

Operator

Good morning and thank you for waiting. Welcome to CPFL Energia's First Quarter of 2015 Earnings Conference Call.

Today with us we have Mr. Wilson Ferreira Junior, CEO of CPFL Energia; and other officers of the Company. This call is being broadcast simultaneously on the Internet at the Investor Relations website of CPFL Energia, at www.cpfl.com.br/ir, where you can find the presentation for download.

We would like to inform you that all participants will be in listen-only mode during the Company's presentation, afterwards we will have a question-and-answer session, when further instructions will be given. (Operator Instructions)

We would like to remind you that this call is being recorded.

Before proceeding, let me mention that forward-looking statements that might be made during this call are being made under the Safe Harbor of the Securities Litigation Reform Act of 1996. Forward-looking statements are based on the beliefs and assumptions of CPFL Energia's management and on information currently available to the Company.

Forward-looking statements are not guarantees of performance, they involve risks, uncertainties and assumptions as they relate to future events and therefore they depend on circumstances that may or may not occur. Investors should understand that general economic conditions, the industry conditions and the other operating factors could also affect the future results of CPFL Energia and could cause results to differ materially from those expressed in such forward-looking statements.

Now, we would like to turn the conference over to Mr. Wilson Ferreira Junior. Mr. Ferreira, you may proceed.

Wilson Ferreira Junior, Chief Executive Officer

Thank you. Good morning, everyone; investors, analysts, shareholders, we would like to start our presentation about the results of the first quarter of 2015. I will talk about first four to five slides, just to give an update about the hydrological situation and CPFL view on it.

So on page number three, we tell you about the level of the reservoirs. It's important to say that we closed April with almost 35% and right now we are slightly higher at 35.3%. And according to our forecasts and performed by the National System Operator, we should cross the green line here, which is the level of rationing -- at the time of rationing in the next two days.

Perhaps this week we are going beyond and this shows the vitality of this system mainly in what regarded as thermal generation capacity, that has been the driver in the level of the reservoirs, the increase in the level of reservoirs and you will see the level of -- and rainfall has been lower than the average. But here just to show you that, we are getting into a more comfortable situation, but of course we still have to pay attention to it.

On page number four, we have this vision of the rains exactly. We are taking here three summers especially highlighting the last two: we live, just live in the Southeast and Midwest region which are our main water storage source and the good news here is that it was better than the year past. If we take about November 13 and April 14 we had below average rainfall (36% below average) and this year we had below average but 32%.

As you can see and I will show you on the next slide that we have an expectation for an average in the South and Midwest regions, higher than the average in the South region. And in the interconnected system as a whole, you can see here 54% in January, 61% in February, 73% in March, 84% in April and now for the first review of the National operation 97%; and the dispatch of thermal practically full.

On page five, we have our view. And you know that for generation it's necessary to see the thermal capacity and what kind of growth we are meeting or catering until we are working on this red curve, that is CPFL's view and the green curve was the original forecast of the ONS in the beginning of the year.

It has been revised by the ONS itself (that black curve is pretty on the red CPFL had) but it follows in the case of ONS dotted with these values in black and blue. Last year we had 65.1 GWavg consumed and the original forecast by the ONS was 67.3 GWavg and corresponded to a growth of 3.3% and we see that both the May revision of the ONS as the expectation of CPFL are very close - 64.9 GWavg and 65.1 GWavg, which means in principle, what we can see here is the year with a very similar consumption to what we saw in 2014.

And of course, this helps if we go to page number six, our view for the end of the year, our prospective view. We then must with this ENA May 97% come up with something close to 37% in the level of reservoirs and then afterwards you can see that we placed on the one curve here, the 15% curve if we follow, 87% would be the necessary national inflow energy for June, and we would get to 15%.

The probability of having a value less than 87% is 28%, the probability is so low that we say; to confirm that I always put - and this has occurred in recent years - the dry season has been more wet we call it than average and then we get here since 2004 in the last ten years he was 105% on average in southeast and Midwest and was 104% in the national interconnected system.

Then we with this situation given the pace of consumption are seeing that it is very unlikely any restriction of need in energy consumption. This is already happening is the effect of the tariff increases, is at own pace of the economy that is lower and then we move away anyway any kind of risk. These are our thoughts on the Brazilian energy scenario for the year 2015.

On page number seven, now we are going to talk about the highlights for the first quarter of 2015. For CPFL, a reduction of 2.5% in sales in the concession area and you can see that this drop occurs in a very rationalized consumption in the residential and commercial areas. This is positive, but it's still low. And industrial, what we have already been seeing over a 2014, the full year industrial activity is lower in the case of this quarter compared to the same quarter last year, a drop of 5.1%.

In spite of that, we have invested R\$ 331 million in this quarter and we had a commercial startup that was earlier in the month of -- wind farm CPFL Renovaveis in April 2015, what we will be talk in detail about that later on, and the victorious participation in the A-5 auction with the - Boa Vista II SPP, 26.5 megawatt of installed capacity and physical guarantee and the second best price in the auction.

And I would like to remind you that we had a supplementary tariff adjustment in CPFL Paulista in April with the application of parametric formulas and a whole set of definitions for the second phase of the Public Hearing number 23 (AP/23) and the fourth cycle of tariff revision concluding and we will be talking about that.

And last week we had the Shareholders' Meeting for the staff bonus approval. So, we had the issue of new shares distributed to shareholders since the date in May 6 last.

And this has somehow reflecting positively on the behavior of shares. We saw the CPFL Energia shares varying a little higher than 10% at BM&FBOVESPA and down in the New York Stock Exchange, but it's more related to the exchange rate.

So we will be talking about that and we published our Annual Report in March based on GRI G4 guidelines and for the first time on the IIRC structure, the International Integrated Reporting Counts.

So these are the highlights for the quarter. Now on page eight, we are going to talk about energy sales. This is very important. So in blue on the left on the upper left, you have the captive market dropping by 1.8% and the free market; the TUSD market, with 4.6%. This gave 2.5% minus that I referred to in the previous page. Here in the middle box sales by class, we have already talked about them and the market profile keeping virtually unchanged then industrial consumption accounts for 38%, 30% residential and commercial segment 18%.

Down here I think just the important point: we have a drop in industrial consumption but not a decline in demand contracted in the industrial sector, it shows that the industry has - and this is only a demo - and looking at energy contracted out tip and tip we have here values growing in comparison with May of last year by 3.1 and 3.2%. So there is an expectation of recovery in industrial capacity and it demonstrates why this contracted demand directly with the concessionaires.

I stress even for the first time this year - this is due to the industrial potential - had lower growth than Brazil (2.5 against 0.6) and it is carried out in the same way in the two regions where we are operating, worst in southern and worst in the south, our most industrialized area, and this obviously affected our sales results this year - but the expectation is that we have a recovery in industrial area and the demonstration in contracted demand.

We also do a report on our installed capacity in generation with growth of 25%, mainly renewable generation, due to commercial startup of projects during this period of one year, and in the case of conventional generation fall is basically the exercise of this right of our partners in Epasa.

On page number nine, some remarks about the growth of commercial and residential. You can see a lower growth 0.3%, but it's important to say that it's over a higher base last year, we had a very robust 12.6% growth. And if we look on the weighted average, this would be the 6.3% growth, which is fundamental and something that explains this behavior, it has to do with temperatures and as you can see here, on the lower part, the accumulated temperature in the quarter; Campinas, Sorocaba, and Caxias do Sul, the three main concession areas.

As you can see that, a very non-typical behavior of temperatures. As you can see, the accumulated temperature in the quarter, 721, 713 vis-a-vis the averages that are much lower. Just for comparison purpose, 721 vis-a-vis 531 last year in Campinas and 651 this year vis-à-vis 532. If you look at the three cities altogether, the temperatures that we had last year were a dot out outside the curve.

And on the upper part, you can see some kind of equipment or appliances consumed more energy. We are talking about refrigerators and freezers where you have high temperature, as we said before and you cannot have a direct control and fans and air-conditioning as well, 19%.

Now let's talk about our results on page number 10. As usual, for the first time we are -- we have the amounts in IFRS, much more similar to what we call them as the management results, but in IFRS we are reporting a 35% growth in our net revenue, reaching R\$5,059 million, due to the increase of the tariff banner and the increase in tariffs in March, not the

full effect yet but some part of that is already impacting this EBITDA growing by 23% reaching 972 million and net income dropping by 18% reaching R\$142 million, and I will be talking about this behavior very soon.

But in fact, mainly due to the cost proportional consolidation that we don't have an IFRS, CPFL -- clearly represented by the lower part 30.6% increase in the tariff -- in revenues not tariff reaching 5,030 million, 5.5% growth in EBITDA reaching 1,146 million and a drop in the net income reaching R\$300 million, representing a drop of 24%.

Reconciliation of these values between IFRS the management figures, you can see on the lower part of the slide proportional consolidation of generation and also sectorial financial assets and liabilities, very strong last year and the events that we are considering as non-typical or non-recurring, the GSF, the main GSF and the energy purchase in the past, the reallocation of costs with basic grid losses, a minor effect that we had last year. As you can see a difference between last year and this year, the effective tax PIS/COFINS adjustment, about R\$ 13 million this year and a mark-to-market of law of 4,131 in distribution. So with all these factors, looking at the EBITDA of R\$ 972 million in the IFRS, you can see R\$ 1,146 million, which is the consolidated base and not considering the non-recurring effects.

Now let's talk in detail about the EBITDA and the net income variations on page number 11. We will be looking at inside the boxes, that is to say the R\$ 1,086 million to R\$ 1,146 million variation due to the increase in net revenue, of more than of 30% -- growth and you can see that to a great extent on distribution, that is to say.

There is an important aspect: the exchange rate variation in Itaipu now is booked in the variation of revenues. It will come into the revenues and will go out in financial expenses. So as you can see, there is a transparent effect considering the net income and there is a small positive variation in terms of revenue of the distributor.

We had also in Renovaveis considering the start-up of assets, the increase of R\$ 45 million, and in conventional generation and commercialization services, a drop of R\$ 116 million. So you have the details here of this growth of R\$ 1,283 million regarding distribution, mainly the effect of tariff flags, the effect of the tariff itself, the drop in the market and other effects as well. The increase in revenue is clear and it's driven by readjustments in the case of distribution and the start-up of new assets in generation, with negative effects of the GSF in the conventional generation.

In distribution, the effect of R\$ 1,189 million is related to purchase of energy and in CPFL Renovaveis is R\$33 million, a little of the GSF also effect. In conventional generation is of R\$ 98 million positive and it has to do with the variation of the PLD from R\$ 800/MW last year to R\$ 388/MW this year and the same happened in the case of commercialization as well.

So the balance of those two things plus the growth of our PMSO expenses of around 1.5%, two of them with revenues associated, the services PMSO, you can see that this activity continues to grow and the acquisition of fuel oil for EPASA, dispatched in the higher level and the acquisition of fuel... there is also an associated revenue because this is value reflects in the CVU of the plant.

We have to use for comparison purposes the personnel amount of R\$19 million reflecting the adjustments in the compensation of our workers, mainly in June last year. So we have the collective agreement with R\$ 11 million, the PLR of R\$ 3 million, and also the other activities that are in-sourced in the distributors (R\$ 4 million). In material and services we have R\$ 14 million, and in others we have assets write-offs of R\$ 11 million, legal and judicial indemnities of R\$ 7 million, inspection fees of R\$ 6 million. On average in the

quarter, except for to the market effect, effective relatively clean quarter where mainly the GSF effect is still relevant.

On page 12, we draw a comparison about our manageable expenses since the implementation of the OBZ. In nominal values we see a drop of 0.3% in a comparison of the last 12 months, vis-a-vis 2014. And when we look at the adjusted real PMSO, indexed to the IGPM you see a drop of 15% or R\$ 250 million. And in the comparison of the last 12 months, with 2014, a drop of 1.2%.

You can see that this has to do with management of personnel, materials and others, with a contribution of R\$ 200 million and around R\$ 50 million coming from personnel. So we are growing our operations without growing our expenses, as you can see.

And on page number 13, we talk about net income. We will be explaining the drop of 24% here on this slide. We had already talked about the 5.5% increase in the EBITDA (R\$ 60 million), from R\$ 1,086 million to R\$ 1,146 million.

And you can see a negative net financial results. On one hand, we have a very strong indexation with the CDI (more than 70% of the debt outstanding balance). And as you can see on the right, an increase in the CDI interbank rate from 10.3% in the first quarter of last year to 12.1%, besides the exchange rate variation. And as I said before, the exchange rate variation of the Itaipu, so it has a positive impact on the revenues and then negative impact of R\$ 75 million in our net financial result.

The effect of mark-to-market, operations under law 4,131 (non-cash effect) is of R\$ 34 million and others effects of R\$ 5 million. We see an increase in depreciation and amortization, because of the start-up of assets, and a decrease in income tax and social contribution of R\$ 16 million.

Page 14, just to report our net debt-EBITDA ratio. It went up from 3.49 to 3.54, a slight increase in spite of the adjusted EBITDA going up as well. On the lower part, the good news is that the real cost is dropping. The bad news is that the nominal cost continues to go up for the third consecutive quarter reaching 10.5%. Although the real cost is 2.2%. And here you see the breakdown of our gross debt: 73% CDI, 20% long-term interest rate (TJLP), 6% prefixed, mainly PSI related to the BNDES; and one-fourth is related to the BNDES, three-fourth is related to the market and the IGP is the debt with the CESP Foundation.

On page 15, we show you that we are in a comfortable situation. We closed the quarter with almost R\$ 4 billion in cash and this covers almost 2 times our short-term amortizations. 3.67 years is the average tenor of the debt. The short-term is 12.4% of the total. And you can see that it's a very well balanced situation in terms of debt amortization schedule.

And on page 16, some remarks about the Morro dos Ventos II project that started out just now; It is a farm with 29.2 megawatt installed capacity, 15.3% average megawatts assured energy, PPA from the 13th new energy auction (A-5) at R\$133 per megawatt hour until 2035, annual estimated revenue of R\$17.9 million as of 2016, and funding by the BNDES already approved. So it was a great pleasure for us to bring this forward, so this brings us this additional revenue.

And on page 17, we see the greenfield projects in generation that we are building, Campo dos Ventos and São Benedito wind complexes, both for operating in the free market, 231 megawatts installed, the 120 average-MW, financing being structured at the BNDES. Mata Velha SHPP, with 24 MW contracted in the 2013 new energy auction at R\$143 per megawatts hour until 2047, also being analyzed by the BNDES.

And Pedra Cheirosa wind complex for 2018 commercial startup, 51 megawatts, contracted in the 18th new energy auction in 2014, R\$ 133 per megawatt hour until 2037, also being analyzed by the BNDES. And in the auction a couple of weeks ago, Boa Vista SHPP, 26.5 megawatt hour installed and R\$ 207.64 per megawatt hour until 2049. So these four projects amount to 333 megawatts of installed capacity, 174 average megawatts to be delivered as of 2016 and up to 2020.

On page 18, our stock performance. As I said, the behavior of our stock was positive vis-a-vis 2014. So we performed 10.7% vis-a-vis IEE which was 1.3% and IBOVESPA 2.3%. And in the New York Stock Exchange, you can see a drop of 8.4% of our ADRs vis-a-vis a drop of almost 15% in the Dow Jones Index and of 1.2% in the Dow Jones Br20 and the increase in the average trading volume at Bovespa by 1.1%, reaching 5,600 trades per day, divided between Bovespa and New York, and CPFL continuing to be present in the main indexes as you can see in that box.

On page 19, our Annual Report of 2014 has already been published. But here we would like to mention the IIRC structure where information is already placed and organized based on human capital, social capital and relationship, infrastructure capital, knowledge and skills capital, natural capital and also financial capital. It is audited by PwC. And this is very important for the company, that is to say, the way we report our results, besides the transparency that does gives it some more friendly way to with all stakeholders in the company.

On page 20, we have the conclusion of the fourth tariff review cycle. Positive factors in general are better than the negative ones. And you can see that the WACC went up and we included the remuneration over special obligations.

On the other hand, we have not included yet the remuneration over fully depreciated assets and we will have to continue to fight for this with the agency.

In terms of operational costs, we simplified the model and addition of labor contingencies, and this is a plus. And the sharing of the revenues as well as simplification of the methodology. And 60% related to activities commonly rendered and 30% related to activities still on the learning curve.

Non-technical; we created an exception rule for company, as well an exception rule was created for companies with low losses like CPFL Paulista, CPFL Piratininga, and RGE, where the average of the last four years is used without a trajectory and for Xq we still need incentive and with this methodology logically we stop losing, but we do not have a positive sign to continue due to investing in the reduction of these losses.

And finally, in the Xq factor, we have the addition of commercial indicators. It's not just the Xq factors that determines the quality of our operations, but we should mention mainly Xpd there was a decrease vis-a-vis the first proposal, but it's still very high at 1.53. It's too high as an Xpd factor and recoverable revenues. We see an increase in delinquency rates, regulatory delinquency rates and because of the increase in the energy tariffs, but we see an increase of the aging from 49 to 60 months.

So for the short run, we see an increase in delinquency and the balance is positive overall. I think there are two elements for us to continue to interact with the agency to get the regulatory model, but we must recognize that beside the transparency. There is a whole set of action being taken.

On page 21 it's important to mention infrastructure improvements that can enlarge the expansion provided the Brazilian market potential. You can see the global competitiveness index, including Brazil and some Latin American countries.

Basically, we can see something to show the size of our market. And when we focus on the right, we can see that very clearly comparing Brazil, for instance, with a couple of other countries, emerging countries or in the region.

You can see in terms of residential consumption per capita, there is a striking difference. Just compare Uruguay is quite as much, almost four times in Venezuela. Brazil shows potential for growth. For instance, with washing machines, computers and microwave ovens, air conditioning and I think Brazil continues to be a country where we can not ignore it is the leader in agribusiness; coffee, soybeans, orange juice and they are fourth largest in green and renewable energy, the third largest in computer market, the fifth largest market for phones and mobile phones, vehicles and the fifth country for foreign direct investment. So we do have potential for growth. We are still making some adjustments, but we have a lot to do with our country.

On page 22, just to share investments highest rate of returns by projects, and more in the private sector and financing, that's a condition for the future.

We keep on investing, close to R\$200 billion in recent years. And it is critical to mention that 10% to 15% of investment were financed with debenture infrastructure. And we do have the need if we consider the lower flow, we have to consider the volume of funds available. So we can boost and develop our structure.

We have been working with the Ministry, so we can also include distribution and infrastructure and debentures. So we need to improve public financing and private financing. Naturally that is a set of measures to be taken, but on behalf of the government and regulatory stability, we are given large strike and improved the selection of entrepreneurs and internal rate that is compatible with the risk taken. Sometimes we have a hard time to acknowledge this.

And finally, improved terms and processes of environmental licenses. Part of the companies are still critical to have more efficient performance of projects to prevent delays and naturally to meet the deadline. So we have a lot of opportunities for 2015, more than 13 billion in distribution in generation with two auctions with R\$10 billion invested and another two auctions to take place for the next three months, not to mention, all that volume to be included, transmission for instance more than R\$13 billion of investments necessary for expansion and also a new potential, which is the expansion of generation -- co-generation capacity.

So if there are gaps in infrastructure, on the other hand, these gaps are also our opportunities for the future. In the electric system, we have more than R\$200 billion of investments required from 15 to 18.

So these were my remarks. I would like to tell you that we have Gustavo Estrella with us, I think it's important to highlight that we did have changes in our organizational chart approved by our meeting last week and we also appointed in our shareholders' the new members. I'm happy to have two of the members attending this meeting today;

Wagner Freitas Schneider, who joined us as Vice President for Management Planning and Karin Luchesi, our Vice President for Regulated Operations and Market Operations. Karin used to be Chairperson of CPFL Geração and now took the new challenge to be with us today. So we are very happy to see that this is our future. Naturally, we always work together, so we can have a structure that is on the same page with the whole group. We have now this additional upgrade and bringing new people that are being very successful, so that in future quarters we can show our potential and the capacity these people have to bring and add more value to our Company.

We are happy to take questions now.

Questions And Answers

Operator

Ladies and gentlemen, we are starting now the question-and-answer session. (Operator Instructions) The first question is from Marcos Severine from JP Morgan.

Marcos Severine, Analyst

Good morning, Wilson; and good morning, everyone. Wilson, my first question is about this clear sign given by the government vis-a-vis the return to the electric sector. It is very clear in the fourth cycle of tariff review, as you mentioned, while some points are still pending like compensation or remuneration over CapEx for 100% depreciated assets. But we might expect to see a regulatory growth. As to Greenfields, we also an increase in price, return in the margin improving and cost, particularly CapEx, is growing a lot.

So my question, actually I have two questions about the same topic. First question about Generation, do you expect to see a review of the cap already announced for recent auctions, particularly A-5 in order to include this CapEx increase that we'd been seeing so far and therefore you have higher remuneration or a better IRR to shareholders matching better the equity that also went up this period?

And the second question is about opportunities for M&A when we have improved return in distribution probably Eletrobras will consider the assets for sales, North and Northeast. Do you have any interest these opportunities in the North and Northeast. And what about the southeast. Do you also envisage any opportunity now, well maybe now less risky considering the better return? These are my two questions for you. Thank you.

Wilson Ferreira Junior, Chief Executive Officer

Severine, thank you for your question. I agree with you and I believe this is public already. The electric industry, the Ministry of Mines, all stakeholders have made significant efforts. This has to be acknowledged in the sense of bringing capital for investment. This is reality. I have to agree with you that when it comes to generation, this already happened in the previous two auctions. For about four years now, we hadn't seen small hydro plants participating in auctions, but now they brought more interest to capital with returns that are compatible. And compatible returns means that with this price, it is enough for you to cover an increase on cost for investment and increase in financing. This acknowledge applies to all recent auctions and there is no reason not to believe that in future auctions the systematic will be applied.

We have talked to the Ministry and the circumstance of any challenge that we have now, when it comes to supply will be solved from the moment we have new investment and new projects in operations, so the government is making efforts to work on prices that has been attracting all project in all auctions the private capital. So I do believe they will keep on doing that in the auctions.

As to M&A opportunities that distribution companies, I agree with you, I think we're coming to a point, maybe because some of the ones that you mentioned, like Eletrobras, they give a clear message in terms of using the renewal process to make a structured process to dispose of some of these concessions.

In addition, with this improved condition that we can see now at the end of the fourth cycle, it is true that some distribution companies are small. I think it will be necessary, considering what we've been following up in the renewal concessions, a set of conditions for investments and I believe that the smaller ones may be consolidated by larger player, given those challenges, and also the larger companies that you've made reference, like Eletrobras for instance. Naturally, we are interested, we pay keen attention to these

opportunities and we'll be assessing each and every one of them. We understand the distribution -- like I always say is a scale business. And therefore, growth is critical and naturally from the moment you can include geography so much the better, but if you can't, scale remains the big driver of the business.

Considering the current opportunities, we'll keep our eyes open and be actively engaged in the process. It is important to the Group and will be important to the industry from the moment you also have less concessions. So that further down the road, you can consolidate operations and make it any easier for the assessment of distributors by the Agency. So a very bullish in terms of higher generation price coming back to the level that is high enough to attract capital and as a result of the renewal process of distribution, there is a set of opportunities and we'll keep our eyes open to them.

Operator: next question, Vinicius Canheu, Credit Suisse

Vinicius Canheu, Analyst

Hi, Wilson. Good morning. My question is about GSF. We could see in the release on your message, efforts by the Company and the industry to discuss that. When we analysts talk to the government, we have contradictory messages. Sometimes you have signs of some kind of help and sometimes you have signs that it is a risk of the business and that some kind of benefit that is not included in the scope considered by the government. Do you have a more recent update? Any news to share with us considering that news are being contradictory?

Wilson Ferreira Junior, Chief Executive Officer

I believe this topic is significant enough and by the way just as a follow-up to Severine's question, GSF is critical, not only to ensure the financial health of companies that are already operating but it's also critical to assure attractiveness for hydroelectric generation, which is our main source of expansion for energy in years to come. It remains the main source.

From all conversations that I have with the government and related agencies, there is strong concern. They recognized that this topic has to be addressed. And it has to be addressed in such a way that brings stability on a permanent basis, recognizing actions that we had in the past, we grew in thermal power generation -- so to speak in terms of wind farm and the circumstance became more severe for GSF of generation companies of hydro plants.

So it is a strong impact and strong enough to be considered priority. I have to admit that our Group has the expectation that in May we will have a solution to this topic that could be applied to companies and to some extent mitigate part of the risk that is not theirs. What I mean by dispatch out of merit order or alternative energy that cannot be dispatched, we are talking about an effect that is attributed to the GSF of hydropower plants, and they cannot defend themselves.

So the government admit that these items has to be addressed properly so we can really ensure good conditions in the future. So I expect that this May -- I wouldn't say we have the solution, but an enhanced solution, maybe we have conversations that will allow companies that are operating now to come to a balance. And as a result, we hope to have conditions to have attractiveness in hydro generation, which is so important for the future of the country. Thank you.

Vinicius Canheu, Analyst

Ok, it was clear. Thank you.

Operator

The next question is from Vinicius Tsubone, UBS.

Vinicius Tsubone, Analyst

Good morning. Thank you for the call. I would like to hear from you considering improvement in the water scenario in April and also the better forecast for May. I wonder if this changed your previous estimates for GSF in 2016? Thank you.

Wilson Ferreira Junior, Chief Executive Officer

This improvement is very slight when we consider that full forecast for the year. Right now if we consider the effects of drop in consumption or stability in consumption, we are talking about of GSF for the year around 16.5% for 17%. We haven't changed our forecast yet.

Vinicius Tsubone, Analyst

Okay. What about the next year, would it still be around 8%?

Wilson Ferreira Junior, Chief Executive Officer

Yes, around 8%.

Vinicius Tsubone, Analyst

Okay. Thank you.

Operator

(Operator Instructions)

This concludes the question-and-answer session. I would like to give the floor back to Mr. Wilson Ferreira Junior for the closing remarks.

Wilson Ferreira Junior, Chief Executive Officer

Once again, I would like to thank you all for your attention to our earnings presentation call. I wish to highlight when it comes to the outlook, I would like to highlight our opportunities that the electric sector will provide to the society by bringing capital to investment and boosting our economy and infrastructure. This should be our main path.

Once again, I would like to underscore and state that the government is very much involved in all topics that affect the sector. We have at least two good pieces of evidence; one of them is the promptness of the process related to distribution companies like flags, extraordinary tariff review, in addition we also have the conclusion of the fourth cycle, the conclusion of the fourth cycle of tariff review.

And the second point is the effort to attract new funds and investments, and also auctions with prices that are compatible and attractive enough for companies to be involved. CPFL already attended the previous one and we expect to be present in future ones, because we believe this outlook. Maybe the only elements still remaining that needs improvement, the GSF, we believe this is already in progress. So naturally, we expect the potential of the country after fiscal adjustment, we hope everything will be concrete.

When it comes to the electric industry, it's up to companies to go back to their investment outlook allowing infrastructure in energy to support a rebound of our economy. And that's what we'll be doing. CPFL will be supporting the whole process.

Once again, thank you all for joining our call.

Operator

This concludes CPFL Energia conference call. We thank everyone for joining us. Have a good day.