costs)	(133,388)	(117,508)	13.5%	(394,569)	(336,243)	17.3%

CPFL Renováveis recorded net finance costs in the amount of R\$133.4 million in the 3Q16, an increase of 13.5% (-R\$15.9 million) compared to the 3Q15. In the 9M16, net finance costs amounted to R\$394.6 million, an increase of 17.3% (-R\$58.3 million) compared to the 9M15.

Finance income

As at September 30, 2016, cash and cash equivalents and short-term investments totaled R\$1,019.2 million compared to R\$1,397.8 million as at September 30, 2015. This decrease resulted mainly from the investments in projects in progress and repayment of loans, partially offset by the new borrowings in the period.

In the 3Q16, finance income totaled R\$33.5 million, a decrease of 15.3% compared to the 3Q15 (-R\$6.1 million), mainly due to the decrease in average cash for the period. In the 9M16, finance income totaled R\$98.7 million, remaining stable (-0.3%) compared to the 9M15 (-R\$0.3 million).

Finance costs

Finance costs totaled R\$166.9 million in the 3Q16, an increase of 6.2% (-R\$9.8 million) compared to the 3Q15. In the 9M16, finance costs totaled R\$493.3 million, an increase of 13.3% compared to the 9M15 (-R\$58.0 million). These variations are basically explained by the following factors:

- (i) Increase in average CDI rate between the periods: 14.13% p.a. in the 3Q16 compared to 13.97% p.a. in the 3Q15) and 14.13% p.a. in the 9M16 compared to 13.09% p.a. in the 9M15;
- (ii) Increase in TJLP rate between the periods: 7.5% p.a. in the 3Q16 compared to 6.5% p.a. in the 3Q15) and 7.50% p.a. in the 9M16 compared to 6.0% p.a. in the 9M15); and
- (iii) Increase in the installed capacity, as due to the start-up of operations, financing costs are no longer capitalized.

The accelerated growth of the Company's asset portfolio is naturally associated with long-term debt which, as new capacities become operational or as acquisitions are consolidated into CPFL Renováveis, increase its finance cost, thus affecting its net results. On the other hand, portfolio growth also increases the Company's operational cash generation and value.

Income tax and social contribution

The Company opted for the deemed income to calculate income tax and social contribution for its operational subsidiaries, excluding the SPEs Bons Ventos, Formosa and Icaraizinho, which adopted the taxable income method as these SPEs are entitled to the tax benefit from development profit. In addition, SPEs Bioenergia, Campo dos Ventos I, III and V, Santo Dimas, São Benedito, Santa Mônica, Santa Úrsula and São Martinho opted for the taxable income method due to the economic benefit based on the projected disbursement had these SPEs adopted the deemed income method.

Income tax and social contribution expenses totaled R\$23.0 million in the 3Q16 compared to R\$15.5 million in the 3Q15. In the 9M16, such expenses amounted to R\$39.8 million compared to R\$27.3 million in the 9M15. These variations are mainly explained by the increase in the (i) operating income in the SPEs taxed under the deemed income method, which are subject to the payment of income tax and social contribution at the rate of 3.08%; and (ii) finance income in the same SPEs, which are subject to the payment of income tax and social contribution at the rate of 34%.

Net profit

CPFL Renováveis recorded net profit in the amount of R\$50.1 million compared to the net profit in the amount of R\$26.4 million in the 3Q15, mainly due to the increase in net revenue for the period, offset by the increase in power purchase cost and net finance costs – as a result of the current macroeconomic scenario. In the 9M16, net loss totaled R\$117.5 million compared to the loss of R\$131.4 million in the 9M15, mainly due to the increase in net finance income and decrease in operating costs and expenses.

Ebitda

In the 3Q16, Ebitda totaled R\$344.9 million, an increase of 16.6% compared to the 3Q15 (+R\$49.1 million). Ebitda margin totaled 68.2% in the 3Q16, a decrease of 5.4% compared to the 3Q15. These variations are mainly explained by the increase in net revenue (+25.9%), resulting from the: (i) increased volume of power generated by the wind farms; (ii) increase in SHPs' revenues due to the seasonality of the physical guarantee in the 3Q16; (iii) increase in Bio Pedra's revenue due to the recovery of one of its turbines involved in the accident in the 2Q15, whose operations were discontinued between May and November 2015; and (iv) start-up of operations of new plants. The increase in net revenue offset the increase of 56.0% of power generation costs, which was mainly impacted by the increase in power purchase and general and administrative expenses for the quarter.

In the 9M16, Ebitda totaled R\$723.6 million, an increase of 15.0% compared to the 9M15 (+R\$94.3 million). This variation is basically explained by the increase of 7.8% in net revenue, decrease in power purchase cost (-3.7%) due to the GSF decrease in the 9M16, decrease in power purchases to meet the

average mobile power of biomass-fired thermal plants and increase in general and administrative expenses.

The Company's Ebitda adjustments in 2015 solely consider extraordinary items related to the hydrological condition (GSF and SHP outside the MRE). Due to the GSF renegotiation in December 2015, the Company no longer adjusted the GSF under Ebitda beginning 1Q16.

The Company's adjusted Ebitda in the periods is broken down as follows:

Ebitda and adjusted Ebitda

(R\$ thousand)	3Q16	3Q15	9M16	9M15
Ebitda ¹	344,896	295,799	723,627	629,302
Adjusted items	-	7,150	-	109,070
GSF revenue	-	2,862	-	24,180
GSF cost	-	7,678	-	74,490
Power purchase (SHPs outside the MRE)	-	1,110	-	3,900
Advanced insurance (Bio Pedra)	-	(4,500)	-	(4,500)
Bio Pedra accident	-	0	-	11,000
Adjusted Ebitda	344,896	302,949	723,627	738,372

- (1) EBITDA, in accordance with the provisions of CVM Instruction 527 issued on October 4, 2012, which provides for the EBITDA voluntary disclosure by publicly-held companies, is reconciled to the financial statements as follows: net profit plus income tax and social contribution, finance income (loss) and depreciation and amortization. EBITDA is not a measure of financial performance in accordance with accounting practices adopted in Brazil or IFRS, and should not be considered in isolation or as an alternative to net profit or as an operational measure or an alternative to operating cash flows or as a measure of liquidity and should not be considered as the basis for dividend distribution.

Investments

CPFL Renováveis invested R\$318.5 million in the 3Q16, totaling R\$802.2 million in the 9M16. The investments were basically directed to the following projects:

- (i) **Campo dos Ventos wind complex** (Campo dos Ventos I, III and V, São Domingos e Ventos de São Martinho) and **São Benedito wind complex** (Ventos de São Benedito, Ventos de Santo Dimas, Santa Mônica and Santa Úrsula) – located in the State of Rio Grande do Norte, with gradual start-up beginning May 2016.
- (ii) **Mata Velha SHP** – located in the State of Minas Gerais, with start-up in May 2016.
- (iii) **Pedra Cheirosa wind complex** (Pedra Cheirosa I and II) – located in the State of Ceará, with start-up estimated for 1H18.
- (iv) **Boa Vista SHP** – located in the State of Minas Gerais, with start-up estimated for 1Q20.

Indebtedness

In the 3Q16, the Company's total debt was R\$6,264.0 million, an increase of 4.0% compared to the 3Q15 (R\$6,022.8 million). Excluding bridge loans (which will be settled with long-term debt), the Company's debts had an average term of 5.4 years and average nominal cost of 11.6% p.a. (81.8% of CDI rate as at September 30, 2016).

The funds raised over the last nine months were mainly used to increase the Company's cash and perform the necessary investments for the construction of the SHPs Mata Velha, ACL, Pedra Cheirosa I and II and Boa Vista II. Accordingly, over the last nine months, the Company's funds totaled R\$812.5 million, as follows:

- (i) R\$130.0 million related to the issuance of redeemable preferred shares of the SHPs Alto Irani and Plano Alto, issued with Banco Safra at the cost of 105% of CDI rate;
- (ii) R\$100.0 million related to the 1st issuance of debentures of Pedra Cheirosa I and II wind farm, issued with Itaú at the cost of CDI + 2.85% p.a.;
- (iii) R\$50.0 million related to the 1st issuance of debentures of SHP Boa Vista II, issued with Itaú at the cost of CDI + 2.85% p.a.;
- (iv) R\$67.6 million related to the long-term financing of SHP Mata Velha, issued with BNDES at the cost of TJLP + 2.02% p.a.;
- (v) R\$38.9 million related to the long-term financing of Atlântica wind farm, issued with BNDES at the cost of TJLP + 2.18% p.a.;
- (vi) R\$168.0 million related to the long-term financing of ACL wind farm, issued with BNDES at the cost of TJLP + 2.75% p.a.;
- (vii) R\$44.0 million related to the short-term financing of CPFL Renováveis issued with Banco BBM at the cost of CDI + 3.30% p.a.;
- (viii) R\$44.0 million related to the short-term financing of CPFL Renováveis issued with Banco ABC at the cost of CDI + 3.80% p.a.;
- (ix) R\$70.0 million related to the issuance of redeemable preferred shares of Cia. Hidroelétrica Figueirópolis issued with Banco Safra at the cost of 105% of CDI; and
- (x) R\$100.0 million related to the issuance of promissory notes of CPFL Renováveis issued with Banco ABC at the cost of CDI + 3.80% p.a.

On September 15, 2016, the Board of Directors' Meeting approved the 4th issuance of unsecured, simple, non-convertible debentures, in two series, effective for five years as from the issuance date. The issuance is composed of 40 debentures, 20 for the first series and 20 for the second series, at the par value of R\$10.0 million per share, totaling R\$400.0 million. The first series debentures were issued on September 28, 2016 and the respective disbursement was made at the beginning of October.

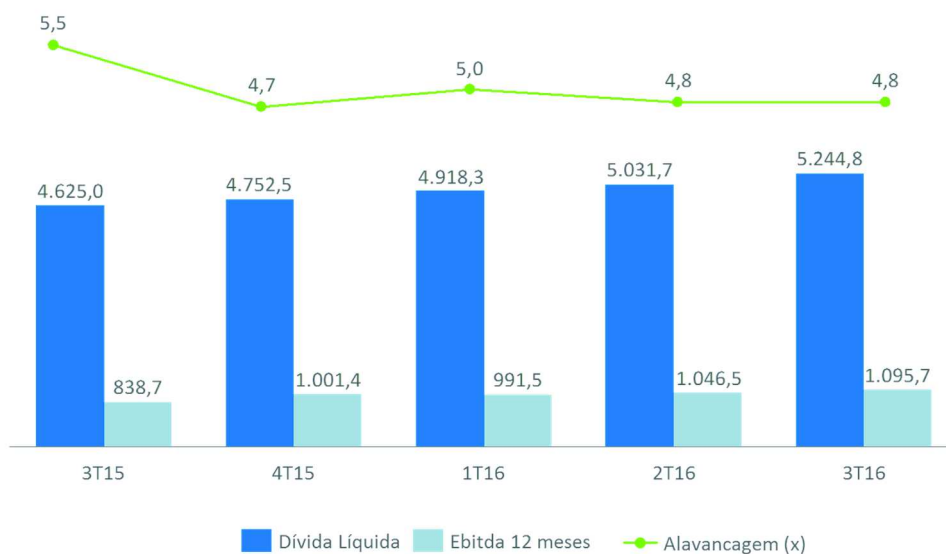
The main repayments over the last nine months are as follows:

- (i) R\$277.0 million related to the amortization of the 1st issuance of debentures of Turbina 16;
- (ii) R\$43.0 million related to the amortization of the 1st issuance of debentures of CPFL Renováveis;
- (iii) R\$19.8 million related to the amortization of the 1st issuance of debentures of SIIF;
- (iv) R\$8.8 million related to the amortization of the 1st issuance of debentures of Dobrevê;

- (v) R\$8.7 million related to the amortization of the 1st issuance of debentures of SHP Holding 2;
- (vi) R\$42,0 million related to the amortization of the 1st issuance of debentures of Campo dos Ventos; and
- (vii) R\$309.4 million related to the amortization of other loans.

The consolidated net indebtedness totaled R\$5,244.8 million in the 3Q16, an increase of 13.4% compared to the same period of 2015, mainly due to the new borrowings in the period.

Net debt/Ebitda (R\$ million)¹



¹ Cash balance considers the reserve account (restricted short-term investments) in the amount of R\$450.4 million in the 3Q16 (R\$345.5 million in the 3Q15).

$3T15 = 3Q15 / 4T15 = 4Q15 / 1T16 = 1Q16 / 2T16 = 2Q16 / 3T16 = 3Q16$

Dívida líquida = Net debt

Ebitda 12 meses = Ebitda 12 months

Alavancagem = Leverage

Report on Review of Quartely Information

To the Board of Directors and Shareholders of
CPFL Energias Renováveis S.A.
São Paulo - SP

Introduction

We have reviewed the accompanying individual and consolidated interim accounting information of CPFL Energias Renováveis. S.A. (the “Company”), contained in the Quarterly Information (ITR) for the quarter ended September 30, 2016, comprising the balance sheet as at September 30, 2016 and the respective statements of income and comprehensive income for the three and nine months periods then ended, and changes in shareholders’ equity and cash flows for the nine months period then ended, including the footnotes.

Management is responsible for the preparation of these individual and consolidated interim accounting information in accordance with Committee for Accounting Pronouncements CPC 21(R1) and IAS 34 - Interim Financial Reporting, as issued by the International Accounting Standards Board - IASB, such as for the presentation of these information in accordance with the standards issued by the Brazilian Securities Commission - CVM, applicable to the preparation of Quarterly Information Form (ITR). Our responsibility is to express a conclusion on these interim accounting information based on our review.

Review scope

We conducted our review in accordance with the Brazilian and International standards on reviews of interim financial information (NBC TR 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim information consists of making inquiries, primarily of persons responsible for the financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the audit standards and, consequently, does not enable us to obtain assurance that we had become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion on the interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the individual and consolidated interim financial information included in the quarterly information referred to above has not been prepared, in all material respects, in accordance with CPC 21(R1) and IAS 34, issued by IASB, applicable to the preparation of Quarterly Information - ITR, and presented in accordance with the standards issued by the Brazilian Securities Commission - CVM.

Others matters

Interim information of the value added

We have also reviewed the individual and consolidated statements of value added (DVA), related to the nine months period ended September 30, 2016, prepared under the responsibility of the Company's management, which presentation in the interim information is required in accordance with standards issued by the Brazilian Securities Commission – CVM applicable to the preparation of Quarterly Information - ITR, and is considered as a supplementary information under IFRS, which do not require the presentation of DVA. These statements were subject to the same review procedures described above, and based on our review, nothing has come to our attention that causes us to believe that it has not been prepared, in all material respects, in accordance with the individual and consolidated interim financial information taken as a whole.

Sao Paulo October 24, 2016

KPMG Auditores Independentes
CRC 2SP014428/O-6
(Original in Portuguese signed by)
José Luiz Ribeiro de Carvalho
Accountant CRC 1SP141128/O-2

(Convenience Translation into English from the Original Previously Issued in Portuguese)

CPFL ENERGIAS RENOVÁVEIS S.A. AND SUBSIDIARIES

BALANCE SHEETS AS AT SEPTEMBER 30, 2016 AND DECEMBER 31, 2015

(In thousands of Brazilian reais - R\$)

ASSETS	Note	Company		Consolidated		LIABILITIES AND EQUITY	Note	Company		Consolidated	
		09/30/2016	12/31/2015	09/30/2016	12/31/2015			09/30/2016	12/31/2015		
CURRENT ASSETS						CURRENT LIABILITIES					
Cash and cash equivalents	5	33,052	31,085	515,631	871,503	Trade payables	14	14,821	14,045	56,137	61,494
Short-term investments	6.1	-	-	52,700	23,190	Borrowings and financing	15	144,572	80,834	461,858	368,089
Securities	6.2	-	-	447	443	Debentures	16	109,305	66,061	374,070	485,952
Dividends receivable	11	80,889	77,728	-	-	Loans	10	1,020,367	573,079	-	-
Trade receivables	7	10,822	20,440	279,050	229,326	Dividends payable		-	-	6,104	5,588
Advances to suppliers		2	66	5,401	10,666	Payables from acquisitions	17	11,929	29,935	11,929	29,935
Recoverable taxes	8	3,802	6,285	71,872	75,461	Payroll and related taxes		11,285	6,492	11,285	6,492
Other receivables		12,111	6,693	44,632	85,830	Taxes		2,117	2,102	50,271	50,083
Total current assets		<u>140,678</u>	<u>142,297</u>	<u>969,733</u>	<u>1,296,419</u>	Advances from customers	18	35	106	213,595	136,533
NONCURRENT ASSETS						NONCURRENT LIABILITIES					
Escrow deposits	20	232	235	14,970	14,578	Provision for social and environmental costs	19	-	-	8,989	7,510
Restricted short-term investments	6	-	-	450,420	373,386	Other payables		8,314	11,076	74,564	23,189
Other receivables	9	-	-	82,606	79,520	Total current liabilities		<u>1,322,745</u>	<u>783,730</u>	<u>1,268,802</u>	<u>1,174,865</u>
Deferred taxes	25.2	-	-	548	1,422	NONCURRENT LIABILITIES					
Recoverable taxes	8	-	-	9,205	5,618	Trade payables	14	-	-	633	633
Loans	10	6,005	6,322	8,898	7,680	Borrowings and financing	15	789,505	712,078	3,848,370	3,517,507
Investments	11	6,894,359	6,470,023	-	-	Debentures	16	885,994	956,713	1,579,728	1,649,511
Property, plant and equipment	12	17,080	16,553	7,449,534	6,888,333	Advances from customers	18	94	120	6,392	7,999
Intangible assets	13	9,659	9,892	3,121,647	3,237,146	Provision for social and environmental costs and asset decommissioning	19	-	-	56,308	53,378
Total noncurrent assets		<u>6,927,335</u>	<u>6,503,025</u>	<u>11,137,828</u>	<u>10,607,683</u>	Provision for risks	20	2,798	2,525	57,508	50,326
						Deferred taxes	25.2	13,518	13,518	1,115,650	1,142,591
						Other payables		<u>575</u>	<u>575</u>	<u>3,496</u>	<u>3,495</u>
						Total noncurrent liabilities		<u>1,692,484</u>	<u>1,685,529</u>	<u>6,668,085</u>	<u>6,425,440</u>
						EQUITY					
						Paid-in capital	21	3,390,870	3,390,444	3,390,870	3,390,444
						Capital reserves		740,427	740,427	740,427	740,427
						Earnings reserves		1,305	1,305	1,305	1,305
						Valuation adjustments to equity		41,178	43,887	41,178	43,887
						Accumulated losses		(120,996)	-	(120,996)	-
						Equity attributable to controlling shareholders		4,052,784	4,176,063	4,052,784	4,176,063
						Noncontrolling interest		-	-	117,890	127,734
						Total equity		<u>4,052,784</u>	<u>4,176,063</u>	<u>4,170,674</u>	<u>4,303,797</u>
TOTAL ASSETS		<u>7,068,013</u>	<u>6,645,322</u>	<u>12,107,561</u>	<u>11,904,102</u>	TOTAL LIABILITIES AND EQUITY		<u>7,068,013</u>	<u>6,645,322</u>	<u>12,107,561</u>	<u>11,904,102</u>

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

(Convenience Translation into English from the Original Previously Issued in Portuguese)

CPFL ENERGIAS RENOVÁVEIS S.A. AND SUBSIDIARIES

STATEMENTS OF OPERATIONS

FOR THE THREE- AND NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2016 AND 2015

(In thousands of Brazilian reais - R\$, except loss per share)

	Note	Company				Consolidated			
		07/01/2016 to 09/30/2016	01/01/2016 to 09/30/2016	07/01/2015 to 09/30/2015	01/01/2015 to 09/30/2015	07/01/2016 to 09/30/2016	01/01/2016 to 09/30/2016	07/01/2015 to 09/30/2015	01/01/2015 to 09/30/2015
NET OPERATING REVENUE	22	6,799	11,784	5,566	60,921	505,813	1,144,731	401,895	1,061,929
COST OF POWER GENERATION	23	(5,790)	(11,318)	(4,260)	(59,112)	(231,387)	(623,133)	(187,334)	(622,599)
GROSS PROFIT		<u>1,009</u>	<u>466</u>	<u>1,306</u>	<u>1,809</u>	<u>274,426</u>	<u>521,598</u>	<u>214,561</u>	<u>439,330</u>
OPERATING (EXPENSES) INCOME									
General and administrative	23	(23,421)	(60,571)	(22,304)	(61,001)	(25,879)	(79,695)	(22,095)	(82,085)
Management compensation	10 e 23	(2,031)	(6,911)	(1,962)	(6,362)	(2,031)	(6,911)	(1,962)	(6,362)
Depreciation and amortization	12 e 23	(1,277)	(3,537)	(815)	(2,446)	(1,763)	(4,035)	(808)	(2,461)
Equity in subsidiaries	11	156,605	180,509	114,549	108,921	-	-	-	-
Amortization of operating right	13 e 23	-	-	-	-	(38,277)	(114,011)	(33,592)	(119,510)
Other operating income (expenses), net	23	(1)	(2)	1	1	-	-	3,228	3,228
Total		<u>129,875</u>	<u>109,488</u>	<u>89,469</u>	<u>39,113</u>	<u>(67,950)</u>	<u>(204,652)</u>	<u>(55,229)</u>	<u>(207,190)</u>
OPERATING INCOME (LOSS) BEFORE FINANCE INCOME (COSTS)		<u>130,884</u>	<u>109,954</u>	<u>90,775</u>	<u>40,922</u>	<u>206,476</u>	<u>316,946</u>	<u>159,332</u>	<u>232,140</u>
Finance income	24	1,993	7,622	6,941	12,197	33,486	98,738	39,557	99,046
Finance costs	24	(85,080)	(241,281)	(71,851)	(185,770)	(166,874)	(493,307)	(157,065)	(435,289)
PROFIT (LOSS) BEFORE INCOME TAX AND SOCIAL CONTRIBUTION		<u>47,797</u>	<u>(123,705)</u>	<u>25,865</u>	<u>(132,651)</u>	<u>73,088</u>	<u>(77,623)</u>	<u>41,824</u>	<u>(104,103)</u>
Current income tax and social contribution	25	-	-	-	-	(30,595)	(72,466)	(23,430)	(56,056)
Deferred income tax and social contribution	25	-	-	-	-	7,628	32,628	7,973	28,799
PROFIT (LOSS) FOR THE PERIOD		<u>47,797</u>	<u>(123,705)</u>	<u>25,865</u>	<u>(132,651)</u>	<u>50,121</u>	<u>(117,461)</u>	<u>26,367</u>	<u>(131,360)</u>
Attributable to the Company's owners		47,797	(123,705)	25,865	(132,651)	47,797	(123,705)	25,865	(132,651)
Attributable to noncontrolling interest		-	-	-	-	2,324	6,244	502	1,291
LOSS PER SHARE									
Basic (R\$ per share)	21.c	0.09	(0.25)	0.05	(0.26)	0.09	(0.25)	0.05	(0.26)
Diluted (R\$ per share)	21.c	0.07	(0.27)	0.02	(0.30)	0.07	(0.27)	0.02	(0.30)

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

(Convenience Translation into English from the Original Previously Issued in Portuguese)

CPFL ENERGIAS RENOVÁVEIS S.A. AND SUBSIDIARIES

STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

FOR THE THREE- AND NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2016 AND 2015

(In thousands of Brazilian reais - R\$)

	Company				Consolidated			
	07/01/2016 to 09/30/2016	01/01/2016 to 09/30/2016	07/01/2015 to 09/30/2015	01/01/2015 to 09/30/2015	07/01/2016 to 09/30/2016	01/01/2016 to 09/30/2016	07/01/2015 to 09/30/2015	01/01/2015 to 09/30/2015
PROFIT (LOSS) FOR THE PERIOD	47,797	(123,705)	25,865	(132,651)	50,121	(117,461)	26,367	(131,360)
Other comprehensive income (loss)	-	-	-	-	-	-	-	-
COMPREHENSIVE INCOME (LOSS)	<u>47,797</u>	<u>(123,705)</u>	<u>25,865</u>	<u>(132,651)</u>	<u>50,121</u>	<u>(117,461)</u>	<u>26,367</u>	<u>(131,360)</u>
Attributable to the Company's owners	47,797	(123,705)	25,865	(132,651)	47,797	(123,705)	25,865	(132,651)
Attributable to noncontrolling interest	-	-	-	-	2,324	6,244	502	1,291

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

(Convenience Translation into English from the Original Previously Issued in Portuguese)

CPFL ENERGIAS RENOVÁVEIS S.A. AND SUBSIDIARIES

STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2016 AND 2015

(In thousands of Brazilian reais - R\$)

	Paid-in capital	Capital reserve Share subscription premium	Earnings reserves Share- based payment	Valuation adjustments to equity	Accumulated losses	Equity attributable to the Company's owners	Noncontrolling interest	Total
BALANCES AS AT DECEMBER 31, 2014	3,390,444	878,903	1,292	47,501	(87,643)	4,230,497	124,817	4,355,314
Realization of reserve of valuation adjustment to equity	-	-	-	(2,710)	2,710	-	-	-
Share-based payment	-	-	13	-	-	13	-	13
Dividends distributed to noncontrolling interest	-	-	-	-	-	-	(937)	(937)
Loss for the period	-	-	-	-	(132,651)	(132,651)	1,291	(131,360)
BALANCES AS AT SEPTEMBER 30, 2015	<u>3,390,444</u>	<u>878,903</u>	<u>1,305</u>	<u>44,791</u>	<u>(217,584)</u>	<u>4,097,859</u>	<u>125,171</u>	<u>4,223,030</u>
BALANCES AS AT DECEMBER 31, 2015	3,390,444	740,427	1,305	43,887	-	4,176,063	127,734	4,303,797
Capital increase on August 4, 2016	426	-	-	-	-	426	-	426
Noncontrolling capital increase	-	-	-	-	-	-	41	41
Realization of reserve of valuation adjustment to equity	-	-	-	(2,709)	2,709	-	-	-
Dividends distributed to noncontrolling interest	-	-	-	-	-	-	(16,129)	(16,129)
Loss for the period	-	-	-	-	(123,705)	(123,705)	6,244	(117,461)
BALANCES AS AT SEPTEMBER 30, 2016	<u>3,390,870</u>	<u>740,427</u>	<u>1,305</u>	<u>41,178</u>	<u>(120,996)</u>	<u>4,052,784</u>	<u>117,890</u>	<u>4,170,674</u>

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

(Convenience Translation into English from the Original Previously Issued in Portuguese)

CPFL ENERGIAS RENOVÁVEIS S.A. AND SUBSIDIARIES

STATEMENTS OF VALUE ADDED

FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2016 AND 2015

(In thousands of Brazilian reais - R\$)

	Company		Consolidated	
	09/30/2016	09/30/2015	09/30/2016	09/30/2015
REVENUE				
Sale of power	12,959	67,335	1,201,846	1,127,895
Other revenues	26	139	11,445	5,921
Allowance for doubtful accounts	-	-	-	(529)
Revenue from construction	4,019	5,951	852,672	307,547
	<u>17,004</u>	<u>73,425</u>	<u>2,065,963</u>	<u>1,440,834</u>
INPUTS ACQUIRED FROM THIRD PARTIES (INCLUDING ICMS AND IPI)				
Cost of power purchase and transmission charges	(11,872)	(66,821)	(193,572)	(238,808)
Materials	(2,297)	(3,006)	(677,514)	(212,015)
Outside services	(17,126)	(18,109)	(240,896)	(196,906)
Other operating costs	(2,205)	(10,426)	(24,952)	(20,748)
	<u>(16,496)</u>	<u>(24,937)</u>	<u>929,029</u>	<u>772,357</u>
GROSS VALUE ADDED				
	(16,496)	(24,937)	929,029	772,357
Depreciation and amortization	(3,537)	(2,446)	(406,681)	(397,162)
	<u>(20,033)</u>	<u>(27,383)</u>	<u>522,348</u>	<u>375,195</u>
WEALTH CREATED BY THE COMPANY				
WEALTH RECEIVED IN TRANSFER				
Equity in subsidiaries	180,509	108,921	-	-
Finance income	7,984	12,197	135,974	112,284
	<u>168,460</u>	<u>93,735</u>	<u>658,322</u>	<u>487,479</u>
WEALTH FOR DISTRIBUTION				
WEALTH DISTRIBUTED				
Direct compensation	(168,460)	(93,735)	(658,322)	(487,479)
Benefits	(23,480)	(19,824)	(39,946)	(34,115)
FGTS	(9,337)	(7,495)	(9,363)	(7,522)
Employees	(3,763)	(3,223)	(3,975)	(3,227)
	<u>(36,580)</u>	<u>(30,542)</u>	<u>(53,284)</u>	<u>(44,864)</u>
Federal	(21,350)	(13,414)	(140,235)	(105,099)
State	-	-	-	(2,767)
Taxes	(21,350)	(13,414)	(140,235)	(107,866)
Interest	(231,685)	(179,673)	(562,991)	(448,094)
Rental/common area maintenance fees	(2,550)	(2,757)	(19,273)	(18,015)
Compensation to third parties	(234,235)	(182,430)	(582,264)	(466,109)
	<u>(123,705)</u>	<u>(132,651)</u>	<u>(117,461)</u>	<u>(131,360)</u>

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

(Convenience Translation into English from the Original Previously Issued in Portuguese)

CPFL ENERGIAS RENOVÁVEIS S.A. AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2016 AND 2015
(In thousands of Brazilian reais - R\$)

	Company		Consolidated	
	09/30/2016	09/30/2015	09/30/2016	09/30/2015
CASH FLOW FROM OPERATING ACTIVITIES				
Loss before taxation	(123,705)	(132,651)	(77,623)	(104,103)
Adjustments to reconcile loss before taxation to net cash provided by operating activities:				
Depreciation and amortization	3,537	2,362	406,681	397,162
Write-off of property, plant and equipment	188	356	289	2,755
Write-off of intangible assets	-	-	-	75
Allowance for doubtful accounts	-	-	-	529
Equity in subsidiaries	(180,509)	(108,921)	-	-
Provision for risks	154	6,133	7,513	6,045
Provision for losses	-	-	-	6,532
Adjustment to present value of provision for social and environmental costs and asset decommissioning	-	-	5,651	3,816
Accrued share-based program	-	13	-	13
Recognition of receivables - Baldin Bioenergia S.A.	-	-	-	(3,229)
Reversal of provision for write-off of investments	-	-	-	(3,350)
Inflation adjustments	6,895	24,679	61,630	35,194
Interest on loans	54,428	-	-	-
Adjustment to present value - Baldin Bioenergia S.A.	-	-	(4,896)	-
Financial charges on borrowings, financing and debentures	163,997	152,794	391,990	367,493
(Increase) decrease in operating assets:				
Trade receivables	9,618	6,450	(49,724)	35,158
Escrow deposits	12	-	411	-
Other receivables	(5,418)	(360)	43,008	10,597
Recoverable taxes	2,483	194	2	10,097
Advances to suppliers	64	(1)	5,265	(11,873)
Dividends	184,886	113,768	-	-
Increase (decrease) in operating liabilities:				
Trade payables	776	(13,182)	(12,233)	(42,637)
Advances from customers	(97)	164	75,455	60,346
Taxes	15	(1,389)	(15,449)	(24,997)
Payroll and related taxes	4,793	2,761	4,793	2,761
Payment of social and environmental costs	-	-	(1,242)	(130)
Payment of labor, tax and civil contingencies	(12)	(6,969)	(1,071)	(7,051)
Other payables	(2,762)	3,324	51,376	(10,485)
Cash provided by operating activities	119,343	49,525	891,826	730,718
Income tax and social contribution paid	-	-	(50,268)	(40,432)
Interest paid	(143,096)	(117,806)	(349,395)	(368,804)
Net cash provided by (used in) operating activities	(23,753)	(68,281)	492,163	321,482
CASH FLOW FROM INVESTING ACTIVITIES				
Capital increase in subsidiaries	-	(203,137)	-	-
Advances for future capital increase	(517,362)	-	-	-
Capital decrease in subsidiaries	85,488	-	-	-
Securities	-	-	(4)	(5)
Short-term investments	-	-	(29,510)	(12,400)
Restricted short-term investments	-	-	(77,034)	(97,378)
Purchase of property, plant and equipment	(2,232)	(2,640)	(800,432)	(279,083)
Escrow deposits	-	15	-	1,449
Acquisition of intangible assets	(1,787)	(3,311)	(1,796)	(3,379)
Loans	1,043	1,626	(119)	84
Net cash used in investing activities	(434,850)	(207,447)	(908,895)	(390,712)
CASH FLOW FROM FINANCING ACTIVITIES				
Financing - net of borrowing costs	188,000	293,535	803,479	767,076
Payment of financing	(101,964)	(110,133)	(708,721)	-
Payment of payables from acquisitions	(18,752)	(44,591)	(18,752)	(47,941)
Capital increase net of share issuance costs	426	-	467	-
Related-party debts	411,639	16,647	-	(611)
Payment of related-party debts	(18,779)	-	-	-
Dividends paid	-	-	(15,613)	(443,170)
Net cash provided by (used in) financing activities	460,570	155,458	60,860	275,354
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS, NET	1,967	(120,270)	(355,872)	206,124
CASH AND CASH EQUIVALENTS				
At the beginning of period	31,085	280,525	871,503	828,411
At the end of period	33,052	160,255	515,631	1,034,535
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS, NET	1,967	(120,270)	(355,872)	206,124

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

CPFL ENERGIAS RENOVÁVEIS S.A. AND SUBSIDIARIESNOTES TO THE INDIVIDUAL AND CONSOLIDATED
INTERIM FINANCIAL STATEMENTS
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2016
(In thousands of Brazilian reais - R\$)

1. GENERAL INFORMATION

CPFL Energias Renováveis S.A. (“CPFL Renováveis” or “Company”) is a publicly-held company, headquartered at Avenida Doutor Cardoso de Melo, 1184, in the city of São Paulo, State of São Paulo, and established to act as a holding company, which is mainly engaged in the following activities, as set forth in its bylaws:

- a) Holding investments in renewable power companies.
- b) Identifying and developing potential power generation resources and operating such resources.
- c) Selling electric power, which comprises the purchase and sale, import and export of electric power to other concessionaires, generators, distributors or consumers that have a free choice of supplier, and operations in the Electric Power Trade Chamber (CCEE).

Proposal for acquisition of the total ownership interest under the control block of CPFL Energia S.A.

On July 1, 2016, Camargo Corrêa S.A. (“CCSA”) received and accepted the proposal of State Grid International Development Limited (“State Grid”) for the acquisition of its total ownership interest under the control block of CPFL Energia S.A, representing 23% of capital.

The acquisition price is R\$25.00 per share of CPFL Energia, subject to the adjustments set forth in the transaction documents.

For the purposes and effects of the transaction, the price attributed by State Grid to the shares of CPFL Energias Renováveis S.A., held directly or indirectly by CPFL Energia, is R\$12.20 per share.

On September 2, 2016, CCSA entered into the acquisition agreement. As from this date, the other signatories of the CPFL Energia’s Shareholders’ Agreement (“Agreement”) had 30 days to exercise their preemptive right for the acquisition of the total shares or, otherwise, adhere to the transaction and dispose in conjunction with CCSA the total CPFL Energia’s shares under the Agreement, at the same price and conditions offered to CCSA by the purchaser.

On September 23, 2016 and September 28, 2016, the signatories: PREVI - Caixa de Previdência dos Funcionários do Banco do Brasil; Energia São Paulo Fundo de Investimento em Ações; Bonaire Participações S.A.; Fundação Cesp; Fundação Sistel de Seguridade Social; Fundação Petrobras de Seguridade Social - Petros and Fundação Sabesp de Seguridade Social – SABESP/REV confirmed the exercise of the sales right set forth in the Agreement in order to dispose in conjunction with CCSA the total ownership interest in CPFL Energia.

The Administrative Counsel of Economic Defense (CADE) approved the transaction on September 22, 2016. The transaction completion is subject to other suspensive conditions, including ANEEL's approval; therefore, as at September 30, 2016, this transaction did not impact the Company's shareholding structure.

Negative net working capital

As at September 30, 2016, the Company recorded in its individual and consolidated interim financial statements negative net working capital in the amount of R\$1,182,067 and R\$299,069, respectively, arising mainly from the loans entered into with its subsidiaries and advance to customers, arising from the seasonality of the wind farms, which have lower generation volumes in the first six-month period of each year. Such amounts will be settled against dividends receivable, 2016 dividends distributed by the subsidiaries and better wind performance in the fourth quarter of the year. Most direct and indirect subsidiaries were established or acquired for the special purposes of building and operating small hydroelectric plants ("PCHs"), biomass-fired thermal power plants, wind farms and solar power project, as described in Notes 1.1 to 1.4.

1.1. Small Hydroelectric Plants - PCHs

As at September 30, 2016, the Company and its subsidiaries had the following concessions and permits granted by ANEEL to operate hydroelectric power projects:

<u>PCHs</u>	<u>Status</u>	<u>Original resolution</u>	<u>Date</u>	<u>Term</u>	<u>Installed power capacity (MW)</u>
Alto Irani	1	Resolution 587	10/29/2002	30 years	21.0
Americana	1	Concession Agreement 015	11/19/1997	30 years	30.0
Andorinhas	1	Decision 1990	11/30/2005	Indefinite **	0.5
Arvoredo	1	Resolution 606	11/5/2002	30 years	13.0
Barra da Paciência	1	Resolution 348	12/17/1999	30 years	23.0
Buritis	1	Concession Agreement 014	11/19/1997	30 years	0.8
Capão Preto	1	Concession Agreement 015	11/19/1997	30 years	4.3
Chibarro	1	Concession Agreement 015	11/19/1997	30 years	2.6
Cocais Grande	1	Resolution 349	12/22/1999	30 years	10.0
Corrente Grande	1	Resolution 17	1/14/2000	30 years	14.0
Diamante	1	Ordinance 475	11/13/1997	30 years	4.2
Dourados	1	Concession Agreement 015	11/19/1997	30 years	10.8
Eloy Chaves	1	Concession Agreement 015	11/19/1997	30 years	18.8
Esmeril	1	Concession Agreement 015	11/19/1997	30 years	5.0
Figueiropolis	1	Resolution 198	5/4/2004	30 years	19.4
Gavião Peixoto	1	Concession Agreement 015	11/19/1997	30 years	4.8
Guaporé	1	Resolution 1987	11/30/2005	Indefinite **	0.7
Jaguari	1	Concession Agreement 015	11/19/1997	30 years	11.8
Lençóis	1	Concession Agreement 015	11/19/1997	30 years	1.7
Ludesa	1	Resolution 705	12/17/2002	30 years	30.0
Mata Velha	1	Resolution 262	5/16/2002	30 years	24.0
Monjolinho	1	Concession Agreement 014	11/19/1997	30 years	0.6
Ninho da Águia	1	Resolution 370	12/29/1999	30 years	10.0
Novo Horizonte	1	Resolution 652	11/26/2002	30 years	23.0
Paíol	1	Resolution 406	8/6/2002	30 years	20.0
Pinhal	1	Concession Agreement 015	11/19/1997	30 years	6.8
Pirapó	1	Decision 1989	11/30/2005	Indefinite **	0.8
Plano Alto	1	Resolution 607	11/7/2002	30 years	16.0
Saltinho	1	Decision 1988	11/30/2005	Indefinite **	0.8
Salto Góes	1	Resolution 2510	8/10/2010	30 years	20.0
Salto Grande	1	Concession Agreement 015	11/19/1997	30 years	4.6
Santa Luzia	1	Ordinance 352	12/20/2007	35 years	28.5
Santana	1	Concession Agreement 015	11/19/1997	30 years	4.3
São Gonçalo	1	Resolution 13	1/13/2000	30 years	11.0
São Joaquim	1	Concession Agreement 015	11/19/1997	30 years	8.1
Socorro	1	Concession Agreement 014	11/19/1997	30 years	1.0
Três Saltos	1	Concession Agreement 014	11/19/1997	30 years	0.6
Varginha	1	Resolution 355	12/22/1999	30 years	9.0
Várzea Alegre	1	Resolution 367	12/29/1999	30 years	7.5
Subtotal					423.0
Boa Vista II	2	Ordinance 502	11/6/2015	35 years	26.5
Aiuruoca	3	Resolution 357	12/22/1999	30 years	18.0
Cachoeira Grande	3	Resolution 540	10/14/2003	30 years	16.0
Cherobim	3	In progress *	-	-	25.5
Laranjinha	3	Resolution 440	2/6/2006	30 years	3.2
Penedo	3	In progress *	-	-	17.0
Santa Cruz	3	Resolution 718	12/17/2002	30 years	12.5
Tombo	3	In progress *	-	-	16.0
Subtotal					108.2
Total					557.7

* Authorization resolution to be obtained.

** Water resources equal to or below 1.0 MW are free from concession, permit or authorization, and should only be registered with ANEEL.

- (1) - Operation
(2) - Construction
(3) - Preparation

The authorization and concession terms are counted from the signature date of the concession agreements.

1.2. Wind power projects

As at September 30, 2016, the Company and its subsidiaries had the following authorizations granted by ANEEL to operate the wind power projects:

<u>Wind farm</u>	<u>Status</u>	<u>Original resolution</u>	<u>Date</u>	<u>Term</u>	<u>Installed power capacity (MW)</u>
Atlântica I	1	Ordinance 134	2/25/2011	35 years	30.0
Atlântica II	1	Ordinance 148	3/3/2011	35 years	30.0
Atlântica IV	1	Ordinance 147	3/3/2011	35 years	30.0
Atlântica V	1	Ordinance 168	3/21/2011	35 years	30.0
Bons Ventos	1	Resolution 093	3/7/2003	30 years	50.0
Campos dos Ventos I	1	Resolution 3967	3/26/2013	30 years	25.2
Campos dos Ventos II	1	Ordinance 257	4/18/2011	35 years	30.0
Campos dos Ventos III	1	Resolution 3968	3/26/2013	30 years	25.2
Campos dos Ventos V	1	Resolution 3969	3/27/2013	30 years	25.2
Canoa Quebrada	1	Resolution 680	12/10/2002	30 years	57.0
Conoa Quebrada (Rosa dos Ventos)	1	REA 329	6/18/2002	30 years	10.5
Costa Branca	1	Ordinance 585	10/11/2011	35 years	20.7
Enacel	1	Resolution 625	11/12/2002	30 years	31.5
Eurus I	1	PRT 264	4/19/2011	35 years	30.0
Eurus III	1	PRT 266	4/27/2011	35 years	30.0
Eurus VI	1	Ordinance 749	8/24/2010	35 years	8.0
Foz do Rio Choró	1	Resolution 306	6/4/2002	30 years	25.2
Icaraizinho	1	Resolution 454	8/27/2002	30 years	54.6
Juremas	1	Ordinance 556	9/27/2011	35 years	16.1
Lagoa do Mato	1	REA 340	6/25/2002	30 years	3.2
Macacos	1	Ordinance 557	9/27/2011	35 years	20.7
Morro dos Ventos I	1	PRT 664	7/27/2010	35 years	28.8
Morro dos Ventos II	1	PRT 373	6/12/2012	35 years	29.1
Morro dos Ventos III	1	PRT 685	8/4/2010	35 years	28.8
Morro dos Ventos IV	1	PRT 686	8/4/2010	35 years	28.8
Morro dos Ventos IX	1	PRT 665	7/27/2010	35 years	30.0
Morro dos Ventos VI	1	PRT 663	7/27/2010	35 years	28.8
Paracuru	1	Resolution 460	8/27/2002	30 years	25.2
Pedra Preta	1	Ordinance 564	10/11/2011	35 years	20.7
Praia Formosa	1	Resolution 307	6/4/2002	30 years	105.0
Santa Clara I	1	Ordinance 609	7/1/2010	35 years	30.0
Santa Clara II	1	Ordinance 683	8/4/2010	35 years	30.0
Santa Clara III	1	Ordinance 610	7/1/2010	35 years	30.0
Santa Clara IV	1	Ordinance 672	7/29/2010	35 years	30.0
Santa Clara V	1	Ordinance 838	10/8/2010	35 years	30.0
Santa Clara VI	1	Ordinance 670	7/29/2010	35 years	30.0
São Domingos	1	REA 5074	3/3/2015	30 years	25.2
Taiba Albatroz	1	Resolution 778	12/23/2002	30 years	16.5
Subtotal					1,130.0
Pedra Cheirosa	2	REA 387/2014	8/4/2014	35 years	26.0
Pedra Cheirosa II	2	REA 359/2014	7/23/2014	35 years	24.0
Santa Mônica	2	REA 4592	3/18/2014	30 years	29.4
Santa Úrsula	2	REA 4591	3/18/2014	30 years	27.3
Ventos de São Benedito	2	REA 4563	2/25/2014	30 years	29.4
Ventos de Santo Dimas	2	REA 4562	2/25/2014	30 years	29.4
Ventos de São Martinho	2	REA 4572	3/11/2014	30 years	14.7
Subtotal					180.2
Baixa Verde	3	In progress *	-	-	13.8
Cajueiro	3	In progress *	-	-	29.9
Costa das Dunas	3	In progress *	-	-	29.9
Curral Velho I	3	In progress *	-	-	26.0
Curral Velho II	3	In progress *	-	-	28.0
Curral Velho IV	3	In progress *	-	-	30.0
Farol de Touros	3	In progress *	-	-	23.0
Figueira Branca	3	In progress *	-	-	13.8
Iraúna I	3	In progress *	-	-	19.4
Iraúna II	3	In progress *	-	-	25.9
Iraúna IX	3	In progress *	-	-	25.9
Iraúna X	3	In progress *	-	-	29.2
Iraúna XI	3	In progress *	-	-	24.3
Iraúna XII	3	In progress *	-	-	21.1
Iraúna XIII	3	In progress *	-	-	19.4
Iraúna XIV	3	In progress *	-	-	29.2
Iraúna XV	3	In progress *	-	-	29.2
Iraúna XVI	3	In progress *	-	-	19.4
Iraúna XVII	3	In progress *	-	-	22.7
Pontal das Falésias I	3	In progress *	-	-	7.2
Pontal das Falésias II	3	In progress *	-	-	9.0
Pontal das Falésias III	3	In progress *	-	-	9.0
Pontal das Falésias IV	3	In progress *	-	-	12.6
Praia da Atalaia	3	In progress *	-	-	151.2
Ventos de Gameleira	3	In progress *	-	-	18.4
Subtotal					667.5
Total					1,977.7

* Authorization resolution to be obtained.

- (1) - Operation
(2) - Construction
(3) - Preparation

The authorization terms are counted from the signature date of the authorizations.

1.3. Biomass power projects

As at September 30, 2016, the Company and its subsidiaries had the following permits granted by ANEEL to operate the biomass power projects:

<u>Biomass project</u>	<u>Status</u>	<u>Original resolution</u>	<u>Date</u>	<u>Term</u>	<u>Installed power capacity (MW)</u>
Alvorada	1	Resolution 3714	29/10/2012	30 years	50,0
Baia Formosa	1	Resolution 259	14/05/2002	30 years	40,0
Baldin	1	Resolution 2106	22/09/2009	30 years	45,0
Buriti	1	Resolution 2643	07/12/2010	30 years	50,0
Coopcana	1	Resolution 3328	07/02/2012	30 years	50,0
Ipê	1	Resolution 2375	27/04/2010	30 years	25,0
Bio Ester	1	Resolution 117	20/05/1999	30 years	40,0
Pedra	1	Ordinance 129	24/02/2011	35 years	70,0
Total					<u>370,0</u>

(1) - Operation

The authorization terms are counted from the signature date of the authorizations.

1.4. Solar power projects

As at September 30, 2016, the Company and its subsidiaries had the following permit granted by ANEEL to operate the solar power project:

<u>Solar project</u>	<u>Status</u>	<u>Original resolution</u>	<u>Date</u>	<u>Term</u>	<u>Installed power capacity (MW)</u>
Solar 1	1	ANEEL Resolution 961/2012	10/29/2012	Indefinite *	1.1
Total					<u>1.1</u>

* Plant with reduced capacity, exempt from grant, should only be registered with ANEEL.

(1) - Operation

1.5. Seasonality

The operating revenue and generation costs of the PCHs, wind farms and biomass-fired thermal power plants are significantly impacted by the seasonality over the year, characterized as follows:

- Due to the lower average wind speed, the wind farms recorded lower generation volumes in the first and second quarters;

- The sugarcane crop in the Southeast region begins in April and ends in November. The production cycle of the sugarcane crop in the Northeast region is between August and March of the subsequent year;
- As the revenues from the wind farms and biomass-fired thermal power plants are recorded based on the effective generation, the revenues recorded in the first six-month period of the year are generally lower compared to the second six-month period of the year;
- The rainfall period benefits the generation of the PCHs in the Southeast/Mid-West regions in the first and fourth quarters, while in the South region the rainfall period benefits the power generation in the second and third quarters.

In addition, the revenue recognition is impacted by the physical guarantee of each plant, according to the seasonality, registered with the CCEE. The differences between generated power and physical guarantee are covered by the Energy Relocation Mechanism (MRE). The volume of generated power, above or below the physical guarantee, is stated at the Optimization Energy Tariff (TEO), which solely covers the plant's operation and maintenance costs. This additional revenue or expense will be monthly recorded for each generator. Finally, in the event the MRE's plants do not generate the sum of the physical guarantees, due to unfavorable rainfall conditions, all plants will apportion the difference stated at the Differences Settlement Price (PLD), defined as Generation Scaling Factor (GSF) – see Note 29. As at September 30, 2016, four plants were not under MRE: Paiol, Pirapó, Socorro and Três Saltos.

1.6. Shareholders' Agreement

Since August 24, 2011, the Company is governed by a Shareholders' Agreement.

In summary, the Company's Shareholders' Agreement addresses issues related to vote at General Shareholders' Meetings and Board of Directors' Meetings; shareholders' interests and their representatives in the Company's management bodies; preemptive right to the purchase of shares and certain other restrictions related to the transfer of shares and economic rights attached to the shares held; Company's management and preemptive right in capital increases.

Currently, the following shareholders are parties to the Shareholders' Agreement holding the respective interests in the voting capital: CPFL Geração de Energia S.A. (51.61%), Arrow – Fundo de Investimento em Participações (12.26%), Pátria Energia - Fundo de Investimento em Participações (4.19%), Secor - LLC (4.82%), Fundo de Investimento em Participações Multisetorial Plus (2.60%), GMR Energia S.A. (1.64%), Fundo de Investimento em Participações Brasil Energia (6.25%), Pátria Energia Renovável - Fundo de Investimento em Participações em Infraestrutura (0.74%) and Daniel Gallo (0.01%), totaling interests of 84.12%.

1.7. Business segment reporting

The Company presents its interim financial statements taking into consideration only one operating segment, the generation and sale of electric power generated and purchased under long-term contracts, which account for the Company's total revenue, since the type

of services and production processes, type of customers and services, distribution and sale methods, and other aspects, such as regulatory environment, are the same for the different types of power plants (biomass, solar, wind and hydroelectric). In addition, there is no separate control for the power plants. This is the method adopted by the Company's Board of Directors to assess the performance of the power plants and allocate the necessary proceeds.

2. PRESENTATION OF INTERIM FINANCIAL STATEMENTS

The interim financial statements were approved by the Executive Board on October 24, 2016.

2.1. Statement of compliance

The Company's individual and consolidated interim financial statements have been prepared in accordance with the Interim Financial Reporting – IAS 34, issued by the International Accounting Standards Board (IASB), and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and according to Technical Pronouncement CPC 21 (R1) – Interim Financial Reporting, in accordance with accounting practices adopted in Brazil.

The accounting practices adopted in Brazil comprise the pronouncements, interpretations and guidelines issued by the Accounting Pronouncements Committee (CPC), which were approved by the Brazilian Securities and Exchange Commission (CVM) and the Federal Accounting Council (CFC), including the supplementary standards issued by CVM.

2.2. Basis of preparation

The individual and consolidated interim financial statements have been prepared under the historical cost convention and adjusted to reflect the fair values of assets acquired in business combination and also certain financial instruments measured at their fair values when required by relevant standards. The historical cost is generally based on the fair value of the consideration paid in exchange for an asset.

2.3. Functional and reporting currency

The individual and consolidated interim financial statements are presented in Brazilian reais (R\$), which is the functional and reporting currency of the Company. All balances have been rounded to the nearest real amount, unless otherwise stated.

2.4. Statement of value added

The Company has prepared the individual and consolidated statements of value added, as prescribed by CPC 09 - Statement of Value Added, which are presented as an integral part of the interim financial statements in accordance with the CPCs applicable to publicly-held companies, while under the BRGAAP these statements represent additional disclosures.

2.5. Key estimates and critical accounting judgments

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

By definition, the resulting accounting estimates may differ from the respective actual results. Accordingly, the Company's management reviews the adopted estimates and assumptions on an ongoing basis. The adjustments arising from such reviews are recognized in the period estimates are reviewed and also prospectively applied.

The line items that require the adoption of assumptions and estimates that are subject to higher uncertainties and exposed to a risk that could result in a material adjustment if such assumptions and estimates are significantly changed are as follows:

- Allowance for doubtful accounts (Note 7)
- Recoverable taxes (Note 8)
- Property, plant and equipment (Note 12)
- Intangible assets (Note 13)
- Provision for social and environmental costs and asset decommissioning (Note 19)
- Provisions for risks (Note 20)
- Deferred income tax and social contribution (Note 25.2)
- Financial instruments (Note 26)

3. BASIS OF CONSOLIDATION AND INVESTMENTS IN SUBSIDIARIES

The interim financial statements include the statements of CPFL Renováveis and its subsidiaries, as follows:

Company	Consolidation method	Interest - %		Company	Consolidation method	Interest - %	
		Direct	Indirect			Direct	Indirect
Aiuruoca	Integral	-	100%	Mata Velha	Integral	-	100%
Alto Irani	Integral	100%	-	Mohini	Integral	-	100%
Arvoredo	Integral	-	100%	Morro do Vento	Integral	-	100%
Atlântica I	Integral	100%	-	Morro dos Ventos I	Integral	-	100%
Atlântica II	Integral	100%	-	Morro dos Ventos II	Integral	-	100%
Atlântica IV	Integral	100%	-	Morro dos Ventos III	Integral	-	100%
Atlântica V	Integral	100%	-	Morro dos Ventos IV	Integral	-	100%
Baixa Verde	Integral	95%	-	Morro dos Ventos IX	Integral	-	100%
Barra da Paciência	Integral	-	100%	Morro dos Ventos VI	Integral	-	100%
Bio Alvorada	Integral	100%	-	Navegantes	Integral	95%	-
Bio Buriti	Integral	100%	-	Ninho da Águia	Integral	-	100%
Bio Coopcana	Integral	100%	-	Novo Horizonte	Integral	-	100%
Bio Ester	Integral	100%	-	PaioI	Integral	-	100%
Bio Formosa	Integral	100%	-	PCH Holding	Integral	100%	-
Bio Ipê	Integral	100%	-	PCH Holding 2	Integral	100%	-
Bio Pedra	Integral	100%	-	PCH Participações	Integral	41%	59%
Bioenergia	Integral	100%	-	Pedra Cheirosa I	Integral	100%	-
Boa Vista 2	Integral	100%	-	Pedra Cheirosa II	Integral	100%	-
Bonanza	Integral	-	100%	Pedra Preta	Integral	-	95%
Bons Ventos	Integral	-	100%	Penedo	Integral	100%	-
BVP	Integral	-	100%	Plano Alto	Integral	100%	-
Cachoeira Grande	Integral	100%	-	Renascer	Integral	-	100%
Cajueiro	Integral	95%	-	Rio Claro	Integral	-	94%
Campos dos Ventos I	Integral	-	100%	Rosa dos Ventos	Integral	100%	-
Campos dos Ventos II	Integral	-	100%	Salto Góes	Integral	100%	-
Campos dos Ventos III	Integral	-	100%	Santa Clara I	Integral	100%	-
Campos dos Ventos IV	Integral	100%	-	Santa Clara II	Integral	100%	-
Campos dos Ventos V	Integral	-	100%	Santa Clara III	Integral	100%	-
Cherobim	Integral	-	89%	Santa Clara IV	Integral	100%	-
Chimay	Integral	-	100%	Santa Clara V	Integral	100%	-
Cocais Grande	Integral	-	100%	Santa Clara VI	Integral	100%	-
Corrente Grande	Integral	-	100%	Santa Cruz	Integral	100%	-
Costa Branca	Integral	-	95%	Santa Luzia	Integral	-	100%
Costa das Dunas	Integral	90%	-	Santa Mônica	Integral	-	100%
Curral Velho I	Integral	-	100%	Santa Ursula	Integral	-	100%
Curral Velho II	Integral	-	100%	São Benedito	Integral	-	100%
Curral Velho IV	Integral	-	100%	São Domingos	Integral	-	100%
DESA Comercializadora	Integral	-	100%	São Gonçalo	Integral	-	100%
DESA Eólicas	Integral	-	100%	SIIF Cinco	Integral	-	100%
DESA PCH 1 Holding	Integral	-	100%	SIIF Desenvolvimento	Integral	9%	91%
Distância	Integral	-	100%	SIIF Energies	Integral	100%	-
Dobrevê Energia	Integral	100%	-	Solar 1	Integral	100%	-
Eólica Formosa	Integral	-	100%	Sul Centrais Elétricas	Integral	-	100%
Eólica Holding	Integral	100%	-	T-15	Integral	100%	-
Eólica Icarazinho	Integral	-	100%	Tombo	Integral	100%	-
Eólica Paracuru	Integral	-	100%	Turbina 16	Integral	100%	-
DESA Eurus I	Integral	-	100%	Turbina 17	Integral	100%	-
DESA Eurus III	Integral	-	100%	Varginha	Integral	-	100%
Eurus V	Integral	100%	-	Varginha - DESA	Integral	-	94%
Eurus VI	Integral	100%	-	Varzea Alegre	Integral	-	100%
Farol de Touros	Integral	90%	-	Ventos de Santo Dimas	Integral	-	100%
Figueira Branca	Integral	100%	-	Ventos de São Martinho	Integral	-	100%
Figueirópolis	Integral	-	100%	WF Wind Holding V	Integral	-	100%
Gameleira	Integral	100%	-	WF Wind Holding VII	Integral	-	100%
Jayaditya	Integral	-	100%	WF Wind Holding VIII	Integral	-	100%
Juremas	Integral	-	95%	WF Wind Holding X	Integral	-	100%
Laranjinha	Integral	-	100%	WF Wind Holding XI	Integral	-	100%
Ludesa	Integral	-	60%	WF1 Holding	Integral	-	100%
Macacos	Integral	-	95%				

The main consolidation criteria are described below:

- a) Elimination of intercompany asset and liability balances between consolidated companies.
- b) Elimination of interest in capital, reserves and retained earnings of subsidiaries.
- c) Elimination of revenue and expense balances arising from intercompany transactions between consolidated companies.
- d) The amounts of noncontrolling interests in consolidated equity are R\$117,890 as at September 30, 2016 (R\$127,734 as at December 31, 2015).

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The interim financial statements of the Company and its subsidiaries were prepared based on the same accounting policies described in Notes 4.1 to 4.14 to the financial statements for the year ended December 31, 2015, published on March 17, 2016.

5. CASH AND CASH EQUIVALENTS

	Company		Consolidated	
	9/30/2016	12/31/2015	9/30/2016	12/31/2015
Current				
Cash and banks	603	149	47,009	58,723
Short-term investments:				
Bank certificates of deposit (a)	-	-	313	820
Investment funds (b)	32,449	30,936	467,807	378,267
Repurchase agreements in debentures (a)	-	-	503	433,693
Total cash and cash equivalents	33,052	31,085	515,631	871,503

- (a) Short-term investments refer mainly to Bank Certificates of Deposit (CDBs) and repurchase debentures, and yield interest at average rates equivalent to 100% of the Interbank Deposit Rate (CDI), on the balance sheet date.
- (b) Refer to amounts invested in the Exclusive Fund of CPFL Renováveis, which was established in September 2012 and comprise variable-income investments backed by the CDI mainly in CDBs, financial bills, federal government bonds, repurchase debentures of large financial institutions and low risk, highly liquid investment funds. This fund yields interest at an average rate equivalent to 98.90% of the CDI on the balance sheet date.

Cash equivalents are held for the purpose of meeting short-term cash commitments and consist of cash, demand deposits, and highly-liquid short-term investments subject to an immaterial risk of changes in value. Comprise financial instruments classified as loans and receivables (Note 26.1) and are carried at cost plus income earned through the end of the reporting period, which corresponds to the fair value of the financial instrument.

6. RESTRICTED SHORT-TERM INVESTMENTS AND SECURITIES

<u>Financial agent</u>	<u>Type of investment</u>	<u>Maturity</u>	<u>Index</u>	<u>Yield</u>	<u>Consolidated</u>	
					<u>9/30/2016</u>	<u>12/31/2015</u>
Banco do Brasil	Public fund	Indefinite	Sundry	92.18% *	5,374	7,729
Banco do Brasil	CDB	Sundry	DI	94.00% *	-	2,798
BNB	LFTs	Indefinite	Sundry	99.00% *	42,229	45,044
BNB	Public fund and CDB	Indefinite	Sundry	97.38% *	48,323	43,915
BNB	CDB	Aug-28	DI	99.00% *	4,786	4,341
Bradesco	(FIC) Federal	Indefinite	Sundry	98.62% *	38,063	38,169
Citibank	Fundo Citi Cash Blue	Indefinite	Sundry	100.12% *	7,476	-
Itaú	Sovereign fund	Indefinite	Sundry	98.26% *	302,104	225,034
Itaú	CDB/Repurchase agreement	Sundry	DI	93.33% *	2,065	2,557
Santander	Public fund	Indefinite	Sundry	97.61% *	-	3,799
					<u>450,420</u>	<u>373,386</u>

(*) Interest at an average DI rate.

Refer to reserve accounts set up at the subsidiaries, under the respective financing agreement, and must be maintained until the full payment of the collateral. As at September 30, 2016, the collateral was fully paid in.

The financial instruments relating to these reserve accounts are entered into solely to comply with legal and contractual requirements and are designated as loans and receivables and stated at amortized cost.

The reserve accounts provided in guarantee for the borrowings and financing are broken down below by financial institution:

<u>Financial institution</u>	<u>Consolidated</u>	
	<u>9/30/2016</u>	<u>12/31/2015</u>
BNDES	349,708	269,559
BNB	87,364	84,684
NIB	7,974	8,616
Banco do Brasil	5,374	10,527
Total	<u>450,420</u>	<u>373,386</u>

6.1. Short-term investments

<u>SPE</u>	<u>Financial agent</u>	<u>Type of investment</u>	<u>Maturity</u>	<u>Index</u>	<u>Yield</u>	<u>Consolidated</u>	
						<u>9/30/2016</u>	<u>12/31/2015</u>
Bons Ventos	BNB	Public fund	Indefinite	Sundry	99.94%	52,700	23,190
						<u>52,700</u>	<u>23,190</u>

Represent the amount invested in Fundo Aberto BNB FI Curto Prazo. The fund invests in federal government bonds and/or repurchase agreements backed by federal government bonds. This fund yields interest at an average rate equivalent to 99.94% of the CDI on the balance sheet date.

6.2. Securities

SPE	Financial agent	Type of investment	Maturity	Index	Yield	Consolidated	
						9/30/2016	12/31/2015
SIIF Energies	BNB	Capitalization bond	Indefinite	TR	100.00%	332	328
Bons Ventos	Sulamérica	Capitalization bond	Indefinite	TR	100.00%	10	10
Bons Ventos	Itaú	Capitalization bond	Indefinite	TR	100.00%	105	105
						<u>447</u>	<u>443</u>

Refer to capitalization certificates with maturities higher than 90 days, high liquidity, and subject to an immaterial risk of changes in value.

7. TRADE RECEIVABLES

	Company		Consolidated	
	9/30/2016	12/31/2015	9/30/2016	12/31/2015
Concessionaires and permittees	10,274	20,215	257,057	223,066
Operations under CCEE	548	225	22,020	6,287
Allowance for doubtful accounts	-	-	(27)	(27)
Total	<u>10,822</u>	<u>20,440</u>	<u>279,050</u>	<u>229,326</u>

Trade receivables, less allowance for doubtful accounts, are broken down as follows:

	Company		Consolidated	
	9/30/2016	12/31/2015	9/30/2016	12/31/2015
CCEAR*	-	-	63,405	35,082
CER**	-	-	64,467	25,944
Free market	10,822	20,440	67,825	53,709
Proinfra	-	-	83,380	114,618
Total	<u>10,822</u>	<u>20,440</u>	<u>279,077</u>	<u>229,353</u>

* Power Sale Agreement in the Regulated Environment

** Reserve Power Agreement

As at September 30, 2016, trade receivables, in the Consolidated, includes amounts payable by the following agents: (i) R\$83,380 (30% of total) by Centrais Eletricas Brasileiras S.A. - ELETROBRAS, (Proinfra); (ii) R\$41,881 (15% of total) by Electric Power Trade Chamber (CCEE) (R\$8,132 of CCEAR, R\$12,690 of Free Market and R\$21,059 of CER); (iii) R\$35,295 (13% of total) by CPFL Group (controlling shareholder); and (iv) R\$118,521 (42% of total) by other companies.

The average period for receiving the amounts concerning electric power sale invoices is 45 days from the invoicing date.

Aging list of trade receivables as at September 30, 2016:

Company		Consolidated	
	Total		Total
Overdue		Overdue*	
Up to 90 days	-	Up to 90 days	17,302
From 91 to 180 days	-	From 91 to 180 days	2,373
From 181 to 360 days	-	From 181 to 360 days	-
More than 360 days	-	More than 360 days	27
	-		19,702
Falling due		Falling due	
Up to 60 days	10,822	Up to 60 days	216,314
More than 60 days	-	More than 60 days	43,061
	10,822		259,375
Total	10,822		279,077
PCLD	-	PCLD	(27)
Total	10,822	Total	279,050

* As at September 30, 2016, the amount of R\$19,702 refers mainly to CCEAR debts relating to the transactions carried out in the context of this market. Such amounts are subject to bilateral negotiations and, in October 2016, the amount of R\$5,894 was received.

8. RECOVERABLE TAXES

	Company		Consolidated	
	9/30/2016	12/31/2015	9/30/2016	12/31/2015
Income tax and social contribution to offset	-	-	44,461	37,275
Withholding income tax (IRRF)	1,495	3,351	17,013	25,630
COFINS	1,840	2,371	9,404	13,589
PIS	439	537	2,085	2,972
Other	28	26	8,114	1,613
	3,802	6,285	81,077	81,079
Current assets	3,802	6,285	71,872	75,461
Noncurrent assets	-	-	9,205	5,618
Total	3,802	6,285	81,077	81,079

The line item "Income tax and social contribution to be offset" refers to advances in the year, tax credits arising from overstated payments and prior-year negative balance.

The balance of “Withholding income tax (IRRF)” refers to withholdings on short-term investments, does not rely on legal or administrative decisions to be realized and is offset against the payment of the related tax.

Balances of “PIS” and “COFINS” refer basically to credits from public bodies on power sales.

9. OTHER RECEIVABLES – NONCURRENT

	Consolidated	
	9/30/2016	12/31/2015
Receivables - consortia (a.i)	47,454	47,474
Allowance for loss of Baldin Bioenergia S.A. (a.i)	(13,838)	(13,838)
Adjustment to present value of Baldin Bioenergia S.A. (a.i)	(23,774)	(23,774)
Power pre-purchase agreements (a.ii)	29,518	29,393
Indemnity assets (b)	13,950	13,950
Prepaid expenses (c)	11,036	7,891
Receivables - consortia (d)	6,464	6,464
Prepaid expenses - ANEEL renegotiation (e)	5,581	6,853
Other receivables	6,215	5,107
Total	<u>82,606</u>	<u>79,520</u>

a) Baldin Bioenergia S.A.

The information on the consortium between Baldin Bioenergia S.A. (“Baldin”) and CPFL Bioenergia S.A (“CPFL Bioenergia”) and Baldin’s judicial recovery are disclosed in Note 9 (a) to the financial statements for the year ended December 31, 2015.

- (i) The net amount of R\$9,842 (R\$9,862 as at December 31, 2015) refers to the right of subsidiary CPFL Bioenergia S.A. to receive from Baldin Bioenergia S.A. the investments made to build the cogeneration, biomass-fired thermal power plant, net of allowance for losses. The allowance for losses is considered sufficient to cover the performance of this balance. For further information, see Note 9 to the financial statements for the year ended December 31, 2015.
- (ii) The amount of R\$29,528 refers to the power pre-purchase agreement, for which no allowance for losses was recorded, since the thermal generation power plant is operating normally. This balance is performed through monthly supply of bagasse by Baldin Group, used for power generation, and delivered to CPFL Bioenergia.

b) The amount of R\$13,950 refers to the indemnity arising from the fair value measurement of contingent liabilities identified in the business combination, according to conditions set out in the purchase and sale agreement of Jantus. The Company’s reimbursement is secured by the sellers of Jantus in connection with certain contingencies, if they are identified within the

contractual period. These amounts were recorded as a contra entry to provision for risks (Note 20).

c) Prepaid expenses

The amount of R\$11,036 refers to:

(i) R\$7,834 refers to the long-term prepayments to Eletrobras relating to the Company's subsidiaries under the PROINFA contracts, subject to the Special Incentive Regime for Infrastructure Development (REIDI), allocated to profit or loss as a reduction to revenues for the remaining period of these subsidiaries' power sale agreements. The short-term portion, in the amount of R\$752, is recorded in line item "Other receivables - current".

(ii) R\$3,202 refers to the recognition of power purchase reimbursement, arising from the non-compliance with the terms agreed by the wind power generator supplier, to be recorded in profit or loss in the next three years. The short-term portion, in the amount of R\$2,376, is recorded in line item "Other receivables - current".

d) The amount of R\$6,464 refers to the purchase of raw materials by subsidiary Bio Ester for power generation improvement. This amount is being negotiated with the consortium member for definition of the reimbursement date.

e) The amount of R\$5,581 refers to ANEEL renegotiation. The short-term portion, in the amount of R\$3,021, is recorded in line item "Other receivables - current" (Note 29). For further information, see Note 9 to the financial statements for the year ended December 31, 2015.

10. RELATED PARTIES

	Company					
	Asset		Liability		Profit or loss	
	9/30/2016	12/31/2015	9/30/2016	12/31/2015	9/30/2016	9/30/2015
Assets						
Current:						
Cash and cash equivalents (Note 5)						
Banco Bradesco	32,762	30,949	-	-	6,998	9,191
	<u>32,762</u>	<u>30,949</u>	<u>-</u>	<u>-</u>	<u>6,998</u>	<u>9,191</u>
Trade receivables (Note 7)						
Atlântica I	-	-	-	-	138	-
Atlântica II	-	-	-	-	150	-
Atlântica IV	-	-	-	-	159	-
Atlântica V	-	-	-	-	196	736
Barra da Paciência	-	-	-	-	-	180
Bio Alvorada	-	480	-	-	212	27,496
Bio Coopcana	-	8,702	-	-	135	15,241
Bio Formosa	656	39	-	-	848	399
Bio Pedra	-	-	-	-	-	3,804
Chimay	-	-	-	-	-	180
Corrente Grande	-	1,561	-	-	-	-
Costa Branca	-	-	-	-	113	285
CPFL Brasil	693	-	-	-	1,491	-
Eólica Icaraizinho	67	-	-	-	-	-
Jayaditya	-	-	-	-	-	27
Juremas	-	-	-	-	34	548
Lacenas	-	-	-	-	1,130	-
Macacos	-	-	-	-	51	1,419
Mata Velha	-	-	-	-	895	-
Mohini	-	-	-	-	-	180
Morro dos Ventos II	-	1,650	-	-	-	698
Ninho da Águia	-	-	-	-	-	1,735
PaioI	3,945	6,144	-	-	-	-
Pedra Preta	-	-	-	-	24	294
Salto Góes	-	-	-	-	8	-
Santa Luzia	-	-	-	-	35	-
Turbina 16	20	-	-	-	-	-
	<u>5,381</u>	<u>18,576</u>	<u>-</u>	<u>-</u>	<u>5,619</u>	<u>53,222</u>

	Company					
	Asset		Liability		Profit or loss	
	9/30/2016	12/31/2015	9/30/2016	12/31/2015	9/30/2016	9/30/2015
Due from related parties (a)						
Alto Irani	21	-	-	-	193	175
Arvoredo	21	-	-	-	168	150
Atlântica I	9	17	-	-	158	184
Atlântica II	9	17	-	-	158	176
Atlântica IV	9	17	-	-	158	222
Atlântica V	18	25	-	-	241	191
Barra da Paciência	21	-	-	-	193	175
Bio Energia	9	8	-	-	83	75
Boa Vista II	-	147	-	-	-	-
Bons Ventos	152	-	-	-	2,085	1,745
Campos dos Ventos I	130	-	-	-	2	32
Campos dos Ventos II	64	50	-	-	655	240
Campos dos Ventos III	690	316	-	-	2	-
Campos dos Ventos IV	-	-	-	-	-	32
Campos dos Ventos V	356	-	-	-	2	32
Chimay	79	-	-	-	667	599
Cocais Grande	18	-	-	-	192	225
Companhia Hidroelétrica Figueirópolis	112	-	-	-	-	-
Corrente Grande	21	-	-	-	168	150
Costa Branca	24	30	-	-	296	223
Dobrevê	76	138	-	-	150	136
Eólica Formosa	58	39	-	-	346	420
Eólica Icaraizinho	-	-	-	-	592	527
Eólica Paracuru	49	41	-	-	485	300
Eurus I	24	271	-	-	297	261
Eurus III	24	225	-	-	297	264
Eurus VI	43	30	-	-	460	250
Jayaditya	33	-	-	-	290	325
Juremas	24	30	-	-	296	314
Macacos	24	30	-	-	296	314
Mata Velha	5	1,363	-	-	-	-
Mohini	46	-	-	-	389	350
Morro dos Ventos I	452	153	-	-	299	294
Morro dos Ventos II	24	30	-	-	295	247
Morro dos Ventos III	570	271	-	-	299	294
Morro dos Ventos IV	642	343	-	-	299	292
Morro dos Ventos IX	570	271	-	-	299	326
Morro dos Ventos VI	299	30	-	-	299	260
Ninho da Águia	9	8	-	-	83	181
PaioI	30	-	-	-	251	225
Pedra Preta	24	30	-	-	296	314
Pedra Cheirosa I	-	124	-	-	-	-
Plano Alto	21	32	-	-	168	150
Rosa dos Ventos	-	-	-	-	389	437
Salto Góes	18	-	-	-	165	150
Santa Clara I	64	-	-	-	657	378
Santa Clara II	64	96	-	-	657	366
Santa Clara III	64	50	-	-	657	363
Santa Clara IV	64	96	-	-	657	331
Santa Clara V	64	50	-	-	657	331
Santa Clara VI	64	50	-	-	657	331
Santa Luzia	18	17	-	-	165	181
Santa Mônica	350	-	-	-	-	-
Santa Ursula	325	-	-	-	-	-
São Benedito	308	-	-	-	5	-
São Domingos	1,082	542	-	-	5	-
São Gonçalo	21	-	-	-	298	300
SIIF Cinco	-	-	-	-	398	476
Sul Centrais Elétricas	49	-	-	-	441	399
T-15	12	-	-	-	-	-
Varginha	18	17	-	-	165	150
Varzea Alegre	12	-	-	-	86	75
Ventos de Santo Dimas	303	-	-	-	-	-
Ventos de São Martinho	698	238	-	-	5	-
	8,408	5,242	-	-	17,971	14,938
Total	46,551	54,767	-	-	30,588	77,351

	Company					
	Asset		Liability		Profit or loss	
	9/30/2016	12/31/2015	9/30/2016	12/31/2015	9/30/2016	9/30/2015
Noncurrent:						
Loans						
Companhia Hidroelétrica Figueirópolis (b)	-	-	-	-	4	-
Sul Centrais (b)	-	1,093	-	-	5	185
Noncontrolling interest (c)	6,005	5,229	-	-	717	585
	6,005	6,322	-	-	726	770
Total	6,005	6,322	-	-	726	770

	Company					
	Asset		Liability		Profit or loss	
	9/30/2016	12/31/2015	9/30/2016	12/31/2015	9/30/2016	9/30/2015
Liabilities						
Current:						
Loans: (d)						
Alto Irani	-	-	63,917	4,829	(3,961)	(251)
Arvoredo	-	-	6,855	6,398	(458)	(381)
Barra da Paciência	-	-	2,772	3,551	(207)	(197)
Bio Buriti	-	-	22,907	17,800	(1,231)	(266)
Bio Formosa	-	-	-	1,618	(16)	(98)
Bio Ipê	-	-	15,642	13,712	(986)	(668)
Bio Pedra	-	-	43,219	28,212	(2,220)	(1,440)
Bons Ventos	-	-	62,941	58,740	(4,201)	-
Campos dos Ventos I	-	-	-	-	-	(103)
Campos dos Ventos III	-	-	-	-	-	(24)
Campos dos Ventos V	-	-	-	-	-	(122)
Chimay	-	-	53,006	31,218	(3,046)	(637)
Cocais Grande	-	-	5,088	4,749	(340)	(263)
Companhia Hidroelétrica Figueirópolis	-	-	60,786	-	(46)	-
Corrente Grande	-	-	-	306	(4)	(34)
Eólica Formosa	-	-	68,643	30,381	(3,018)	(1,529)
Eólica Icaraizinho	-	-	71,187	51,979	(4,135)	(2,583)
Eólica Paracuru	-	-	35,123	25,142	(2,012)	(1,364)
Eurus VI	-	-	10,784	8,411	(641)	(267)
Jayaditya	-	-	18,567	6,771	(891)	(135)
Mohini	-	-	53,260	26,829	(2,992)	(648)
Ninho da Águia	-	-	10,383	9,690	(693)	(555)
PaioI	-	-	1,943	2,149	(143)	(171)
PCH Holding	-	-	72,809	42,119	(3,963)	-
PCH Participações	-	-	10,927	10,198	(729)	-
Pedra Cheirosa I	-	-	10,352	9,661	(691)	(382)
Pedra Cheirosa II	-	-	10,737	10,020	(717)	(385)
Plano Alto	-	-	36,956	4,024	(2,297)	(211)
Rosa dos Ventos	-	-	7,329	3,854	(377)	(200)
Santa Clara I	-	-	19,003	10,828	(980)	(101)
Santa Clara II	-	-	31,580	23,659	(1,873)	(650)
Santa Clara III	-	-	29,310	21,963	(1,755)	(845)
Santa Clara IV	-	-	39,253	30,222	(2,330)	(1,138)
Santa Clara V	-	-	37,776	28,494	(2,241)	(1,042)
Santa Clara VI	-	-	40,707	31,901	(2,452)	(1,220)
Santa Mônica	-	-	1,045	1,438	(99)	(91)
Santa Ursula	-	-	889	829	(59)	(67)
São Benedito	-	-	-	995	(43)	(76)
São Domingos	-	-	-	-	-	(13)
São Gonçalo	-	-	4,601	4,294	(307)	(238)
SIIF Cinco	-	-	6,407	-	(160)	(199)
SIIF Energias	-	-	45,968	336	(1,616)	(19)
Sul Centrais Elétricas	-	-	3,077	-	(122)	-
Varginha	-	-	2,475	2,310	(163)	(141)
Varzea Alegre	-	-	2,143	2,000	(141)	(111)
Ventos de Santo Dimas	-	-	-	1,449	(72)	(102)
Ventos de São Martinho	-	-	-	-	-	(13)
	-	-	1,020,367	573,079	(54,428)	(18,980)

	Consolidated					
	Asset		Liability		Profit or loss	
	9/30/2016	12/31/2015	9/30/2016	12/31/2015	9/30/2016	9/30/2015
Noncurrent:						
Restricted short-term investments (Note 6)						
Banco Bradesco	38,061	38,171	-	-	3,693	4,851
	<u>38,061</u>	<u>38,171</u>	<u>-</u>	<u>-</u>	<u>3,693</u>	<u>4,851</u>
Loans						
Noncontrolling interest (c)	8,898	7,680	-	-	1,099	965
	<u>8,898</u>	<u>7,680</u>	<u>-</u>	<u>-</u>	<u>1,099</u>	<u>965</u>
Total	<u>46,959</u>	<u>45,851</u>	<u>-</u>	<u>-</u>	<u>4,792</u>	<u>5,816</u>
	Consolidated					
	Asset		Liability		Profit or loss	
	9/30/2016	12/31/2015	9/30/2016	12/31/2015	9/30/2016	9/30/2015
Liability						
Current:						
Trade payables: (Note 14)						
Authi	-	-	62	-	(2,118)	-
CPFL Brasil	-	-	309	722	(45,896)	(4,275)
CPFL Paulista	-	-	325	388	(3,979)	(3,384)
CPFL Serviços	-	-	496	2,546	(4,930)	-
CPFL Transmissão Piracicaba	-	-	-	-	(9)	(2)
Nect	-	-	-	608	337	(1,014)
RGE Rio Grande Energia	-	-	6	6	(58)	(38)
	<u>-</u>	<u>-</u>	<u>1,198</u>	<u>4,270</u>	<u>(56,653)</u>	<u>(8,713)</u>
Other payables:						
CPFL Brasil	-	-	62,937	7,273	-	-
CPFL Paulista	-	-	524	158	-	-
CPFL Piratininga	-	-	2,046	1,343	-	-
Cia de Luz e Força Santa Cruz	-	-	195	131	-	-
Cia Leste Paulista Energia	-	-	4	-	-	-
Cia Sul Paulista Energia	-	-	7	-	-	-
Cia Jaguari de Energia	-	-	10	-	-	-
Cia Luz e Força de Mococa	-	-	1	-	-	-
RGE Rio Grande Energia	-	-	63	-	-	-
	<u>-</u>	<u>-</u>	<u>65,787</u>	<u>8,905</u>	<u>-</u>	<u>-</u>
Debentures: (Note 16)						
Dobrevê	-	-	19,221	18,362	(3,509)	(2,195)
	<u>-</u>	<u>-</u>	<u>19,221</u>	<u>18,362</u>	<u>(3,509)</u>	<u>(2,195)</u>
Total	<u>-</u>	<u>-</u>	<u>86,206</u>	<u>31,537</u>	<u>(60,162)</u>	<u>(10,908)</u>
Noncurrent:						
Debentures: (Note 16)						
Dobrevê	-	-	8,750	17,500	-	-
	<u>-</u>	<u>-</u>	<u>8,750</u>	<u>17,500</u>	<u>-</u>	<u>-</u>
Total	<u>-</u>	<u>-</u>	<u>8,750</u>	<u>17,500</u>	<u>-</u>	<u>-</u>
Equity						
Share-based payment (Executive Board)	-	-	1,305	1,305	-	(13)
Total	<u>-</u>	<u>-</u>	<u>1,305</u>	<u>1,305</u>	<u>-</u>	<u>(13)</u>

- (a) Intragroup receivables: refer to labor and profit sharing capitalization, bank guarantee expenses and apportionments of operating and maintenance expenses recorded in “Other receivables” in current assets. Part of the staff of CPFL Renováveis was allocated to plant operation and maintenance and the related costs are collected from subsidiaries under cost sharing agreements.
- (b) Loan between CPFL Renováveis and indirect subsidiary CPFL Sul Centrais, with interest rate of 8% p.a. for advanced settlement of a borrowing from BNDES. In January 2016, the agreement was fully settled.
- (c) The Company and a noncontrolling shareholder entered into loan agreement, aiming at extending financing, so that the noncontrolling shareholder was able to pay in its portion of subscribed capital in the SPEs (due to capital increases made by CPFL Renováveis), preventing the dilution of its

ownership interest. Agreements were executed in 2012 and renewed each year through 2014. The new agreement executed in 2015 established that the settlement will be made on the date the profit is distributed to the shareholders by the SPE, yielding interest of 8% p.a. plus inflation adjustment based on the IGP-M.

- (d) Loan with CPFL Renováveis, yielding interest of TJLP+2% per year for working capital purposes, falling due through April 2024.
- (e) Refers to the O&M apportionment amount in 2015 advanced by the SPE.

In the nine-month period ended September 30, 2016, the assigned and obtained loans are broken down as follows:

	<u>Company</u>				
	<u>12/31/2015</u>	<u>Additions</u>	<u>Interest</u>	<u>Payment</u>	<u>9/30/2016</u>
Loans receivable	6,322	69	712	(1,098)	6,005
Subsidiary's loan	573,079	411,639	54,428	(18,779)	1,020,367

10.1. Subsidiaries' financial information

As set out in item "b" of item 37 of CPC 18, the summarized financial information on subsidiaries is broken down below:

10.2. Key management personnel

The key management personnel compensation for the nine-month period ended September 30, 2016 totaled R\$6,911 (R\$6,362 as at September 30, 2015), as follows:

	Consolidated	
	9/30/2016	9/30/2015
Short-term employee benefits		
Wages and fees	3,362	3,411
Related taxes and benefits	1,371	1,423
Variable compensation:		
Share-based payment	-	13
Profit sharing	1,720	1,388
Other	458	127
Total	6,911	6,362

The Shareholders' Meeting, held on April 28, 2016, approved the Company's annual compensation, in the amount of R\$13,087, for the year ended 2016.

The Company and its subsidiaries do not have any other postemployment obligations and do not grant any other long-term benefits, such as length-of-service leave allowance or other seniority benefits. The Company and its subsidiaries do not grant either any severance benefits to senior management members other than those prescribed by the labor law prevailing in Brazil.

11. INVESTMENTS

	Company	
	9/30/2016	12/31/2015
Permanent ownership interests under the equity method of accounting:		
At the subsidiaries' equity	4,824,649	4,692,492
Advances for future capital increase	524,048	178,955
Operation right of generation activity – authorization, gross of taxes	1,545,662	1,598,576
Total investment	6,894,359	6,470,023
	Company	
	9/30/2016	9/30/2015
Composition of equity in subsidiaries:		
Equity in subsidiaries	234,446	172,293
Amortization of interest capitalization	(1,023)	(1,023)
Amortization of authorization right (i)	(81,169)	(93,610)
Deferred taxes (i)	28,255	31,261
Total	180,509	108,921

(i) R\$52,914, net (Note 11) – Operation right, net of deferred taxes

Equity interests held in direct and indirect subsidiaries:

Direct subsidiaries	Number of shares (thousand)	Interest in capital - %	Equity	Profit/loss for the period	Interest in equity		Equity in subsidiaries	
					09/30/2016	31/12/2015	09/30/2016	09/30/2015
Alto Irani	1,031	100%	48,998	9,534	48,998	42,707	9,534	9,137
Atlântica I	431,208	100%	55,768	3,663	55,768	52,105	3,663	3,640
Atlântica II	427,553	100%	54,581	2,934	54,581	51,647	2,934	3,207
Atlântica IV	437,619	100%	66,843	2,888	66,843	63,955	2,888	3,371
Atlântica V	505,922	100%	72,574	1,314	72,574	71,260	1,314	2,468
Baixa Verde	51	95%	142	(67)	135	199	(64)	(32)
Bio Alvorada	72,780	100%	120,012	2,498	120,012	120,014	2,498	1,793
Bio Buriti	13,536,704	100%	140,234	3,473	140,234	137,266	3,473	1,317
Bio Coopcana	60,426	100%	84,926	1,930	84,926	82,996	1,930	585
Bio Energia	45,007	100%	36,786	4,734	36,786	30,450	4,734	(401)
Bio Ester	43,506	100%	81,036	6,899	81,036	74,351	6,899	5,628
Bio Formosa	126,910	100%	78,912	(8,297)	78,912	87,231	(8,297)	(2,592)
Bio Ipe	26,241	100%	31,975	6,643	31,975	32,321	6,643	5,857
Bio Pedra	204,972	100%	238,823	26,074	238,823	234,511	26,074	(13,352)
Boa Vista 2	3,907	100%	21,365	351	21,365	17,475	351	107
Cachoeira Grande	6,632	100%	6,637	6	6,637	6,637	6	4
Cajueiro	45	95%	478	(14)	454	467	(13)	(8)
Campos dos Ventos I	-	0%	69,752	(3,129)	-	-	-	140
Campos dos Ventos III	-	0%	113,202	(2,542)	-	-	-	110
Campos dos Ventos IV	64	100%	27	(9)	27	29	(9)	(37)
Campos dos Ventos V	-	0%	66,932	(3,079)	-	-	-	43
Costa das Dunas	54	90%	724	(107)	652	748	(96)	16
Dobrevê Energia	12,024,187	100%	837,268	15,353	837,268	846,591	15,353	14,698
Eólica Holding	74,390	100%	150,847	9,594	150,847	140,571	9,594	15,519
Eurus V	57	100%	38	(3)	38	41	(3)	(21)
Eurus VI	36,495	100%	37,147	323	37,147	37,573	323	914
Farol de Touros	49	90%	212	(122)	191	301	(110)	-
Figueira Branca	94	100%	51	(91)	51	142	(91)	(10)
Gameleira	855	100%	992	(105)	992	1,097	(105)	9
Navegantes	302	95%	40	(22)	38	59	(21)	(29)
PCH Holding	436,180	100%	453,985	32,597	453,985	450,366	32,597	3,551
PCH Holding 2	4,979	100%	20,716	(8,129)	20,716	28,845	(8,129)	(18,051)
PCH Participações	26,801	41%	690,463	31,259	283,090	282,160	12,816	9,554
Pedra Cheirosa I	11,423	100%	42,134	232	42,134	22,861	232	844
Pedra Cheirosa II	10,466	100%	38,782	320	38,782	20,979	320	792
Penedo	2,010	100%	1,817	-	1,817	1,817	-	(1)
Plano Alto	921	100%	25,318	6,705	25,318	21,379	6,705	6,098
Rosa dos Ventos	40,040	100%	30,922	7,214	30,922	33,743	7,214	5,958
Salto Góes	74,919	100%	63,188	4,995	63,188	96,315	4,995	1,841
Santa Clara I	139,189	100%	148,194	7,319	148,194	148,000	7,319	5,738
Santa Clara II	136,697	100%	134,960	7,513	134,960	135,052	7,513	5,975
Santa Clara III	136,697	100%	136,107	9,224	136,107	135,484	9,224	6,005
Santa Clara IV	136,697	100%	138,649	5,146	138,649	139,204	5,146	5,804
Santa Clara V	136,697	100%	139,554	7,011	139,554	139,193	7,011	5,706
Santa Clara VI	136,697	100%	137,555	3,541	137,555	138,345	3,541	4,870
Santa Cruz	6,203	100%	6,146	7	6,146	5,819	7	1
Santa Mônica	-	0%	73,972	(6,506)	-	-	-	134
Santa Ursula	-	0%	61,654	(6,101)	-	-	-	65
São Benedito	-	0%	86,565	(3,514)	-	-	-	108
São Domingos	-	0%	115,277	(4,976)	-	-	-	172
SIIF Desenvolvimento	173	9%	1,489	(48)	136	48	(4)	(4)
SIIF Energies	327,895	100%	276,175	47,095	276,175	259,910	47,095	50,872
Solar	14	100%	2,513	(405)	2,513	2,918	(405)	83
T-15	7,041,140	100%	495,259	43,219	495,259	373,799	43,219	23,350
Tombo	1,239	100%	937	-	937	937	-	-
Turbina 16	228,122	100%	81,193	(41,368)	81,193	122,561	(41,368)	525
Turbina 17	27	100%	9	(4)	9	13	(4)	(3)
Ventos de Santo Dimas	-	0%	76,390	(6,948)	-	-	-	127
Ventos de São Martinho	-	0%	72,006	(4,020)	-	-	-	98
Total					4,824,649	4,692,492	234,446	172,293

Indirect subsidiaries	Number of shares (thousand)	Interest in capital - %	Equity	Profit/loss for the period	Interest in equity		Equity in subsidiaries	
					09/30/2016	31/12/2015	09/30/2016	09/30/2015
Aiuuoca	21,303	100%	14,903	(414)	14,903	15,317	(414)	(8)
Arvoredo	45,995	100%	57,492	3,747	57,492	58,467	3,747	227
Barra da Paciência	31,264	100%	58,030	9,205	58,030	57,871	9,205	4,099
Bonanza	2,032	100%	2,147	-	2,147	2,147	-	-
Bons Ventos	260,787	100%	334,725	45,114	334,725	326,027	45,114	38,129
BVP	311,106	100%	361,562	43,298	361,562	358,971	43,298	35,816
Campos dos Ventos I	26,764	100%	69,752	(3,129)	69,752	72,881	(3,129)	5
Campos dos Ventos II	41,947	100%	47,364	(697)	47,364	48,060	(697)	2,081
Campos dos Ventos III	66,557	100%	113,202	(2,542)	113,202	73,348	(2,542)	307
Campos dos Ventos V	62,483	100%	66,932	(3,079)	66,932	12,547	(3,079)	61
Cherobim	1,010	89%	1,566	-	1,394	1,394	-	-
Chinay	85,538	100%	144,583	19,081	144,583	125,502	19,081	15,775
Cocais Grande	15,377	100%	25,654	2,167	25,654	25,813	2,167	587
Comercializadora de Energia	100	100%	13	-	13	13	-	(7)
Companhia Energética Novo Horizonte	96,536	100%	99,446	816	99,446	96,100	816	6,195
Companhia Hidroelétrica Figueirópolis	34,559	100%	110,946	10,636	110,946	100,772	10,636	2,903
Corrente Grande	27,521	100%	47,537	2,651	47,537	44,886	2,651	(458)
Costa Branca	19,876	95%	33,403	2,293	31,733	28,915	2,178	2,742
Curral Velho I	164	100%	4	(4)	4	(188)	(4)	-
Curral Velho II	219	100%	11	(3)	11	-	(3)	-
Curral Velho IV	164	100%	12	(4)	12	(100)	(4)	-
Distância	2,522	100%	2,539	-	2,539	2,539	-	-
Eólica Formosa	92,900	100%	118,632	10,066	118,632	130,152	10,066	12,895
Eólica Icarazinho	57,930	100%	99,684	17,887	99,684	100,820	17,887	17,009
Eólica Paracuru	22,230	100%	38,448	13,796	38,448	41,094	13,796	11,303
Eólicas	255,648	100%	365,346	13,321	365,346	343,454	13,321	11,002
Eurus I	30,835	100%	35,583	(1,055)	35,583	39,818	(1,055)	5
Eurus III	22,184	100%	30,090	1,704	30,090	31,792	1,704	1,991
Jayaditya	1,795	100%	35,887	9,026	35,887	23,990	9,026	4,283
Juremas	16,363	95%	20,817	2,164	19,776	17,757	2,056	2,463
Laranjinha	1,017	100%	737	-	737	737	-	(9)
Ludesa	68,540	60%	113,181	21,650	67,909	52,727	12,990	4,836
Macacos	19,602	95%	24,999	2,170	23,749	21,597	2,062	3,587
Mata Velha	10,322	100%	114,996	(1,326)	114,996	27,624	(1,326)	(666)
Mohini	59,933	100%	96,133	20,292	96,133	75,840	20,292	11,765
Morro do Vento	1,200	100%	782	-	782	782	-	-
Morro dos Ventos I	42,635	100%	35,854	1,583	35,854	40,468	1,583	1,943
Morro dos Ventos II	3,916	100%	47,407	(1,516)	47,407	49,327	(1,516)	(522)
Morro dos Ventos III	36,703	100%	31,321	3,795	31,321	34,046	3,795	855
Morro dos Ventos IV	41,433	100%	30,692	1,097	30,692	35,939	1,097	639
Morro dos Ventos IX	45,666	100%	33,440	(648)	33,440	40,013	(648)	(392)
Morro dos Ventos VI	62,312	100%	38,997	(3,016)	38,997	47,332	(3,016)	606
Ninho da Águia	33,897	100%	44,703	4,135	44,703	42,887	4,135	(1,118)
Paioi	27,428	100%	32,216	2,736	32,216	29,479	2,736	(1,068)
PCH Participações	38,562	59%	690,463	31,259	407,373	406,019	18,443	13,748
Pedra Preta	19,090	95%	27,316	3,987	25,950	22,362	3,788	4,437
Renascer Centrais Elétricas	27,416	100%	584	-	584	584	-	(1)
Rio Claro	371	94%	11	-	10	10	-	-
Santa Luzia	89,288	100%	127,433	9,776	127,433	123,761	9,776	3,645
Santa Mônica	78,602	100%	73,972	(6,506)	73,972	80,478	(6,506)	24
Santa Ursula	66,007	100%	61,654	(6,101)	61,654	13,401	(6,101)	23
São Benedito	87,757	100%	86,565	(3,514)	86,565	13,778	(3,514)	13
São Domingos	69,249	100%	115,277	(4,976)	115,277	71,637	(4,976)	189
São Gonçalo	28,734	100%	37,089	3,840	37,089	37,391	3,840	2,085
SIIF Cinco	24,030	100%	25,028	(345)	25,028	33,307	(345)	6,164
SIIF Desenvolvimento	1,720	91%	1,489	(48)	1,353	473	(44)	(35)
Sul Centrais Elétricas	14,183	100%	19,516	2,572	19,516	16,944	2,572	671
Varginha	20,692	100%	32,515	2,173	32,515	30,433	2,173	(811)
Varginha - DESA	1	94%	11	-	10	10	-	-
Varzea Alegre	24,644	100%	31,222	1,326	31,222	30,055	1,326	(550)
Ventos de Santo Dimas	81,058	100%	76,390	(6,948)	76,390	83,337	(6,948)	22
Ventos de São Martinho	41,206	100%	72,006	(4,020)	72,006	42,529	(4,020)	134
WF 1 Holding	9,903	100%	425	(3)	425	434	(3)	(3)
WF Wind Holding V	1,504	100%	178	7	178	172	7	11
WF Wind Holding VII	1,327	100%	155	7	155	149	7	9
WF Wind Holding VIII	1,504	100%	144	-	144	144	-	9

Changes in the investments in the nine-month period ended September 30, 2016 - Company:

	Balance as at 12/31/2015	Capital increase	Capital decrease	Amortization of interest capitalization	Equity in subsidiaries	Dividends	Balance as at 09/30/2016
Alto Irani	42,707	-	-	-	9,534	(3,243)	48,998
Atlântica I	52,105	-	-	-	3,663	-	55,768
Atlântica II	51,647	-	-	-	2,934	-	54,581
Atlântica IV	63,955	-	-	-	2,888	-	66,843
Atlântica V	71,260	-	-	-	1,314	-	72,574
Baixa Verde	199	-	-	-	(64)	-	135
Bio Alvorada	120,014	-	(2,500)	-	2,498	-	120,012
Bio Buriti	137,266	-	-	-	3,473	(505)	140,234
Bio Coopcana	82,996	-	-	-	1,930	-	84,926
Bio Energia	30,450	1,602	-	-	4,734	-	36,786
Lacenas	74,351	-	-	-	6,899	(214)	81,036
Bio Formosa	87,231	77	(99)	-	(8,297)	-	78,912
Bio Ipe	32,321	-	-	(45)	6,643	(6,944)	31,975
Bio Pedra	234,511	27,164	(15,100)	(186)	26,074	(33,640)	238,823
Boa Vista 2	17,475	3,539	-	-	351	-	21,365
Cachoeira Grande	6,637	-	-	-	6	(6)	6,637
Cajueiro	467	-	-	-	(13)	-	454
Campos dos Ventos IV	29	7	-	-	(9)	-	27
Costa das Dunas	748	-	-	-	(96)	-	652
Dobrevê Energia	846,591	17,792	(21,565)	-	15,353	(20,903)	837,268
Eólica Holding	140,571	833	-	-	9,594	(151)	150,847
Eurus V	41	-	-	-	(3)	-	38
Eurus VI	37,573	-	-	(17)	323	(732)	37,147
Farol de Touros	301	-	-	-	(110)	-	191
Figueira Branca	142	-	-	-	(91)	-	51
Gameleira	1,097	-	-	-	(105)	-	992
Navegantes	59	-	-	-	(21)	-	38
PCH Holding	450,366	-	-	-	32,597	(28,978)	453,985
PCH Holding 2	28,845	-	-	-	(8,129)	-	20,716
PCH Participações	282,160	-	(12)	-	12,816	(11,874)	283,090
Pedra Cheirosa I	22,861	22,413	(3,372)	-	232	-	42,134
Pedra Cheirosa II	20,979	20,185	(2,702)	-	320	-	38,782
Penedo	1,817	-	-	-	-	-	1,817
Plano Alto	21,379	-	(2,600)	-	6,705	(166)	25,318
Rosa dos Ventos	33,743	-	-	-	7,214	(10,035)	30,922
Salto Góes	96,315	-	(37,538)	-	4,995	(584)	63,188
Santa Clara I	148,000	-	-	(179)	7,319	(6,946)	148,194
Santa Clara II	135,052	-	-	(161)	7,513	(7,444)	134,960
Santa Clara III	135,484	-	-	(139)	9,224	(8,462)	136,107
Santa Clara IV	139,204	-	-	(110)	5,146	(5,591)	138,649
Santa Clara V	139,193	-	-	(103)	7,011	(6,547)	139,554
Santa Clara VI	138,345	-	-	(83)	3,541	(4,248)	137,555
Santa Cruz	5,819	320	-	-	7	-	6,146
SIIF Desenvolvimento	48	92	-	-	(4)	-	136
SIIF Energies	259,910	4	-	-	47,095	(30,834)	276,175
Solar	2,918	-	-	-	(405)	-	2,513
T-15	373,799	78,241	-	-	43,219	-	495,259
Tombo	937	-	-	-	-	-	937
Turbina 16	122,561	-	-	-	(41,368)	-	81,193
Turbina 17	13	-	-	-	(4)	-	9
Total investments	4,692,492	172,269	(85,488)	(1,023)	234,446	(188,047)	4,824,649

Operating rights, net of tax effects

As at September 30, 2016, the Company recorded a balance of operating rights held by the following SPEs:

	Company		Balance as at 9/30/2016
	Balance as at 12/31/2015	Amortization	
Aiuuoca	22,503	-	22,503
Alto Irani	87,050	(4,028)	83,022
Arvoredo	19,578	(867)	18,711
Atlântica I	291	(9)	282
Atlântica II	291	(9)	282
Atlântica IV	291	(9)	282
Atlântica V	291	(9)	282
Baixa Verde	3,207	-	3,207
Barra da Paciência	19,984	(1,095)	18,889
Bio Ester	8,454	(465)	7,989
Boa Vista 2	48,873	-	48,873
Cachoeira Grande	1,752	-	1,752
Cajueiro	4,989	-	4,989
Campos dos Ventos I	3,642	(23)	3,619
Campos dos Ventos II	5,177	(129)	5,048
Campos dos Ventos III	3,642	-	3,642
Campos dos Ventos IV	3,642	(35)	3,607
Campos dos Ventos V	3,642	(23)	3,619
Cocais Grande	14,385	(771)	13,614
Corrente Grande	12,745	(684)	12,061
Costa Branca	29,359	(714)	28,645
Costa das Dunas	3,135	-	3,135
Eólica Formosa	115,214	(5,238)	109,976
Eólica Icarazinho	187,169	(8,424)	178,745
Eólica Paracuru	119,271	(5,367)	113,904
Eurus I	43,310	(1,025)	42,285
Eurus III	43,310	(1,025)	42,285
Eurus V	3,642	-	3,642
Eurus VI	1,172	(33)	1,139
Farol de Touros	2,412	-	2,412
Figueira Branca	1,608	-	1,608
Figueirópolis	4,285	(168)	4,117
Gameleira	2,144	-	2,144
Juremas	24,174	(591)	23,583
Ludesa	50,824	(2,148)	48,676
Macacos	31,669	(774)	30,895
Mata Velha	17,523	(327)	17,196
Morro dos Ventos I	33,584	(819)	32,765
Morro dos Ventos II	2,156	(48)	2,108
Morro dos Ventos III	33,584	(816)	32,768
Morro dos Ventos IV	33,584	(816)	32,768
Morro dos Ventos VI	33,584	(816)	32,768
Morro dos Ventos IX	35,051	(852)	34,199
Ninho da Águia	14,385	(771)	13,614
PaioI	30,018	(1,353)	28,665
Pedra Cheirosa I	26,497	-	26,497
Pedra Cheirosa II	23,835	-	23,835
Pedra Preta	31,678	(768)	30,910
Penedo	24,210	-	24,210
Plano Alto	66,340	(3,000)	63,340
Rosa dos Ventos	40,238	(1,830)	38,408
Salto Goes	32,513	(993)	31,520
Santa Clara I	4,676	(117)	4,559
Santa Clara II	4,678	(117)	4,561
Santa Clara III	4,676	(117)	4,559
Santa Clara IV	4,676	(117)	4,559
Santa Clara V	4,680	(117)	4,563
Santa Clara VI	4,676	(117)	4,559
Santa Cruz	850	-	850
Santa Mônica	5,963	-	5,963
Santa Ursula	5,963	-	5,963
São Benedito	5,963	-	5,963
São Domingos	5,963	-	5,963
São Gonçalo	15,848	(846)	15,002
SIF Cinco	70,902	(3,222)	67,680
Tombo	17,493	-	17,493
Varginha	12,947	(693)	12,254
Várzea Alegre	10,789	(579)	10,210
Ventos de Santo Dimas	5,963	-	5,963
Ventos de São Martinho	5,963	-	5,963
Total operation right, net of deferred taxes	1,598,576	(52,914)	1,545,662

The amount will be amortized over the remaining period of the related permits/concessions, as from the date the projects go into service.

As at September 30, 2016, the Company did not identify any event that would result in the need to recognize an allowance for impairment losses.

Advances for future capital increases - (a)

	Company	
	Asset	
	9/30/2016	12/31/2015
Aiuruoca	5	-
Atlântica II	125	125
Baixa Verde	36	-
Bio Alvorada	11,538	-
Bio Buriti	250	-
Bio Coopcana	11,536	-
Bio Energia	3,784	4,863
Bio Formosa	4,419	-
Bio Pedra	625	-
Cajueiro	14	-
Dobrevê	4,105	8,872
Eólica Holding	213	889
Farol de Touros	22	-
Figueira Branca	87	-
PCH Holding 2	15,659	4,385
SIIF Desenvolvimento	117	1,061
SIIF Energias	4,100	3,178
T-15	-	78,240
Turbina 16	467,413	77,342
	<u>524,048</u>	<u>178,955</u>

	Company			
	12/31/2015	Addition	Payment	09/30/2016
Advance for future capital increase	178,955	517,362	(172,269)	524,048

- (a) Balances related to capital contributions as advances for future capital increases in its subsidiaries. These balances are estimated to be settled through March 31, 2017.

Dividends receivable

As at September 30, 2016, the Company's dividends receivable from the SPEs are as follows:

	Company	
	Asset	
	09/30/2016	12/31/2015
Alto Irani	-	18,794
Bio Formosa	3,793	3,794
Bio Ipê	2,343	-
Bio Pedra	2,114	-
Campos dos Ventos III	95	95
Campos dos Ventos IV	104	104
Dobrevê	27,408	6,967
Eólica Holding	5,721	8,706
Eurus V	97	97
PCH Holding	18,730	3,050
PCH Participações	14,691	2,816
Pedra Cheirosa I	-	238
Pedra Cheirosa II	-	229
Plano Alto	-	22,866
Rosa dos Ventos	2,036	1,089
Salto Góes	3,314	4,793
SIIF Energies	-	3,647
Solar	107	107
T-15	336	336
	<u>80,889</u>	<u>77,728</u>

In the nine-month period ended September 30, 2016, dividends were broken down as follows:

	Company			
	12/31/2015	Addition	Payment	9/30/2016
Dividends	77,728	188,047	(184,886)	80,889

12. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings, construction works and improvements	Machinery and equipment	Vehicles	Furniture and fixtures	Construction in progress	Total
Balance as at 12/31/2015	<u>3,813</u>	<u>1,928</u>	<u>5,045</u>	<u>256</u>	<u>1,178</u>	<u>4,333</u>	<u>16,553</u>
Historical cost	3,813	2,906	6,581	360	1,515	4,333	19,508
Accumulated depreciation	-	(978)	(1,536)	(104)	(337)	-	(2,955)
Additions	-	-	-	-	-	2,232	2,232
Write-offs	-	-	-	(274)	-	-	(274)
Transfers - units (*)	275	-	2,389	188	-	(2,852)	-
Transfers - other assets (**)	-	-	-	-	-	(325)	(325)
Sundry transfers - cost (***)	-	-	383	(3)	1	-	381
Depreciation	-	(385)	(671)	(65)	(71)	-	(1,192)
Write-off of depreciation	-	-	-	86	-	-	86
Sundry transfers - depreciation (***)	-	-	(383)	3	(1)	-	(381)
Balance as at 09/30/2016	<u>4,088</u>	<u>1,543</u>	<u>6,763</u>	<u>191</u>	<u>1,107</u>	<u>3,388</u>	<u>17,080</u>
Historical cost	4,088	2,906	9,353	271	1,516	3,388	21,522
Accumulated depreciation	-	(1,363)	(2,590)	(80)	(409)	-	(4,442)
Average depreciation rate - %	-	3 to 4	5 to 6	17 to 18	7 to 8	-	-

* Transfers from the division of units.

** Transfers from property, plant and equipment to intangible assets.

*** Transfers of property, plant and equipment for group adjustments, which do not change the depreciation expenses for the period, as the respective useful lives were not changed.

	Consolidated							
	Land	Reservoirs, dams and water mains	Buildings, construction works and improvements	Machinery and equipment	Vehicles	Furniture and fixtures	Construction in progress	Total
Balance as at 12/31/2015	142,059	754,436	591,365	4,784,624	502	3,264	612,083	6,888,333
Historical cost	156,777	1,035,356	756,427	5,945,404	1,145	6,213	613,750	8,515,072
Accumulated depreciation	(14,718)	(280,920)	(165,062)	(1,160,780)	(643)	(2,949)	(1,667)	(1,626,739)
Additions	-	-	-	-	-	-	850,876	850,876
Write-offs	-	-	-	(82)	(275)	-	(46)	(403)
Transfers - units (*)	3,850	50,797	160,761	597,973	187	107	(813,675)	-
Transfers - other assets (**)	-	-	-	(57)	-	-	(325)	(382)
Sundry transfers - cost (***)	(58)	(2,405)	(24,878)	34,820	(13)	100	(1,667)	5,899
Depreciation	(4,867)	(33,848)	(21,462)	(228,371)	(127)	(329)	-	(289,004)
Write-off of depreciation	-	-	-	27	87	-	-	114
Sundry transfers - depreciation (***)	(1,211)	4	(5,374)	(1,003)	7	11	1,667	(5,899)
Balance as at 09/30/2016	139,773	768,984	700,412	5,187,931	368	3,153	648,913	7,449,534
Historical cost	160,569	1,083,748	892,310	6,578,058	1,044	6,420	648,913	9,371,062
Accumulated depreciation	(20,796)	(314,764)	(191,898)	(1,390,127)	(676)	(3,267)	-	(1,921,528)

* Transfers from the division of units.

** Transfers from property, plant and equipment to intangible assets.

*** Transfers of property, plant and equipment for group adjustments, which do not change the depreciation expenses for the period, as the respective useful lives were not changed.

As at September 30, 2016, the Company recorded a balance of construction in progress held by the following SPEs:

Construction in progress	Net balance		Estimated date of start-up of operations
	30/09/2016	31/12/2015	
Aiuruoca	13,997	13,998	*
Bio Buriti	675	3,777	Under operation (a)
Bio Ester	829	486	Under operation (a)
Bio Formosa	1,109	4,967	Under operation (a)
Bio Pedra	30,131	20,911	Under operation (a)
Bioenergia	2,141	2,729	Under operation (a)
Boa Vista II	17,621	2,123	IQ19
Bons Ventos	6,421	1,178	Under operation (a)
Cachoeira Grande	6,513	6,513	*
Campo dos Ventos I	-	24,861	**
Campos dos Ventos III	4,414	62,493	**
Campo dos Ventos V	-	24,317	**
Chimay	4,169	4,411	Under operation (a)
Companhia Energética Novo Horizonte	1,052	734	Under operation (a)
Corrente Grande	670	973	Under operation (a)
CPFL Renováveis	3,388	4,332	Under operation (a)
Eólica Formosa	998	787	Under operation (a)
Eólica Icaraizinho	1,029	777	Under operation (a)
Gameleira	556	551	*
Jayaditya	2,541	2,335	Under operation (a)
Mata Velha	-	148,747	**
Mohini	642	1,178	Under operation (a)
Morro dos Ventos I	1,881	1,499	Under operation (a)
Morro dos Ventos VI	807	461	Under operation (a)
Morro dos Ventos IX	914	497	Under operation (a)
Outras Desa	5,116	5,116	*
Pedra Cheirosa I	54,299	13,097	IQ18
Pedra Cheirosa II	32,018	9,992	IQ18
Penedo	985	985	*
Salto Góes	1,048	1,889	Under operation (a)
Santa Clara I	1,232	1,122	Under operation (a)
Santa Cruz	5,699	5,699	*
Santa Luzia	1,114	1,946	Under operation (a)
Santa Mônica	48,033	27,225	4Q16
Santa Ursula	60,077	24,670	4Q16
São Benedito	119,048	26,378	4Q16
São Domingos	3,805	73,415	**
São Gonçalo	879	747	Under operation (a)
São Martinho	115,234	45,946	4Q16
Sul Centrais	1,726	2,177	Under operation (a)
Tombo	933	933	*
Ventos de Santo Dimas	90,335	27,071	4Q16
Other	4,834	8,040	
Total	648,913	612,083	

* Under preparation.

** Under operation and construction completion.

- (a) Out of the amount of R\$648,913 related to the construction in progress, R\$65,396 refers to improvements in assets under operation in order to optimize the power generation and, therefore, these assets are recorded as construction in progress.

At the end of the permit period, the permits of the PCHs and wind farms may be renewed at the Concession Grantor's discretion. The permits of the PCHs, if not renewed, must be returned to the Concession Grantor at the end of their respective permit periods.

In the nine-month period ended September 30, 2016, the Company did not identify any event that would result in the need to recognize an allowance for impairment losses.

In the nine-month period ended September 30, 2016, depreciation expenses were recorded in the amount of R\$289,004 (consolidated), out of which R\$287,314, classified in "Costs of power generation", under "Depreciation and amortization", and R\$1,690, classified in "General and administrative expenses", under "Depreciation and amortization".

Start-up of operations

- a) Mata Velha

According to Decisions 1145 and 1240, issued by ANEEL, on May 6, 2016 and May 12, 2016, respectively, UG1 and UG2, with 12,000 KW each, totaling 24,000 KW of installed capacity of PCH Mata Velha, located in the Municipality of Cabeceira Grande and Unaí, State of Minas Gerais, are authorized to start up their operations beginning May 7, 2016 and May 13, 2016.

- b) Campo dos Ventos III

According to Decisions 1105, 1253, 1333 and 1479, issued by ANEEL, from May 4, 2016 to June 3, 2016, the gradual start-up of 12 generating units of 2,100 KW each, totaling 25,200 KW of installed capacity of Campo dos Ventos III wind farm, located in the Municipality of João Câmara, State of Rio Grande do Norte, was authorized.

- c) Campo dos Ventos V

According to Decisions 1480, 1542, 1612, 1752, 1800 and 2016, issued by ANEEL, from June 3, 2016 to July 27, 2016, the gradual start-up of 12 generating units of 2,100 KW each, totaling 25,200 KW of installed capacity of Campo dos Ventos V wind farm, located in the Municipality of Parazinho, State of Rio Grande do Norte, was authorized.

- d) Campo dos Ventos I

According to Decisions 1668, 1681, 1731, 1751, 1765, 1882 and 1799, issued by ANEEL, from June 22, 2016 to July 6, 2016, the gradual start-up of 12 generating units of 2,100 KW each, totaling 25,200 KW of installed capacity of Campo dos Ventos I wind farm, located in the Municipality of João Câmara, State of Rio Grande do Norte, was authorized.

- e) São Domingos

According to Decisions 2292, 2332, 2392, 2145, 2479 and 2560, issued by ANEEL,

from August 26, 2016 to September 23, 2016, the gradual start-up of 12 generating units of 2,100 KW each, totaling 25,200 KW of installed capacity of São Domingos wind farm, located in the Municipality of São Miguel do Gostoso, State of Rio Grande do Norte, was authorized.

13. INTANGIBLE ASSETS

Intangible assets are broken down as follows:

	<u>Company</u>
	Other
	intangible
	assets
	<u> </u>
Balance as at 12/31/2015	9,892
Historical cost	17,300
Accumulated amortization	(7,408)
Additions	1,787
Write-offs	-
Transfers - property, plant and equipment (*)	325
Amortization	(2,345)
Transfers - cost**	(390)
Transfers - amortization**	390
Balance as at 09/30/2016	<u>9,659</u>
Historical cost	<u>19,022</u>
Accumulated amortization	(9,363)
Annual average amortization rate - %	20

* Transfers from property, plant and equipment to intangible assets.

** Transfers of intangible assets for group adjustments, which do not change the amortization expenses for the period, as the respective useful lives were not changed.

	Consolidated		
	Acquired from business combinations	Other intangible assets	Total
Balance as at 12/31/2015	3,195,216	41,930	3,237,146
Historical cost	3,764,810	63,307	3,828,117
Accumulated amortization	(569,594)	(21,377)	(590,971)
Additions	-	1,796	1,796
Transfers - property, plant and equipment*	-	382	382
Transfers - cost**	-	(2,203)	(2,203)
Write-offs	-	-	-
Amortization	(114,011)	(3,666)	(117,677)
Transfers - amortization**	-	2,203	2,203
Balance as at 9/30/2016	3,081,205	40,442	3,121,647
Historical cost	3,764,810	63,282	3,828,092
Accumulated amortization	(683,605)	(22,840)	(706,445)
Annual average amortization rate - %	5	20	

* Transfers from property, plant and equipment to intangible assets.

** Transfers of intangible assets for group adjustments, which do not change the amortization expenses for the period, as the respective useful lives were not changed.

As at September 30, 2016, the Company recorded a balance of operating rights held by the following SPEs:

	Consolidated		Balance as at 9/30/2016
	Balance as at 12/31/2015	Amortization	
Aiuuoca	52,734	-	52,734
Alto Irani	135,047	(6,111)	128,936
Arvoredo	29,664	(1,314)	28,350
Atlântica I	442	(12)	430
Atlântica II	443	(12)	431
Atlântica IV	443	(12)	431
Atlântica V	443	(12)	431
Baixa Verde	4,981	-	4,981
Barra da Paciência	50,132	(2,682)	47,450
Bio Ester	12,808	(711)	12,097
Boa Vista 2	74,049	-	74,049
Bons Ventos	629,665	(27,279)	602,386
Cachoeira Grande	2,655	-	2,655
Cajueiro	7,823	-	7,823
Campos dos Ventos I	3,642	(22)	3,620
Campos dos Ventos II	5,178	(126)	5,052
Campos dos Ventos III	3,642	(33)	3,609
Campos dos Ventos IV	3,642	-	3,642
Campos dos Ventos V	3,642	(22)	3,620
Cocais Grande	21,795	(1,170)	20,625
Corrente Grande	30,561	(1,629)	28,932
Costa Branca	46,823	(1,143)	45,680
Costas das Dunas	5,278	-	5,278
Eólica Fomosa	182,060	(8,271)	173,789
Eólica Icaraizinho	283,589	(12,762)	270,827
Eólica Paracuru	188,472	(8,478)	179,994
Eurus I	62,940	(1,557)	61,383
Eurus III	62,940	(1,557)	61,383
Eurus V	3,642	-	3,642
Eurus VI	1,174	(27)	1,147
Farol de Touros	4,060	-	4,060
Figueira Branca	2,436	-	2,436
Figueiropolis	6,229	(252)	5,977
Gameleira	3,248	-	3,248
Juremas	38,556	(945)	37,611
Ludesa	123,101	(5,427)	117,674
Macacos	50,509	(1,233)	49,276
Mata Velha	25,463	(531)	24,932
Morro dos Ventos I	48,790	(1,233)	47,557
Morro dos Ventos II	3,103	(72)	3,031
Morro dos Ventos III	48,807	(1,233)	47,574
Morro dos Ventos IV	48,807	(1,233)	47,574
Morro dos Ventos VI	48,807	(1,233)	47,574
Morro dos Ventos IX	50,939	(1,287)	49,652
Ninho da Águia	21,795	(1,170)	20,625
PaioI	45,481	(2,052)	43,429
Santa Luzia	76,910	(2,115)	74,795
Pedra Cheirosa I	40,147	-	40,147
Pedra Cheirosa II	36,113	-	36,113
Pedra Preta	50,521	(1,233)	49,288
Penedo	36,682	-	36,682
Plano Alto	100,486	(4,545)	95,941
Rosa dos Ventos	60,967	(2,772)	58,195
Salto Goes	49,263	(1,503)	47,760
Santa Clara I	4,677	(117)	4,560
Santa Clara II	4,678	(117)	4,561
Santa Clara III	4,675	(117)	4,558
Santa Clara IV	4,675	(117)	4,558
Santa Clara V	4,681	(117)	4,564
Santa Clara VI	4,675	(117)	4,558
Santa Cruz	1,288	-	1,288
Santa Mônica	5,963	-	5,963
Santa Ursula	5,963	-	5,963
São Benedito	5,963	-	5,963
São Domingos	5,963	-	5,963
São Gonçalo	24,013	(1,278)	22,735
Siif Cinco	112,038	(5,094)	106,944
Tombo	26,505	-	26,505
Varginha	19,616	(1,053)	18,563
Várzea Alegre	16,348	(873)	15,475
Ventos de Santo Dimas	5,963	-	5,963
Ventos de São Martinho	5,963	-	5,963
Authorization right	3,195,216	(114,011)	3,081,205

In the nine-month period ended September 30, 2016, in Consolidated, amortization expenses on the operating right was recorded in the amount of R\$114,011 (R\$119,510 as at September 30, 2015), classified in “Operating expenses”.

The balance of intangible assets is amortized over the remaining period of the related concession rights of the projects, on a straight-line basis after the start-up of activities.

In the nine-month period ended September 30, 2016, the amortization expenses from other intangible assets amounted to R\$3,666 (Consolidated), of which R\$1,321 was recorded under “Power generation costs” in line item “Depreciation and amortization”, and R\$2,345 was recorded under “General and administrative expenses” in line item “Depreciation and amortization”.

As at September 30, 2016, the Company did not identify any event that would result in the need to recognize an allowance for impairment losses on intangible assets.

14. TRADE PAYABLES

	Company		Consolidated	
	9/30/2016	12/31/2015	9/30/2016	12/31/2015
Current				
Power supply	10,997	9,300	29,417	26,099
Power grid use charges	-	-	757	814
Materials and services	3,824	4,745	25,963	34,581
Total	<u>14,821</u>	<u>14,045</u>	<u>56,137</u>	<u>61,494</u>
Noncurrent				
Materials and services	-	-	633	633
Total	<u>-</u>	<u>-</u>	<u>633</u>	<u>633</u>

CPFL Renováveis enforces its financial risk management policies to ensure that all obligations are paid in accordance with the originally agreed terms and conditions.

15. BORROWINGS AND FINANCING

	Company									
	30/09/2016					31/12/2015				
	Current charges	Principal		Total		Current charges	Principal		Total	
	Current	Total current	Noncurrent				Current	Total current		
Measured at cost										
Domestic currency										
Investments	2,184	79,388	81,572	658,923	740,495	2,484	78,350	80,834	712,171	793,005
Borrowing costs	-	-	-	-	-	-	-	-	(93)	(93)
Financial institution	4,107	59,588	63,695	130,582	194,277	-	-	-	-	-
Borrowing costs	-	(695)	(695)	-	(695)	-	-	-	-	-
Total	6,291	138,281	144,572	789,505	934,077	2,484	78,350	80,834	712,078	792,912

Company									
Balance as at 12/31/2015	Disbursements	Inflation adjustment	Interest	Borrowing cost	Amortization of borrowing cost	Amortization	Interest payment	Balance as at 9/30/2016	
792,912	188,000	6,753	47,573	(705)	104	(58,964)	(41,596)	934,077	

	Consolidated									
	9/30/2016					12/31/2015				
	Current charges	Principal		Total		Current charges	Principal		Total	
	Current	Total current	Noncurrent				Current	Total current		
Measured at cost										
Investment	12,586	320,300	332,886	3,337,236	3,670,122	11,512	313,898	325,410	3,279,013	3,604,423
Borrowing costs	-	(445)	(445)	(5,023)	(5,468)	-	-	-	(7,850)	(7,850)
Financial institutions	17,193	114,488	131,681	523,682	655,363	2,679	40,000	42,679	248,000	290,679
Borrowing costs	-	(2,264)	(2,264)	(7,525)	(9,789)	-	-	-	(1,656)	(1,656)
Total	29,779	432,079	461,858	3,848,370	4,310,228	14,191	353,898	368,089	3,517,507	3,885,596

Consolidated									
Balance as at 12/31/2015	Disbursements	Inflation adjustment	Interest	Borrowing cost	Amortization of borrowing cost	Amortization	Interest payment	Balance as at 9/30/2016	
3,885,596	662,529	36,987	255,805	(6,758)	1,479	(309,434)	(215,976)	4,310,228	

Stated at cost Domestic currency	Consolidated				
	9/30/2016	12/31/2015	Annual interest	Payment conditions	Collaterals
Investment					
FINEM I	269,300	290,445	TJLP + 1,95%	168 monthly installments from October 2009 and July 2011	PCH Holding as joint debtor, guarantee letter
FINEM II	22,988	25,308	TJLP + 1,90%	144 monthly installments beginning June 2011	Guarantee of CPFL Energia, assets under conditional sale and collateral assignment of credit rights
FINEM III (*)	504,055	528,528	TJLP + 1,72%	192 monthly installments beginning May 2013	Guarantee of CPFL Energia, pledged shares, assets under conditional sale and collateral assignment of credit rights
FINEM V	82,949	90,679	TJLP + 2,8% and 3,4%	143 months beginning December 2011	PCH Holding 2 and CPFL Renováveis as joint debtors
FINEM VI	75,914	79,456	TJLP + 2,05%	173 to 192 monthly installments from October 2013 and April 2015	Pledged shares of CPFL Renováveis, assignment of receivables
FINEM VII	143,060	156,737	TJLP + 1,92%	156 monthly installments from October 2010 to September 2023	Pledged shares, assets under conditional sale, conditional sale of machinery and equipment
FINEM IX	26,982	32,289	TJLP + 2,15%	120 installments beginning May 2010	Subsidiary's pledged shares, conditional sale of machinery and equipment, mortgage and guarantee letter
FINEM X	305	528	TJLP	84 installments beginning October 2010	Pledged shares, collateral assignment, conditional sale of machinery and equipment
FINEM XI (*)	108,176	115,676	TJLP + 1,87% to 1,9%	108 to 168 monthly installments from January 2012 and January 2013	Guarantee of CPFL Energia, pledged shares, assets under conditional sale and collateral assignment of credit rights
FINEM XII	321,857	335,894	TJLP and TJLP + 2,18%	192 installments beginning July 2014	Guarantee of CPFL Energia, pledged shares, assets under conditional sale and collateral assignment of credit rights
FINEM XIII	322,792	296,891	TJLP + 2,02% to 2,18%	192 installments beginning November 2014	Pledged shares of SPE, pledged machinery and equipment, conditional sale
FINEM XIV	-	11,599	TJLP + 3,50%	120 installments beginning June 2007	Pledged shares, pledged credit rights, collateral transfer of machinery and equipment to be acquired with the operation funds
FINEM XV	28,290	31,227	TJLP + 3,44%	139 installments beginning September 2011	Intervening consenting party's pledged shares, assignment of credit rights, pledged emerging rights under ANEEL authorization and SPE's reserve account
FINEM XVI	6,938	8,500	Fixed 5.5%	101 installments beginning September 2011	Intervening consenting party's pledged shares, assignment of credit rights, pledged emerging rights under ANEEL authorization and SPE's reserve account
FINEM XVII	468,000	490,786	TJLP and TJLP + 2,18%	192 installments beginning January 2013	Intervening consenting party's pledged shares, collateral assignment of credit rights, collateral transfer of machinery and equipment, pledged emerging rights under ANEEL authorization, reserve account of the SPEs and Desa Fólica's intervening consenting party
FINEM XVIII	14,913	18,481	Fixed 4.5%	102 installments beginning June 2011	Conditional sale of machinery and equipment, assignment of receivables and guarantee of CPFL Energia
FINEM XIX	30,013	31,381	TJLP + 2,02%	192 installments beginning January 2014	Pledged shares, SPE's reserve account and assignment of receivables
FINEM XX	46,507	52,091	Fixed 2.5%	108 installments beginning January 2014	Pledged shares of CPFL Renováveis, pledged shares, SPE's reserve account and assignment of receivables
FINEM XXI	40,900	42,765	TJLP + 2,02%	192 installments beginning January 2014	Pledged shares, SPE's reserve account and assignment of receivables
FINEM XXII	40,915	45,828	Fixed 2.5%	108 installments beginning January 2014	Pledged shares of CPFL Renováveis, pledged shares, SPE's reserve account and assignment of receivables
FINEM XXIII	1,873	2,305	Fixed 4.5%	102 installments beginning June 2011	Pledged shares, reserve account and revenue assignment
FINEM XXIV (*)	116,300	136,528	Fixed 5.5%	102 to 108 monthly installments from January 2012 to January 2021	Guarantee of CPFL Energia, pledged shares, assets under conditional sale and collateral assignment of credit rights
FINEM XXV	81,799	79,010	TJLP + 2,18%	192 monthly installments from July 2016 to June 2032	SPE's pledged shares, collateral assignment of credit rights, conditional assignment of machinery and equipment, pledged rights under ANEEL authorization
FINEM XXVI	462,197	270,768	TJLP + 2,75%	192 monthly installments from July 2017 to June 2033	Pledged shares of T-16 and SPEs, windmills, collateral assignment of credits rights, debt service reserve account, O&M reserve account and special reserve account
FINEM XXVII	70,657	-	TJLP + 2,02%	162 monthly installments from November 2016 to April 2030	Pledged shares of the intervening consenting party, assignment of credit rights, pledged emerging rights authorized by ANEEL and SPE reserve account
FINAME I	2,974	3,327	Fixed 2.5%	96 installments beginning February 2015	Conditional sale and guarantee of CPFL Renováveis
FINEP I (*)	1,520	1,890	Fixed 3.5%	61 monthly installments beginning October 2014	Bank guarantee letter
FINEP II (*)	10,444	10,383	TJLP - 1%	85 monthly installments beginning June 2017	Bank guarantee letter
FINEP III	5,517	6,374	TJLP + 2%	73 monthly installments beginning July 2015	Bank guarantee letter
BNB I	102,300	108,835	Fixed between 9.5% and 10% p.a. and discount for timely payment of 15%	168 monthly installments from January 2009 to 2028	Conditional sale, parent's shares and guarantee of SIF Energy
BNB II	160,056	165,324	Fixed 10% p.a. and discount for timely payment of 15% and 25%	222 monthly installments from May 2010 to October 2029	Guarantee of CPFL Energia
BNB III	29,474	30,837	Fixed 9.5% p.a. and discount for timely payment of 25%	228 monthly installments from July 2009 to July 2028	Guarantee, assets under conditional sale and collateral assignment of credit rights
NIB	70,154	72,739	ICPM + 8.63% p.a.	Interest and principal repaid on a quarterly basis from June 2011 to September 2023	No collaterals
Banco do Brasil	-	31,014	Fixed 10% p.a. and discount for timely payment of 15%	132 monthly installments beginning June 2010	Pledged shares, pledged emerging rights under ANEEL authorization and pledged credit rights, revenue assignment, bank guarantee letter, security insurance and SPE's reserve account
Borrowing costs					
	(5,468)	(7,850)			
Financial institutions					
HSBC	259,460	290,679	CDI + 0.5% p.a.	8 annual installments beginning June 2013	Shares sold
Safa	201,627	-	105% of CDI	14 installments beginning August 2016	Redeemable preferred shares
CCB - BBM (*)	46,548	-	CDI + 3.30% p.a.	Bullet	
CCB - ABC (*)	46,171	-	CDI + 3.80% p.a.	Bullet	
NP - ABC (*)	101,559	-	CDI + 3.80% p.a.	Bullet, payable in four semiannual series beginning February 2016	
Borrowing costs	(9,788)	(1,656)			
	4,310,228	3,885,596			

Main changes in the period:Domestic currencyInvestment:

FINEM XIII - In the nine-month period ended September 30, 2016, Atlântica Wind Farm disbursed the amount of R\$38,873 of the BNDES financing relating to the subcredit (“A”), yielding interest of TJLP. The balance to be disbursed is R\$26,084.

FINEM XVI - On April 14, 2016, subsidiary Ludesca Energética S.A. settled the financing agreement, in the amount of R\$9,625. The original maturity of this agreement was May 2017, subject to TJLP + 3.5% p.a.

FINEM XXVI - In the nine-month period ended September 30, 2016, Campo dos Ventos wind farm and subsidiary São Benedito disbursed the amount of R\$168,028 of the BNDES financing relating to the subcredit (“A”), in the amount of R\$24,260, and subcredit (“B”), in the amount of R\$143,768. The balance to be disbursed is R\$325,439.

FINEM XXVII - In the nine-month period ended September 30, 2016, subsidiary Mata Velha disbursed the amount of R\$67,628 of the BNDES financing relating to the subcredit (“A”), in the amount of R\$50,608, and subcredit (“B”), in the amount of R\$17,020. The balance to be disbursed is R\$1,475.

Financial institutions:

Safra (redeemable preferred shares) – In the nine-month period ended September 30, 2016, subsidiaries Alto Irani and Plano Alto entered into a loan agreement with Banco Safra, in the amount of R\$130,000, under redeemable preferred shares, yielding interest of 105% of CDI p.a.

Banco BBM (Bank Credit Note - CCB) – In the nine-month period ended September 30, 2016, the parent company entered into a loan agreement with Banco BBM, in the amount of R\$44,000, as CCB. This loan is subject to CDI + 3.30 p.a.

Banco ABC (Bank Credit Note - CCB) – In the nine-month period ended September 30, 2016, the parent company entered into a loan agreement with Banco ABC, in the amount of R\$44,000, as CCB. This loan is subject to CDI + 3.80 p.a.

Banco ABC (Promissory Note) – In the nine-month period ended September 30, 2016, the parent company issued the 2nd issuance of promissory notes with Banco ABC, in the amount of R\$100,000, as CCB. This operation is subject to CDI + 3.80 p.a.

Safra (redeemable preferred shares) – In the nine-month period ended September 30, 2016, subsidiary Companhia Hidroelétrica Figueirópolis entered into a loan agreement with Banco Safra, in the amount of R\$70,000, under redeemable preferred shares, yielding interest of 105% of CDI p.a.

Long-term borrowings and financing payment schedule is as follows:

Company		Consolidated	
Maturity	Amount	Maturity	Amount
2017	66,263	2017	131,676
2018	164,783	2018	498,494
2019	80,289	2019	431,019
2020	79,879	2020	440,164
2021	54,778	2021	341,322
2022 to 2026	250,311	2022 to 2026	1,364,083
2027 to 2031	93,202	2027 to 2031	595,976
2032 to 2036	-	2032 to 2036	45,636
Total	789,505	Total	3,848,370

Covenants of the main changes in the period

FINEM XIII

- Maintenance of a Debt Coverage Ratio above or equal to 1.3 times over the agreement.

FINEM XXVI

- Maintenance of a Debt Coverage Ratio above or equal to 1.3 times over the agreement.
- Annual maintenance of a Consolidated Debt Coverage Ratio above or equal to 1.3 times, calculated in the Turbinas 16's consolidated financial statements over the agreement.

FINEM XXVII

- Annual maintenance of a Debt Coverage Ratio of the SPE above or equal to 1.2 times over the agreement;
- Annual maintenance of a Leverage Ratio of SPE above or equal to 39.5%, defined as the Equity/Total Assets ratio.

According to the Company's and its subsidiaries' management, all covenants and clauses whose indicators are measured on the reporting date were fully complied as at September 30, 2016.

The other covenants are presented in the financial statements for the year ended December 31, 2015.

16. DEBENTURES

		Company																
		Outstanding shares	Annual interest	Effective rate	Payment conditions	Collaterals	9/30/2016				12/31/2015							
							Charges	Current	Total current	Total Noncurrent	Total	Charges	Current	Total current	Noncurrent	Total Noncurrent	Total	Total
1st issuance - Renováveis	Single series	43,000	CDI + 1,7%	CDI + 1,82%	Annual principal payable beginning May 2015 and semiannual interest beginning November 2012	Collateral assignment of dividends of BVP and PCH Holding	20,436	43,000	63,436	322,500	385,936	6,579	43,000	49,579	365,500	365,500	415,079	
2nd issuance - Renováveis	Single series	300,000	114% of CDI	115,43% CDI	Principal payable in March 2017 and semiannual interest beginning September 2014	Unsecured	359	30,000	30,359	270,000	300,359	11,893	-	11,893	300,000	300,000	311,893	
3rd issuance - Renováveis	Single series	29,600	117,25% CDI	120,64% CDI	Three semiannual installments payable beginning April 2018 and semiannual interest beginning November 2015	Unsecured	16,843	-	16,843	296,000	312,843	4,589	-	4,589	296,000	296,000	300,589	
							Borrowing costs	-	(1,333)	(1,333)	(2,506)	(3,839)	-	-	-	(4,787)	(4,787)	
								37,638	71,667	109,305	885,994	995,290	23,061	43,000	66,061	956,713	956,713	1,022,774

Company					
Balance as at 12/31/2015	Interest	Amortization of borrowing cost	Amortization	Interest payment	Balance as at 9/30/2016
1,022,774	116,077	948	(43,000)	(101,500)	995,299

		Consolidated																			
		Outstanding shares	Annual interest	Effective rate	Payment conditions	Collaterals	9/30/2016				12/31/2015										
							Charges	Current	Total current	Charges	Noncurrent	Total noncurrent	Total	Charges	Current	Total current	Charges	Noncurrent	Total noncurrent	Total	
CPFL Renováveis	1 to 12 series	432,298,666	TRLP + 1%	TRLP + 1% + 0,06%	39 semiannual consecutive installments beginning 2009	Conditional sale	2,106	40,997	43,103	-	473,374	473,374	516,476	788	38,965	39,752	-	467,577	467,577	807,329	
1st issuance - SIF	Single series	43,000	CDI + 1,7%	CDI + 1,82%	9 annual installments payable beginning May 2015 and monthly interest paid beginning November 2012	Collateral assignment of dividends of BVP and PCH Holding	20,436	43,000	63,436	-	322,500	322,500	385,936	6,579	43,000	49,579	-	365,500	365,500	415,079	
1st issuance - PCH Holding 2	Single series	1,581	CDI + 1,6%	CDI + 1,8%	9 annual installments payable between 2015 and 2023 and monthly interest beginning June 2015	Guarantee of CPFL Renováveis	663	8,701	9,364	-	132,091	132,091	141,455	616	8,701	9,317	-	140,792	140,792	150,109	
2nd issuance - Renováveis	Single series	300,000	114% of CDI	115,43% of CDI	5 annual installments payable beginning 2017 and semiannual interest paid beginning September 2014	Unsecured	359	30,000	30,359	-	270,000	270,000	300,359	11,894	-	11,894	-	300,000	300,000	311,894	
1st issuance - Dobrevé	Single series	20	CDI + 1,75%	CDI + 1,75%	3 semiannual installments, payable beginning May 2016 and semiannual interest payable beginning November 2013	Unsecured	1,721	17,500	19,221	-	8,750	8,750	27,971	862	17,500	18,362	-	17,500	17,500	35,862	
2nd issuance - Dobrevé	Single series	65	CDI + 1,34%	CDI + 1,34%	3 semiannual installments payable beginning April 2018 and semiannual interest payable beginning April 2018	Unsecured	-	-	-	25,889	65,000	90,889	90,889	-	-	-	16,487	65,000	81,487	81,487	
1st issuance - T-16	Single series	27,720	112,75% CDI	116,94% CDI	Principal payable in December 2016 and semiannual interest payable beginning December 2015	Guarantee of CPFL Renováveis	-	-	-	-	-	-	-	1,810	277,200	279,010	-	-	-	279,010	
1st issuance - Campo Ventos V	Single series	4,200	112,75% CDI	116,94% CDI	Principal payable in December 2016 and semiannual interest payable beginning December 2015	Guarantee of CPFL Renováveis	-	-	-	-	-	-	-	374	42,000	42,374	-	-	-	42,374	
1st issuance - Santa Ursula	Single series	3,080	112,75% CDI	116,87% CDI	Principal payable in December 2016 and semiannual interest payable beginning December 2015	Guarantee of CPFL Renováveis	1,492	30,801	32,293	-	-	-	32,293	275	30,800	31,075	-	-	-	31,075	
3rd issuance - Renováveis	Single series	29,600	117,25% CDI	120,64% CDI	3 semiannual installments payable beginning April 2018 and semiannual interest payable beginning November 2015	Unsecured	16,843	-	16,843	-	296,000	296,000	312,843	4,589	-	4,589	-	296,000	296,000	300,589	
1st issuance - Pedra Chetosa I	Single series	5,220	CDI + 2,85%	CDI + 2,85%	Principal and interest payable in September 2017	Guarantee of CPFL Renováveis	4,427	52,200	56,627	-	-	-	56,627	-	-	-	-	-	-	-	
1st issuance - Pedra Chetosa II	Single series	4,780	CDI + 2,85%	CDI + 2,85%	Principal and interest payable in September 2017	Guarantee of CPFL Renováveis	4,054	47,800	51,854	-	-	-	51,854	-	-	-	-	-	-	-	
1st issuance - Itua Vista II	Single series	5,000	CDI + 2,85%	CDI + 2,85%	Principal and interest payable in September 2017	Guarantee of CPFL Renováveis	4,241	50,000	54,241	-	-	-	54,241	-	-	-	-	-	-	-	
							Borrowing costs	-	(3,270)	(3,270)	-	(13,879)	(13,879)	(17,140)	-	-	-	(19,345)	(19,345)	(19,345)	
								56,442	317,328	374,070	25,889	1,253,839	1,579,126	1,983,798	27,787	438,106	483,922	16,487	1,633,024	1,649,511	2,133,463

Consolidated								
Balance as at 12/31/2015	Issuances	Inflation adjustment	Interest	Issuance cost	Amortization of issuance cost	Amortization	Interest payment	Balance as at 9/30/2016
2,135,463	150,000	25,059	173,683	(2,292)	4,591	(399,287)	(133,418)	1,953,799

Main changes in the periodDomestic currency

- Boa Vista II: Public offer for distribution of the 1st issuance of simple debentures

In the nine-month period ended September 30, 2016, the Company concluded the public offer for distribution of the 1st issuance of unsecured simple debentures, not convertible into shares, in single series. The Company issued 5,000 debentures, with par value of R\$10, in the amount of R\$50,000, subject to the accumulated variation of 2.85% of DI daily average rates. The final maturity date is 18 months, subject to the payment of a single installment on the maturity date. The net proceeds recorded by the Company arising from such issuance were allocated as capital contribution to the Company's project.

- Pedra Cheirosa I: Public offer for distribution of the 1st issuance of simple debentures

In the nine-month period ended September 30, 2016, the Company concluded the public offer for distribution of the 1st issuance of unsecured simple debentures, not convertible into shares, in single series. The Company issued 5,220 debentures, with par value of R\$10, in the amount of R\$52,200, subject to the accumulated variation of 2.85% of DI daily average rates. The final maturity date is 18 months, subject to the payment of a single installment on the maturity date. The net proceeds recorded by the Company arising from such issuance were allocated as capital contribution to the Company's project.

- Pedra Cheirosa II: Public offer for distribution of the 1st issuance of simple debentures

In the nine-month period ended September 30, 2016, the Company concluded the public offer for distribution of the 1st issuance of unsecured simple debentures, not convertible into shares, in single series. The Company issued 4,780 debentures, with par value of R\$10, in the amount of R\$47,800, subject to the accumulated variation of 2.85% of DI daily average rates. The final maturity date is 18 months, subject to the payment of a single installment on the maturity date. The net proceeds recorded by the Company arising from such issuance were allocated as capital contribution to the Company's project.

- SPE Turbina 16: 1st issuance of debentures

In the nine-month period ended September 30, 2016, on June 7, 2016, subsidiary SPE Turbina 16 Energia S.A. redeemed in advance 27,720 debentures, single series, in the amount of R\$14,270. The original maturity of these debentures was December 2016, subject to interest of 112.75% of CDI rate.

- Campo dos Ventos V: 1st issuance of debentures

In the nine-month period ended September 30, 2016, on September 1, 2016, subsidiary Campo dos Ventos V Energias Renováveis S.A. redeemed in advance 4,200 debentures, single series, in the amount of R\$43,517. The original maturity of these debentures was December 2016, subject to interest of 112.75% of CDI rate.

The long-term debenture estimated payment schedule is as follows:

Company		Consolidated	
Maturity	Amount	Maturity	Amount
2017	-	2017	29,072
2018	222,527	2018	313,549
2019	222,527	2019	307,919
2020	222,557	2020	286,469
2021	154,064	2021	218,391
2022 to 2026	64,319	2022 to 2026	316,842
2027 to 2031	-	2027 to 2031	81,597
Total	885,994	Total	1,553,839

According to the Company's and its subsidiaries' management, all covenants and clauses whose indicators are measured on the reporting date were fully complied as at September 30, 2016.

The debenture covenants are presented in the financial statements for the year ended December 31, 2015. The issuances in this nine-month period are not subject to covenants.

17. PAYABLES FOR ACQUISITIONS

As at September 30, 2016 and December 31, 2015, payables for acquisitions are broken down as follows:

	Company		Consolidated	
	9/30/2016	12/31/2015	9/30/2016	12/31/2015
Campo dos Ventos I (a)	1	854	1	854
Campo dos Ventos III (a)	1	854	1	854
Campo dos Ventos V (a)	2	854	2	854
São Benedito (b)	827	777	827	777
São Domingos (b)	827	777	827	777
Santa Ursula (b)	827	777	827	777
Santa Mônica (b)	827	777	827	777
Ventos de São Martinhos (b)	826	777	826	777
Ventos de Santo Dimas (b)	826	777	826	777
Navegantes (c)	2,322	2,173	2,322	2,173
Cajueiro (c)	2,322	2,174	2,322	2,174
Baixa Verde (c)	2,321	2,174	2,321	2,174
Acquisition of noncontrolling interest (d)	-	16,190	-	16,190
Total	11,929	29,935	11,929	29,935

- a) The amount refers to the acquisition of the wind farms located in the State of Rio Grande do Norte. In September 2016, the amount of R\$2,562 was settled due to the start-up of the activities.

The amount of R\$4 refers to the residual value, arising from inflation adjustments in August and September, whose payment is estimated for October 2016.

- b) The amount of R\$4,960 refers to the acquisition of the wind farms located in the State of Ceará. The amount will be payable when these wind farms are placed into operation and will be subject to inflation adjustment (IGP-M and IPCA).
- c) The Company has entered into a commitment with the noncontrolling shareholder relating to the additional payment on the purchase of some SPEs, contingent on the operation of the wind farms for participation in power auctions to build projects. Should the transaction be completed, the Company should disburse the amount of R\$6,965, adjusted for inflation based on the IGP-M.
- d) The amount of R\$16,190 relates to the merger of WF2 on October 1, 2014. For further information, see Note 17 to the financial statements for the year ended December 31, 2015.

18. ADVANCES FROM CUSTOMERS

As at September 30, 2016 and December 31, 2015, the balances refer to advances from customers related to the advanced revenues without the actual power or service supply, as follows:

	Company		Consolidated	
	9/30/2016	12/31/2015	9/30/2016	12/31/2015
CCEAR*	-	-	64,018	50,086
CER**	-	70	87,316	60,619
Free market***	-	-	31,645	23,289
Proinfa	-	-	31,682	4,570
Transmission line rental****	-	-	5,197	5,812
Other advances*****	129	156	129	156
Total	129	226	219,987	144,532
Current liabilities	35	106	213,595	136,533
Noncurrent liabilities	94	120	6,392	7,999
	129	226	219,987	144,532

* Regulated Environment Electricity Sale Agreement

** Reserve Power Agreement

*** Balances from GSF injunctions and Physical Guarantee

**** Advanced transmission line structure rental

***** Premium from the payroll sale to the financial institution

As at September 30, 2016, the balance of advances from customers, in the Consolidated, includes amounts paid by the following agents: (i) R\$95,068 (43% of total) from Câmara de Comercialização de Energia Elétrica - CCEE; (ii) R\$31,682 (15% of total) from Centrais Elétricas Brasileiras S.A. - PROINFA; (iii) R\$5,197 (2% of total) from leased transmission line; and (iv) R\$88,040 (40% of total) from large distributors.

19. PROVISIONS FOR SOCIAL AND ENVIRONMENTAL COSTS AND ASSET DECOMMISSIONING

19.1. Provisions for social and environmental costs

Consolidated			
Balance as at 12/31/2015	Payment	Adjustment to present value	Balance as at 9/30/2016
11,387	(1,242)	4,000	14,145

As at September 30, 2016, the total balance of line item “Provision for social and environmental costs” amounted to R\$8,989 (R\$7,510 as at December 31, 2015) recognized in current liabilities and R\$5,156 (R\$3,877 as at December 31, 2015) recognized in noncurrent liabilities.

19.2. Provisions for asset decommissioning

Consolidated		
Balance as at 12/31/2015	Adjustment to present value	Balance as at 9/30/2016
49,501	1,651	51,152

As at September 30, 2016, the total balance of the provision for asset decommissioning was R\$51,152 (R\$49,501 as at December 31, 2015), recorded as noncurrent liabilities.

20. PROVISION FOR RISKS

The Company and its subsidiaries are parties to labor, social security, tax, civil, and environmental lawsuits and administrative proceedings.

Based on the opinion of its legal counsel, the Company’s management recognizes a provision for risks when the likelihood of an unfavorable outcome is assessed as probable.

The provision for risks is broken down as follows:

	Company					
	12/31/2015	Provision	Reversal	Payment	Adjustment	9/30/2016
Labor	725	195	(30)	(12)	18	896
Civil	1,765	24	-	-	113	1,902
Outros passivos contingentes	35	-	(35)	-	-	-
	<u>2,525</u>	<u>219</u>	<u>(65)</u>	<u>(12)</u>	<u>131</u>	<u>2,798</u>
Escrow deposits	<u>(235)</u>	<u>(51)</u>	<u>1</u>	<u>62</u>	<u>(9)</u>	<u>(232)</u>

Consolidated						
	12/31/2015	Provision	Reversal	Payment	Adjustment	9/30/2016
Labor	3,257	1,343	(313)	(21)	80	4,346
Civil	30,348	1,257	(250)	(1,050)	116	30,421
Tax	13,706	7,429	(1,918)	-	544	19,761
Other contingent liabilities	3,015	-	(35)	-	-	2,980
Total	<u>50,326</u>	<u>10,029</u>	<u>(2,516)</u>	<u>(1,071)</u>	<u>740</u>	<u>57,508</u>
Escrow deposits	<u>(14,578)</u>	<u>(465)</u>	<u>1</u>	<u>875</u>	<u>(803)</u>	<u>(14,970)</u>

The Company recognized contingent liabilities measured at their fair values, in the amount of R\$35, relating to ERSA and CPFL Geração joint venture. In August 2016, this amount was derecognized due to the expiration of these liabilities.

The Company recognized, on the date of acquisition of Jantus, contingent liabilities stated at fair value in the business combination, in the amount of R\$13,950, arising from labor, tax and civil risks. The Company also recognized an asset to be compensated of R\$13,950 equivalent to the liability (Note 9), pursuant to contractual requirements.

The Company recognized, on the date of acquisition of Rosa dos Ventos and on the date of association with DESA, contingent liabilities stated at fair value in the business combination, in the amount of R\$744 and R\$31,550, respectively, arising from labor, tax and civil risks. In July 2016, the amount of R\$2,056 was derecognized due to the termination of the lawsuits, whose outcomes were favorable to the Company.

Risks whose likelihood of loss is assessed as possible

The Company and its subsidiaries are parties to other lawsuits and risks, whose likelihood of favorable outcome is assessed as possible by the Company's outside legal counsel due to their grounding legal basis and, therefore, no provision was recorded. There are no court or other decisions on similar lawsuits whose likelihood of loss is assessed as probable or remote that would represent a judicial trend on these issues.

As at September 30, 2016, the lawsuits whose likelihood of loss is assessed as possible are broken down as follows:

	9/30/2016		12/31/2015	
	Number	Amount	Number	Amount
Labor	39	5,726	47	7,216
Civil	50	208,988	46	197,003
Tax	63	502,407	59	207,513
Other	1	12,642	1	12,642
	<u>153</u>	<u>729,763</u>	<u>153</u>	<u>424,374</u>

Labor

Labor lawsuits and labor administrative proceedings generally address claims relating to outside service providers.

Civil

Civil lawsuits generally address expropriation and right of way, and arbitration proceeding demanding indemnity for losses resulting from the non-compliance with contractual clauses.

Tax

Tax lawsuits generally address collection of taxes, especially the Service Tax (ISS). In addition, on August 19, 2016, the Company was assessed, in the amount of R\$285,537, relating to the Withholding Income Tax (IRRF) on capital gain to individuals resident and/or domiciled abroad, arising from the sale of Jantus SL in December 2011. Based on the opinion of its legal counsel, the Company's management does not agree with the tax assessment and assessed the likelihood of loss as possible.

Other

As at September 30, 2016, the Company and its subsidiaries are parties to a regulatory claim relating to the collection of the ESS charge, as set forth in CNPE Resolution 3, of March 6, 2013, whereby the Company and its subsidiaries, through the Brazilian Association of Independent Power Producers (APINE) and Brazilian Association of Clean Power Generation (ABRAGEL), obtained the preliminary injunction that suspended the collection of such charge. The amount involved totals R\$12,642, of which R\$11,631 refers to the CPFL Renováveis Group's companies and R\$1,011 refers to DESA's companies, which were consolidated in the Company's financial statements beginning October 1, 2014.

21. EQUITY

a) Capital

As at September 30, 2016, subscribed and paid-in capital is R\$3,390,870 (R\$3,390,444 as at December 31, 2015), represented by 503,351,271 (503,308,389 as at December 31, 2015) registered common shares, without par value. Each share entitles its holder to one vote in Shareholders' Meetings.

The Board of Directors' Meeting, held on August 4, 2016, approved the Company's capital increase, in the amount of R\$426, upon the issuance of 42,882 shares, at the issuance price set forth in the Company's Stock Option Plan, approved by the Company's Shareholders' Meeting held on October 29, 2009, by virtue of the exercise of the corresponding stock options by certain beneficiaries of the Stock Option Plan. The new shares issued were subscribed and paid, through the issuance, by the respective subscriber, of promissory notes on behalf of the Company.

b) Shareholding structure

The Company's shareholding structure is as follows:

Shareholder	9/30/2016		12/31/2015	
	Common shares	%	Common shares	%
CPFL Geração de Energia S.A.	259,748,799	51.61	259,748,799	51.61
Secor LLC	24,255,307	4.82	24,255,307	4.82
Patria Energia Fundo de Invest. em Participações	21,064,242	4.19	21,064,242	4.19
Pátria Energia Renováveis - Fundo de Investimento em Participações Infraestrutura	3,699,532	0.74	3,699,532	0.74
Fundo de Invest. Partic. Brasil Energia	31,439,288	6.25	31,439,288	6.25
Fundo de Invest. Partic. Multisetorial Plus	13,104,207	2.60	13,104,207	2.60
Previ	31,960,220	6.35	31,960,220	6.35
GMR Energia S.A.	8,230,323	1.64	8,230,323	1.64
Arrow – Fundo de Investimento em Participações	61,702,782	12.26	61,752,782	12.27
Other	48,146,571	9.54	48,053,689	9.53
	<u>503,351,271</u>	<u>100.00</u>	<u>503,308,389</u>	<u>100.00</u>

For further information on the equity items, refer to the financial statements for the year ended December 31, 2015.

c) Earnings (loss) per share

Basic earnings (loss) per share are calculated based on profit (loss) for the period attributable to the owners of the Company and the weighted average number of common shares outstanding in the period.

Diluted earnings (loss) per share are calculated based on profit (loss) for the period attributable to the owners of the Company and the weighted average number of common shares outstanding in the period, considering the dilutive effects of convertible instruments.

In compliance with CPC 41, equivalent to IAS 33 - Earnings per Share, the following table reconciles profit (loss) for the period with the amounts used to calculate the basic and diluted earnings (loss) per share.

The dilutive effect of the numerator used to calculate diluted earnings (loss) per share takes into consideration the dilutive effects of convertible debentures issued by Company's subsidiaries (Note 16). These instruments reduce the profits available for owners of the Company. The effects have been calculated based on the assumption that such debentures would be converted into the subsidiaries' common shares at the beginning of the period.

	Three-month period ended 9/30/2016	Nine-month period ended 9/30/2016	Three-month period ended 9/30/2015	Nine-month period ended 9/30/2015
A. Basic earnings (loss) per share				
Numerator				
Earnings (loss) available to common shareholders (in thousands of R\$)	47,797	(123,705)	25,865	(132,651)
Denominator				
Weighted average number of common shares	503,335,071	503,317,283	503,308,389	503,308,389
Basic earnings (loss) per share (R\$ per share)	0.09	(0.25)	0.05	(0.26)
B. Diluted earnings (loss) per share				
Numerator				
Earnings (loss) available to common shareholders (in thousands of R\$)	47,797	(123,705)	25,865	(132,651)
Dilution from convertible debentures	(13,910)	(13,910)	(15,712)	(18,013)
Loss available to common shareholders (in thousands of R\$)	33,887	(137,615)	10,153	(150,664)
Denominator				
Weighted average number of common shares	503,335,071	503,317,283	503,308,389	503,308,389
Earnings (loss) per share (R\$ per share)	0.07	(0.27)	0.02	(0.30)

22. NET OPERATING REVENUE

	Company				Consolidated			
	Three-month period ended 9/30/2016	Nine-month period ended 9/30/2016	Three-month period ended 9/30/2015	Nine-month period ended 09/30/2015	Three-month period ended 9/30/2016	Nine-month period ended 9/30/2016	Three-month period ended 9/30/2015	Nine-month period ended 09/30/2015
Revenue from sale of power	7,483	12,959	6,480	67,335	534,604	1,201,846	428,499	1,127,895
Other revenues (a)	9	26	10	139	2,700	11,445	858	5,921
Gross revenue	7,492	12,985	6,490	67,474	537,304	1,213,291	429,357	1,133,816
Deductions from gross revenue								
Pis/Cofins	(693)	(1,201)	(924)	(6,553)	(28,629)	(62,040)	(25,098)	(64,529)
ICMS	-	-	-	-	-	-	(653)	(2,767)
Regulatory charges	-	-	-	-	(2,862)	(6,520)	(1,711)	(4,591)
Net operating revenue	6,799	11,784	5,566	60,921	505,813	1,144,731	401,895	1,061,929
MHW sold/generated	61,810	140,408	24,621	211,613	2,966,542	6,017,523	1,830,549	4,482,253

- (a) In the nine-month period ended September 30, 2016, refers basically to the recognition of the contractual fine of the O&M suppliers, in Atlântica and SIIF wind farm, Bons Ventos and Rosa dos Ventos, due to unavailable machinery, which reduced the power generation. In the nine-month period ended September 30, 2015, refers basically to the recognition of loss of profits due to Bio Alvorada's claim.

Below is the segregation of revenues by type of contract:

	Company				Consolidated			
	Three-month period ended 9/30/2016	Nine-month period ended 09/30/2016	Three-month period ended 9/30/2015	Nine-month period ended 09/30/2015	Three-month period ended 9/30/2016	Nine-month period ended 09/30/2016	Three-month period ended 9/30/2015	Nine-month period ended 09/30/2015
CCEAR*	-	-	-	-	75,370	182,344	65,019	185,056
CER**	-	-	-	-	117,522	265,641	101,243	222,454
Free market	7,483	12,959	6,480	67,335	153,383	349,829	89,215	342,682
Proimfa	-	-	-	-	188,329	404,032	173,022	377,703
Total	7,483	12,959	6,480	67,335	534,604	1,201,846	428,499	1,127,895

* Regulated Environment Electricity Sale Agreement

** Reserve Electric Power Agreement

The revenues from customers accounting for the most part of the Company's total revenues are as follows: Centrais Elétricas Brasileira S.A. – Eletrobrás - R\$404,032 (34%) and CPFL Group - R\$233,029 (19%).

The power sale contracts of the Company's subsidiaries in operation as at September 30, 2016 have the following characteristics:

Project/SPE	Type	Contracted energy (MWm)	Contracted price (R\$/MWh)*	Adjustment index	Adjustment month
Alto Iran****	Proinfa	12.4	251.44	IGPM	June
Americana****	Free market	5.9	237.91	IPCA	January
Andorinhas	Free market	0.4	230.68	IGPM	January
Arvoredo	CCEAR	7.0	230.75	IPCA	**
Atlântica I	CCEAR	13.1	194.70	IPCA	November
Atlântica II	CCEAR	12.9	194.70	IPCA	November
Atlântica IV	CCEAR	13.0	194.70	IPCA	November
Atlântica V	CCEAR	13.7	194.70	IPCA	November
Baía Formosa	CCEAR	11.0	262.61	IPCA	**
Barra da Paciência	Free market	14.8	235.65	IPCA	January
Bio Alvorada	Free market	18.0	178.21	IPCA	January
Bio Buri	Free market	21.0	224.12	IPCA	January
Bio Coopcana	Free market	18.0	178.21	IPCA	January
Bio Energia	Free market	12.5	225.12	IGPM	January
Bio Ester	CCEAR	7.0	247.11	IPCA	**
Bio Ester	Free market	6.6	147.85	IPCA	January
Bio Ipê	Free market	8.2	224.12	IPCA	January
Bio Pedra	CER	24.4	214.72	IPCA	March
Bons Ventos	Proinfa	15.9	381.81	IGPM	March
Buritis****	Free market	0.4	237.91	IPCA	January
Campo dos Ventos I*****	Free market	9.2	169.26	IPCA	January
Campo dos Ventos II	CER	14.0	192.15	IPCA	September
Campo dos Ventos III*****	Free market	9.8	169.26	IPCA	January
Campo dos Ventos V*****	Free market	8.7	169.26	IPCA	January
Canoa Quebrada	Proinfa	22.9	387.14	IGPM	June
Canoa Quebrada - RV	Proinfa	3.3	380.79	IGPM	March
Capão Preto****	Free market	2.2	237.91	IPCA	January
Chábarro****	Free market	1.5	237.91	IPCA	January
Cocais Grande****	Proinfa	4.6	251.44	IGPM	June
Corrente Grande	Free market	8.4	235.65	IPCA	January
Costa Branca	CCEAR	9.8	188.11	IPCA	November
Diamante	Free market	1.6	214.24	IGPM	January
Dourados****	Free market	5.7	237.91	IPCA	January
Eloy Chaves****	Free market	11.0	237.91	IPCA	January
Enacel	Proinfa	9.9	395.84	IGPM	June
Esmerilh****	Free market	2.9	237.91	IPCA	January
Eurus I	CER	14.5	189.18	IPCA	September
Eurus III	CER	15.0	189.17	IPCA	September
Eurus VI	CER	3.0	233.21	IPCA	July
Figueirópolis	Proinfa	12.5	247.32	IGPM	March
Foz do Rio Choró	Proinfa	7.4	428.43	IGPM	August
Gavião Peixoto****	Free market	3.6	237.91	IPCA	January
Guaporé****	Free market	0.4	230.68	IGPM	January
Icaraizinho	Proinfa	21.4	380.79	IGPM	March
Jaguari****	Free market	4.5	237.91	IPCA	January
Juremas	CCEAR	7.5	196.16	IPCA	November
Lagoa do Mato - RV	Proinfa	1.4	380.79	IGPM	March
Lençóis****	Free market	1.0	237.91	IPCA	January
Ludesa	Free market	4.2	193.50	IGPM	***
Ludesa	Proinfa	16.7	251.44	IGPM	June
Macacos	CCEAR	9.7	196.16	IPCA	November
Mata Velha	Free market	12.5	182.63	IPCA	April
Monjilinho****	Free market	0.4	237.91	IGPM	April
Morro dos Ventos I	CER	13.0	234.83	IPCA	July
Morro dos Ventos II	CCEAR	15.1	146.99	IPCA	January
Morro dos Ventos III	CER	13.0	234.78	IPCA	July
Morro dos Ventos IV	CER	13.0	234.80	IPCA	July
Morro dos Ventos IX	CER	14.0	234.81	IPCA	July
Morro dos Ventos VI	CER	13.0	234.84	IPCA	July
Ninho da Águia	Free market	4.2	235.65	IPCA	January
Novo Horizonte	Free market	9.8	165.09	IGPM	***
Paíol	Free market	10.9	235.62	IPCA	January
Paracuru	Proinfa	11.7	380.79	IGPM	March
Pedra Preta	CCEAR	10.1	188.11	IPCA	November
Pinhal****	Free market	3.7	237.91	IPCA	January
Pirapó****	Free market	0.6	230.68	IGPM	January
Plano Alto****	Proinfa	9.3	251.44	IGPM	June
Praia Formosa	Proinfa	1.8	446.48	IGPM	July
Praia Formosa - A	Proinfa	1.4	447.27	IGPM	August
Praia Formosa - B	Proinfa	3.7	447.92	IGPM	September
Praia Formosa - C	Proinfa	21.1	431.87	IGPM	March
Sakinho****	Free market	0.7	230.68	IGPM	January
Sako Góes	CCEAR	11.1	213.00	IPCA	**
Sako Grande****	Free market	2.6	237.91	IPCA	January
Santa Clara I	CER	13.0	233.21	IPCA	July
Santa Clara II	CER	12.0	233.21	IPCA	July
Santa Clara III	CER	12.0	233.21	IPCA	July
Santa Clara IV	CER	12.0	233.21	IPCA	July
Santa Clara V	CER	12.0	233.21	IPCA	July
Santa Clara VI	CER	12.0	233.21	IPCA	July
Santa Luzia	CCEAR	14.0	230.75	IPCA	**
Santa Luzia	Free market	4.0	268.20	IPCA	August
Santana****	Free market	2.6	237.91	IPCA	January
São Benedito	Free market	4.8	169.26	IPCA	January
São Domingos*****	Free market	3.2	169.26	IPCA	January
São Gonçalo	Free market	6.4	235.65	IPCA	January
São Joaquim****	Free market	5.1	237.91	IPCA	January
Socorro****	Free market	0.3	237.91	IPCA	January
Solar	Free market	0.2	215.42	IPCA	January
Taíba Albatroz	Proinfa	6.6	386.09	IGPM	March
Três Salto****	Free market	0.4	237.91	IPCA	January
Varginha	CCEAR	4.0	230.75	IPCA	**
Várzea Alegre	Free market	4.8	235.65	IPCA	January
Total		810.6			
Weighted price		244.3			

* Reference date 9/30/2016.

** The agreement is adjusted on the purchaser's tariff adjustment date (distributor).

*** The agreement is adjusted on the purchaser's tariff adjustment date (free consumers).

**** Power and/or price taking into consideration the review of the physical guarantee in July 2016 (Ordinance 30).

***** Power delivered on the start-up of operations of the wind power generators estimated for the second six-month period of 2016.

23. COST OF POWER GENERATION AND GENERAL AND ADMINISTRATIVE EXPENSES

	Company				Consolidated			
	Three-month period ended 9/30/2016	Nine-month period ended 9/30/2016	Three-month period ended 9/30/2015	Nine-month period ended 9/30/2015	Three-month period ended 9/30/2016	Nine-month period ended 9/30/2016	Three-month period ended 9/30/2015	Nine-month period ended 9/30/2015
Cost:								
Cost of power purchase (a)	(5,790)	(11,318)	(4,260)	(59,112)	(57,569)	(127,761)	(26,816)	(174,255)
Transmission system use charges	-	-	-	-	(23,938)	(64,757)	(17,599)	(56,844)
Cost of power plant operation	-	-	-	-	(34,714)	(95,119)	(25,742)	(72,481)
Materials	-	-	-	-	(1,850)	(5,741)	(4,771)	(13,574)
Personnel costs	-	-	-	-	(5,020)	(16,488)	(4,156)	(14,013)
Leases	-	-	-	-	(4,127)	(11,873)	(3,370)	(10,658)
Depreciation and amortization	-	-	-	-	(98,380)	(288,635)	(102,067)	(275,191)
Amortization of hydrological risk premium – GSF	-	-	-	-	(591)	(1,774)	-	-
Other operating costs	-	-	-	-	(5,198)	(10,985)	(2,813)	(5,583)
Total	<u>(5,790)</u>	<u>(11,318)</u>	<u>(4,260)</u>	<u>(59,112)</u>	<u>(231,387)</u>	<u>(623,133)</u>	<u>(187,334)</u>	<u>(622,599)</u>
General and administrative expenses:								
Personnel expenses	(15,550)	(40,414)	(13,336)	(32,647)	(15,549)	(40,412)	(13,338)	(32,963)
Occupancy expenses	(837)	(2,550)	(824)	(2,756)	(1,589)	(5,117)	(1,361)	(5,179)
Material	(412)	(1,125)	(304)	(825)	(440)	(1,207)	(342)	(913)
Allowance for doubtful accounts	-	-	-	-	-	-	(563)	(529)
Professional services	(5,939)	(14,279)	(5,623)	(14,346)	(7,732)	(21,383)	(8,536)	(27,105)
Provision for risks	(168)	(539)	(1,846)	(8,901)	465	(8,958)	(2,410)	(9,534)
Provision for written-off property, plant and equipment	-	-	-	-	-	-	4,442	(6,532)
Reversal of provision for investments	-	-	-	-	-	-	-	3,350
Other	(515)	(1,664)	(371)	(1,526)	(1,034)	(2,618)	13	(2,680)
Total	<u>(23,421)</u>	<u>(60,571)</u>	<u>(22,304)</u>	<u>(61,001)</u>	<u>(25,879)</u>	<u>(79,695)</u>	<u>(22,095)</u>	<u>(82,085)</u>
Management compensation	(2,031)	(6,911)	(1,962)	(6,362)	(2,031)	(6,911)	(1,962)	(6,362)
Depreciation and amortization	(1,277)	(3,537)	(815)	(2,446)	(1,763)	(4,035)	(808)	(2,461)
Amortization of operation right	-	-	-	-	(38,277)	(114,011)	(33,592)	(119,510)
Other operating income (expenses), net	<u>(1)</u>	<u>(2)</u>	<u>1</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>3,238</u>	<u>3,228</u>
Total	<u>(26,730)</u>	<u>(71,021)</u>	<u>(25,080)</u>	<u>(69,808)</u>	<u>(67,950)</u>	<u>(204,652)</u>	<u>(55,229)</u>	<u>(207,190)</u>

(a) The Company and certain subsidiaries adhered to the Power Reallocation Mechanism (MRE). In the first six-month period of 2015, the participants of this mechanism did not generate the volume of physical guarantee for the period due to unfavorable weather conditions. Accordingly, the MRE's participants purchased power in the spot market at the Difference Settlement Price (PLD). In addition, in the nine-month period ended September 30, 2016, the power purchase cost includes the indemnity payable by Campo dos Ventos and São Benedito, in the amount of R\$48,919, and fines due to the failure to generate the total contracted power by Santas Claras, Morro dos Ventos, Euris and Campo dos Ventos II in the amount of R\$14,400.

24. FINANCE INCOME (COSTS)

	Company				Consolidated			
	Three-month period ended 9/30/2016	Nine-month period ended 9/30/2016	Three-month period ended 9/30/2015	Nine-month period ended 9/30/2015	Three-month period ended 9/30/2016	Nine-month period ended 9/30/2016	Three-month period ended 9/30/2015	Nine-month period ended 9/30/2015
Finance income:								
Income from short-term investments	1,479	7,000	6,648	11,344	26,436	81,576	35,231	86,399
PIS and COFINS on finance income	(88)	(362)	-	-	(1,474)	(4,281)	-	-
Adjustment to present value of Balcin Bioenergia S.A.	-	-	-	-	2,074	4,896	1,492	4,472
Inflation adjustment gains	-	-	(400)	-	1,122	2,675	601	1,235
Interest	386	726	640	770	508	1,099	965	965
Revenue from CCEE settlements	-	-	-	-	883	5,903	25	690
Other	216	258	53	83	3,937	6,870	1,243	5,285
Total	<u>1,993</u>	<u>7,622</u>	<u>6,941</u>	<u>12,197</u>	<u>33,486</u>	<u>98,738</u>	<u>39,557</u>	<u>99,046</u>
Finance costs:								
Interest on borrowings and debentures	(57,877)	(164,702)	(61,308)	(152,808)	(150,688)	(435,558)	(131,034)	(387,909)
Inflation adjustment on loans and debentures	(2,209)	(6,753)	(802)	(802)	(21,771)	(62,046)	(30,257)	(30,257)
Capitalized interest in property, plant and	-	-	-	-	15,111	43,568	16,236	20,416
Bank guarantee, commissions and brokerage fees	(37)	(333)	-	(360)	(1,541)	(4,778)	(1,240)	(5,784)
Inflation adjustment losses	(4)	(131)	-	(367)	(436)	(740)	6,539	(477)
Adjustment to present value	-	-	-	-	(1,443)	(5,651)	(4,971)	(7,516)
Interest	(21,477)	(54,428)	(7,778)	(18,894)	-	-	-	-
IOF	(3,099)	(9,596)	(60)	(6,103)	(4,195)	(10,956)	(427)	(7,611)
Other	(377)	(5,338)	(1,903)	(6,436)	(1,911)	(17,146)	(11,911)	(16,151)
Total	<u>(85,080)</u>	<u>(241,281)</u>	<u>(71,851)</u>	<u>(185,770)</u>	<u>(166,874)</u>	<u>(493,307)</u>	<u>(157,065)</u>	<u>(435,289)</u>

25. INCOME TAX AND SOCIAL CONTRIBUTION

25.1. Current income tax and social contribution

The Company's management adopted the deemed income regime to calculate the income tax and social contribution of its subsidiaries in operation, except for SPEs Bioenergia, Bons Ventos, Formosa and Icaraizinho, which adopted the taxable income regime. The regime adopted by the Company and for SPEs under construction and startup (development) phase was the taxable income regime.

The table below shows the reconciliation of tax effects on income before income tax and social contribution at statutory tax rates for the Company and the consolidated effects for the relevant periods.

	Company							
	Three-month period ended 9/30/2016	Three-month period ended 9/30/2016	Nine-month period ended 9/30/2016	Nine-month period ended 9/30/2016	Three-month period ended 9/30/2015	Three-month period ended 9/30/2015	Nine-month period ended 9/30/2015	Nine-month period ended 9/30/2015
	IR	CS	IR	CS	IR	CS	IR	CS
Income (loss) before income tax and social contribution	47,797	47,797	(123,705)	(123,705)	25,865	25,865	(132,651)	(132,651)
Effective rate reconciliation:								
Exclusion - equity in subsidiaries (Note 11)	(174,766)	(174,766)	(234,446)	(234,446)	(135,336)	(135,333)	(172,293)	(172,293)
Other permanent exclusions (additions)	-	-	-	-	(5,772)	(5,767)	4,541	4,541
Calculation basis	(126,969)	(126,969)	(358,151)	(358,151)	(115,243)	(115,235)	(300,403)	(300,403)
Effective rate	25%	9%	25%	25%	25%	9%	25%	9%
Expected income tax and social contribution credit (debt) at effective rates	31,742	11,427	89,538	32,234	28,811	10,371	75,101	27,036
Credits from temporary differences and tax losses not recorded due to uncertain realization	(31,742)	(11,427)	(89,538)	(32,234)	(28,811)	(10,371)	(75,101)	(27,036)
Income tax and social contribution revenue (expense)	-	-	-	-	-	-	-	-
Current taxes	-	-	-	-	-	-	-	-
Deferred taxes	-	-	-	-	-	-	-	-
Taxes, net	-	-	-	-	-	-	-	-
Effective rate - %	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

	Consolidated							
	Three-month period ended 9/30/2016	Three-month period ended 9/30/2016	Nine-month period ended 9/30/2016	Nine-month period ended 9/30/2016	Three-month period ended 9/30/2015	Three-month period ended 9/30/2015	Nine-month period ended 9/30/2015	Nine-month period ended 9/30/2015
	IR	CS	IR	CS	IR	CS	IR	CS
Income (loss) before income tax and social contribution	73,088	73,088	(77,623)	(77,623)	41,824	41,824	(104,103)	(104,103)
Effective rate reconciliation:								
Other permanent exclusions (additions)	(638)	(638)	(638)	(638)	(6,880)	(6,944)	5,036	5,033
Tax incentives of IRPJ deduction (operating income)	(45,045)	-	(59,056)	-	(36,200)	-	(46,528)	-
Reclassification of deferred taxes on unrealized portion	(1,654)	(1,654)	(12,827)	(12,827)	-	-	-	-
Reversal of tax effects - taxable income	(132,881)	(132,881)	(206,518)	(206,518)	(111,476)	(110,078)	(163,523)	(159,481)
Taxation at deemed cost, based on the gross sales revenues for purposes of calculation	26,380	45,839	68,164	111,876	24,952	37,433	70,476	105,725
Calculation basis	(80,750)	(16,246)	(288,498)	(185,730)	(87,788)	(37,765)	(238,642)	(152,826)
Effective rate	25%	9%	25%	9%	25%	9%	25%	9%
Expected income tax and social contribution credit (debt) at effective rates	20,188	1,462	72,125	16,716	21,947	3,399	59,661	13,754
Credits from temporary differences and tax losses not recorded due to uncertain realization	(33,770)	(12,156)	(95,978)	(34,551)	(29,102)	(10,510)	(74,268)	(26,831)
Utilization of credits	962	347	1,360	490	(876)	(315)	314	113
Income tax and social contribution revenue (expense)	(12,620)	(10,347)	(22,493)	(17,345)	(8,031)	(7,426)	(14,293)	(12,964)
Current taxes	(18,229)	(12,366)	(46,484)	(25,982)	(13,894)	(9,536)	(35,469)	(20,587)
Deferred taxes	5,609	2,019	23,991	8,637	5,863	2,110	21,176	7,623
Taxes, net	(12,620)	(10,347)	(22,493)	(17,345)	(8,031)	(7,426)	(14,293)	(12,964)
Effective rate - %	(17.3%)	(14.2%)	29.0%	22.3%	(19.2%)	(17.8%)	13.7%	12.5%

25.2. Deferred income tax and social contribution

Deferred income tax and social contribution are recorded to reflect future tax effects attributable to temporary differences between the tax base of assets and liabilities and their respective carrying amounts. Additionally, Formosa, subsidiary of SIIF Énergies, which recognized tax under the taxable income regime, record tax credits on tax loss carryforwards. Tax credits were computed based on statutory rates for companies taxed under the taxable income regime.

As at September 30, 2016, the deferred income tax and social contribution assets recorded by Bons Ventos were fully performed.

The balances of deferred taxes are reported in the balance sheet at their net amounts, at the level of the legal entity. Deferred taxes are broken down as follows:

	Consolidated					
	9/30/2016			12/31/2015		
	CSLL	IRPJ	Total	CSLL	IRPJ	Total
Deferred taxes - assets:						
Fair value of property, plant and equipment (depreciation of assets)	23,140	64,277	87,417	24,248	67,355	91,603
Tax loss carryforwards	61	171	232	466	1,294	1,760
Temporarily non-deductable provision	84	232	316			
Total assets	<u>23,285</u>	<u>64,680</u>	<u>87,965</u>	<u>24,714</u>	<u>68,649</u>	<u>93,363</u>
Deferred taxes - liabilities:						
Appreciation arising from determination of deemed cost	27,887	77,463	105,350	29,132	80,922	110,054
Appreciation of assets received from former ERSA	84,014	233,374	317,388	86,495	240,264	326,759
Intangible assets - concession/operation right Jantus, Santa Luzia, Complexo Atlântica, BVP, Rosa dos Ventos and Desa	186,066	516,850	702,916	193,927	538,685	732,612
RTT tax x corporate depreciation	15,759	43,775	59,534	13,656	37,933	51,589
WF2 merger*	3,578	9,940	13,518	3,578	9,940	13,518
Unrealized portion	1,154	3,207	4,361	-	-	-
Total liabilities	<u>318,458</u>	<u>884,609</u>	<u>1,203,067</u>	<u>326,788</u>	<u>907,744</u>	<u>1,234,532</u>
	<u>295,173</u>	<u>819,929</u>	<u>1,115,102</u>	<u>302,074</u>	<u>839,095</u>	<u>1,141,169</u>

* This balance resulted from the merger of WF2 and refers to deferred taxes from gain on ownership interest in prior years, which will be performed in the eventual disposal of the investment.

Expected recovery	Consolidated
2016	1,143
2017	5,580
2018	5,580
2019	5,580
2020	5,580
2021 to 2025	27,898
2026 to 2030	27,898
2031 to 2035	8,706
Total	<u>87,965</u>

a) Presentation in the balance sheet

The balance of deferred taxes is presented in the balance sheet at their net amounts at the level of the legal entity. Deferred taxes are broken down as follows:

	Consolidated	
	9/30/2016	12/31/2015
Total assets	87,965	93,363
Total liabilities	<u>(1,203,067)</u>	<u>(1,234,532)</u>
	<u>(1,115,102)</u>	<u>(1,141,169)</u>
Classified:		
Total assets	548	1,422
Total liabilities	<u>(1,115,650)</u>	<u>(1,142,591)</u>
	<u>(1,115,102)</u>	<u>(1,141,169)</u>

b) Variation in the balances of deferred taxes

	Asset			Liability		
	CSLL	IRPJ	Total	CSLL	IRPJ	Total
Balance as at 12/31/2015	376	1,046	1,422	302,451	840,140	1,142,591
Recognition of deferred taxes				582	1,618	2,200
Realization of deferred taxes	(231)	(643)	(874)	(8,868)	(24,634)	(33,502)
Unrealized portion				1,154	3,207	4,361
Balance as at 09/30/2016	<u>145</u>	<u>403</u>	<u>548</u>	<u>295,319</u>	<u>820,331</u>	<u>1,115,650</u>

25.3. Tax credits

The Company and its subsidiaries recognize unrecorded tax losses on the following reference amounts:

	<u>Company</u>	<u>Consolidated</u>
	<u>R\$</u>	<u>R\$</u>
Tax losses as at September 30, 2016	<u>1,245,150</u>	<u>2,099,841</u>
Tax loss carryforwards as at September 30, 2016	<u>1,245,150</u>	<u>2,099,841</u>

Tax loss carryforwards is offset at the maximum rate of 30% of annual taxable income, with no statutes of limitation.

The Company and its subsidiaries record tax loss carryforwards and temporary differences at the end of the reporting periods. Management's decision not to recognize future tax benefits is based on (i) the fact that the Company is a holding, whose profit or loss derives mainly from equity in subsidiaries; and (ii) the lack of a history of taxable income to date that supports the recognition of deferred tax assets.

26. FINANCIAL INSTRUMENTS

Capital risk management

The capital risk structure and policies adopted by the Company in the assessment of its financial instruments are disclosed in Note 26 to the financial statements for the year ended December 31, 2015.

26.1. Classifications of financial instruments

The classifications of financial assets and financial liabilities are disclosed in Note 26.1 to the financial statements for the year ended December 31, 2015.

The fair value of financial instruments recorded at amortized cost was estimated based on available market quotations or the use of valuation techniques, including the present value of future cash flows. However, the methods and assumptions used for the disclosure of fair values are based on management judgments. Thus, the estimated fair values do not necessarily reflect the amounts that would be received or paid in case of immediate settlement of these instruments. The use of different market methodologies or assumptions might have a material effect on the estimated fair values.

The methodologies used were as follows:

- Level 1 - Cash and cash equivalents, restricted short-term investments, short-term investments, trade receivables, other receivables, trade payables and other short-term liabilities: due to the short-term nature of these balances, the amounts recorded approximate their fair values on the balance sheet date.

Short- and long-term borrowings and financing and debentures:

		Consolidated	
		9/30/2016	
		Carrying amount	Fair value
Stated at cost			
Domestic currency			
Financial institutions	Level 2	645,575	661,652
BNDES/FINEP - Investment	Level 2	3,594,835	3,594,835
NIB - Investment	Level 2	69,819	79,929
Debentures	Level 2	1,953,799	1,896,433
Total		6,264,027	6,232,849

The fair value of a security corresponds to its value at the maturity date (redemption value), discounted to present value using a discount (relating to the security maturity date) obtained using the market interest curve, in Brazilian reais.

- Related-party transactions: due to the specific characteristics of the agreements entered into by the Company and its subsidiaries, amongst which is the fact that the AFACs do not yield interest or have maturity date, the amounts recorded approximate their fair values on the balance sheet date.

26.2. Assets recorded at fair value in the balance sheet

The Company and its subsidiaries classify their financial instruments that are measured at fair value after their initial recognition into Levels 1 to 3, as described below, based on the observable level of fair value:

- Level 1 fair value measurements are obtained based on prices quoted (unadjusted) in active markets for identical assets and liabilities.
- Level 2 fair value measurements are obtained based on other variables besides quoted prices included in Level 1, which are directly observable for an asset or a liability (i.e., as prices) or indirectly observable (i.e., based on prices).
- Level 3 fair value measurements are obtained based on valuation techniques that include variables for an asset or a liability, but which are not based on observable market inputs (unobservable inputs).

The Company and its subsidiaries classify their securities and short-term investments amounting to R\$447 and R\$52,700, respectively, as at September 30, 2016 (R\$443 and R\$23,190, respectively, as at December 31, 2015) as Level 2 fair value measurements.

26.3. Considerations on risks

The risk management structure and main market risk factors that impact the Company's businesses are disclosed in Note 26.3 to the financial statements for the year ended December 31, 2015.

Interest rate risk sensitivity analysis

In accordance with CVM Instruction 475, of December 17, 2008, the Company analyzed its financial instruments to illustrate its sensitivity to changes in market variables.

Assuming: (i) that the exposure scenario for financial instruments indexed to variable interest rates as at September 30, 2016 is maintained and that the related annual indices prevailing as at September 30, 2016 remain constant (CDI at 14.13% p.a., TJLP at 7.5% p.a., IGPM at 10.6777% p.a. and TR at 1.51% p.a.); (ii) a 25% increase in current indices; and (iii) a 50% increase in current indices. According to the projection, the effects arising from the application of these scenarios on the finance income (costs), in the Consolidated, for the next 12 months would be as follows:

Instruments	Index	Exposure	Scenario I	Increase by 25%	Increase by 50%
Financial asset					
CDB/Debentures/Public notes	CDI	94,848	13,194	16,492	19,791
Securities	TR	447	63	79	95
Investment in funds*	CDI	876,895	122,294	152,868	183,441
		972,190	135,551	169,439	203,327
Financial liability					
Borrowings and financing - BNDES, FINEP, FCO, FNE and FDNE	TJLP+1,99%	(3,592,862)	(340,963)	(408,508)	(475,695)
Borrowings and financing - NIB	IGPM+8,63%	(70,154)	(14,192)	(16,228)	(18,263)
Borrowings and financing - DEBENTURES, APR, CCB and NP	CDI+1,77%	(2,109,741)	(340,725)	(416,517)	(492,524)
		(5,772,757)	(695,880)	(841,253)	(986,482)
Variation		(4,800,567)	(560,329)	(671,814)	(783,155)

(*) The investment in funds are not subject to fixed interest rate; the average interest rate was 98.90% of DI.

As at September 30, 2016, total borrowing cost amounts to R\$32,403 (R\$26,327 as at December 31, 2015).

The Company and its subsidiaries have a liability exposure since they hold more financial liabilities than financial assets; accordingly, the sensitivity analysis of financial instruments is conducted taking into consideration an economic downturn and the increase in interest rates.

27. PENSION PLAN

The Company offers its employees benefits such as life insurance, health care and optional supplementary private pension plan, among others, under the defined contribution regime. These benefits are accounted for on an accrual basis and discontinued when employment is terminated. In July 2012 the Company entered into a Free Benefit Generation Plan with Bradesco Vida e Previdência S.A. The plan comprises the Unrestricted Benefits Generating

Plan (PGBL), regulated by the Private Insurance Authority (SUSEP). The Free Benefit Generation Plan is a parity contribution plan since the Sponsor is limited to the amount that it accepted to contribute to the fund and the post-employment benefit received by the employee is determined by the amount of contributions paid by the sponsor and the employee, plus the returns on investments. As a result, the actuarial risk that benefits may be lower than expected and the investment risk (risks that assets invested may be insufficient to cover the expected benefits) are borne by the employee since the selection of the type of income for the employee contribution is free. As at September 30, 2016, the balance of contribution payable by the Company is R\$216 (R\$224 as at December 31, 2015). In the period ended September 30, 2016, the Company recognized an expense of R\$893 (R\$825 as at September 30, 2015).

28. NON-CASH TRANSACTIONS

	Company		Consolidated	
	9/30/2016	9/30/2015	9/30/2016	9/30/2015
Capitalized financial charges	-	-	43,568	20,416
Transfer between property, plant and equipment and intangible	325	-	382	9,790
Trade payables - property, plant and equipment	-	-	6,876	4,669
Capital increase through advances for future capital increases	172,269	60,274	-	-

29. Generation Scaling Factor (GSF) and 2015 Hydrological Risk Renegotiation

Further information on the GSF in 2015 is disclosed in Note 31 to the financial statements for the year ended December 31, 2015.

In December 2015, the Company's subsidiaries, PCH Arvoredo, PCH Salto Góes, PCH Varginha, PCH Santa Luzia, PCH Plano Alto, PCH Alto Irani, PCH Cocais Grande, PCH Figueirópolis and PCH Ludesda, adhered to the renegotiation of the ACR agreements and terminated the respective lawsuits.

Such effects were recorded as advanced expense (Note 9) as a reduction to revenue from power sales at the cost of the electric energy purchased for resale. The GSF renegotiated by the Company's subsidiaries, net of premium, as at December 31, 2015, amounted to R\$27,019. The advanced expenses will be amortized as a reduction of revenue from power sales and as power cost on a straight-line basis in the subsidiaries' profit or loss between January 2016 and June 2020.

As at September 30, 2016, the GSF liability from May to December 2015 was partially paid, in the amount of R\$3,588; accordingly, the reimbursed GSF portion, net of premium, for the year ended December 31, 2015, taking into consideration the premium amortization from January to June 2016, recorded in line item "Prepaid expenses", is net of liability payable recorded in line item "Advances from customers", in the amount of R\$8,602, recorded separately in current and noncurrent.

In addition, in relation to the agreements entered into with Eletrobras (PROINFA), the 2015 GSF was not discounted from the revenue in the nine-month period ended September 30, 2016; accordingly, the 2015 GSF portion, net of premium, in some subsidiaries, is recorded net of the liability payable, recorded as advance from customers, with zeroed balance.

In the nine-month period ended September 30, 2016, in profit or loss, the amount of R\$4,560 refers to renegotiated hydrological risk premium, out of which R\$1,774 was recorded as power generation cost and R\$2,786 was recorded as a revenue reduction, relating to the PROINFA agreements.

30. SUBSEQUENT EVENTS

- 4th issuance of debentures – CPFL Energias Renováveis S.A.

On September 15, 2016, the Board of Directors' Meeting approved the 4th issuance of unsecured simple debentures, not convertible into shares, in two series. The issuance comprise 40 debentures, 20 debentures in the 1st series and 20 debentures in the 2nd series, at par value of R\$10,000 each, totaling R\$400,000.

The 1st series debentures will be issued on September 28, 2016, whose proceeds, in the amount of R\$200,000, were received on October 4, 2016. The issued date of the 2nd series debentures will be defined and approved by means of amendment to the Issuance Indenture.

The debentures are effective for five years as from the issuance date, collateralized by CPFL Energia S.A. The proceeds will be allocated to the Company's working capital and other activities.

- Start-up of operations of São Benedito

According to Decisions 2163, 2291, 2559 and 2631, issued by ANEEL, from August 12, 2016 to September 30, 2016, the gradual start-up of 14 generating units of 2,100 KW each, totaling 29,400 KW of installed capacity of São Benedito, located in the Municipality of São Miguel do Gostoso, State of Rio Grande do Norte, was authorized.

* * *

Gustavo Henrique Santos de Sousa
CEO/CFO and Investor Relations Officer

Marcos Paulo Nascimento
Controllership Superintendent

Daniela Ribeiro Mendes
Accountant
CRC 1SP199348/O-0