Management Report

Dear Shareholders,

In compliance with the law and the Bylaws of the company, the Management of CPFL Geração de Energia S.A. ("CPFL Geração" or "Company") hereby submits to you the Management Report and financial statements of the Company, along with the independent auditor's report for the fiscal year ended December 31, 2019. All comparisons in this report are with the consolidated figures for fiscal year 2018, except where specified otherwise.

1. Opening remarks

In 2019, CPFL Renováveis fulfilled its strategic agenda and continue working on value initiatives and in its investment plan, with financial discipline, efforts and commitment of its teams.

The year of 2019 was especially marked by the conclusion of the process to integrate the administrative activities of CPFL Renováveis with the organizational model of the CPFL Energia Group, further reinforcing the commitment with the growth and creating value for its shareholders by strengthening potential synergies among the companies. Also, with the conclusion of the acquisition, CPFL Energia now holds 99.94% of CPFL Renováveis (46.76% directly and 53.18% through CPFL Geração).

On December 19, 2019, CPFL Energia and CPFL Geração informed, through a Material Fact, that CPFL Energia's Board of Directors and CPFL Geração's Executive Board approved, on that date, the tender offer for the acquisition of the common shares, which remain outstanding, issued by CPFL Renováveis, aiming to promote the conversion of the company's register as a publicly-held company in category "A" to category "B", to be carry out by CPFL Geração, CPFL Renováveis' direct controlling shareholder. The accomplishment of the DTO is subject to its registration before the Brazilian Securities Commission ("CVM") and its authorization by B3, and for the purpose of acquisition of up to 291,550 common shares issued by CPFL Renováveis and remain outstanding, which represent only 0.06% of CPFL Renováveis' capital stock. CPFL Geração requested from CVM and B3, on December 20, 2019, the registration of the DTO upon adoption of a differentiated procedure, with the waiver of preparation of an appraisal report. All other terms and conditions applicable to the DTO will be described in the Notice of Tender Offer, submitted for review and approval by the CVM and B3.

CPFL Renováveis consists of the renewable generation projects of the CPFL Energia group, being leader in this segment. The installed capacity of CPFL Geração is 2,133 MW.

Recognized for their management processes founded on operational excellence, CPFL Renováveis and the companies in which it holds interest reaffirm their commitment to expand their generation capacity from clean and renewable sources through investments considered indispensable for the sustainable development of the communities where they operate.

2. Comments on the macroeconomic scenario

Macroeconomic Scenario

After three years of sharp contraction between 2014 and 2016, a period marked by diverse political upheavals, the Brazilian economy embarked on a slow and irregular recovery in 2017, 2018 and 2019.

A few shocks hit the Brazilian economy in 2019. Notable among them was the tragedy at Brumadinho, which led to a steep reduction in iron ore mining; the continuing recession in Argentina, which adversely affected Brazilian exports, especially manufactured goods; and the global economic and commerce slowdown. Basically, these were the same factors that caused the decline in industrial production in 2019, despite the growth in domestic demand.

With a fairly moderate pace of the economy, the idleness of the factors of production remained high, which was reflected in very low inflation rates (especially the core measures). This scenario, combined with the growing prospects of the social security reform being approved, led the Brazilian Central Bank to loosen its monetary policy once again, taking interest rates to the lowest levels ever (both in real and nominal terms) during the second half of the year.

The approval of social security reform, which will avoid a strong growth in social security spending in the long term, consolidated the vision of a structural interest rate reduction in the near future, and the interest curve as a whole underwent a sharp correction, with a decline in long-term interest rates.

The monetary stimulus drive, with regular injection of funds into the economy (workers' severance fund (FGTS), corporate social contributions (PIS-PASEP) and the 13th installment of the family allowance (Bolsa Família) program), started boosting the economy until the end of 2019. Better data are seen in credit, trade and some service and industry segments. Even the construction segment, which faced the consequences of the crisis more severely and longer, has started showing signs of certain recovery.

The decline in domestic interest rates also resulted in swaps of more expensive external financing for domestic credit, which is free of exchange risk and more accessible during this moment of monetary expansion – not only through banks but also - and increasingly - the capital markets. Together with the increase in funding through issue of shares and securities, the demand for the U.S. dollar on the spot market to settle debts owed to international creditors increased, which exerted certain pressure on the Brazilian real. But nothing that could change inflation projections or the outlook for monetary policy.

As such, the year 2019 comes to a close with the economy gaining traction and the lagging effects of monetary expansion still to produce results. Inflation was pressured by the effects of change in prices related to proteins, reflecting the sudden reduction in Chinese pork supply, but this aspect does not raise concerns in the monetary policy horizon. Brazil's Monetary Policy Committee (Copom) has signaled a cautious approach, so much so that the Selic basic interest rate should decline very slightly or not at all in 2020.

Projections by the Brazilian Central Bank indicate the maintenance of interest rates at low levels for a long time. While the slight difference between domestic and foreign interest rates reduces investor appetite for fixed income securities, the growth difference should encourage the inflow of overseas funds into the country for investments, including additional depreciation and even the possibility of a slight appreciation of the currency. The international scenario should contribute to a year of greater interest in emerging economies and the recent revision of Brazil's risk rating by S&P backs this improved outlook.

The dilution of uncertainties seen this year-end suggests that 2020 could be a year of less tension and volatility across markets, with mild impacts on our economy. However, the risks of an increase in uncertainties still seem relevant to us. In the external scenario, the U.S. presidential elections should cause moments of tension, just as the uncertainty surrounding the recent agreement between the U.S. and China. On the domestic front, the risk of worsening political tensions too cannot be ruled out, remembering that the post-social security reform economic agenda is more diffuse. Lastly, note that there are two "fiscal scapegoats" that may cause inconvenience in the short term.

The first is the situation of state entities: few states have less than 90% of their revenues committed to current expenses (the most recent case of the city of Rio de Janeiro, which suspended payments, is an example of the fragile scenario in which the so-called federative pact will be conducted).

The other is the ceiling on government spending: if it is not relaxed, compliance with it will require draconian tax efforts (especially from 2021), with restrictive potential effect on the economy.

Thus, growth projections for the Brazilian economy continue to indicate a faster pace of recovery than now. The average of forecasts made by market players indicates that GDP will grow from 1.1% in 2019 to around 2.2% in 2020[1]. Weakened external demand and fiscal adjustment measures, which weigh on government consumption and public investments, tend to reduce the pace of recovery in the short term.

3. Operating Performance

CPFL Renováveis is the leader in the renewable energy segment and operates with four sources: wind, biomass, SHPP and solar. On December 31, 2019, the portfolio of CPFL Renováveis totaled 2,133 MW of installed capacity in operation, comprising 40 SHPPs (453 MW), 45 wind farms (1,309 MW), 8 biomass thermoelectric plants (370 MW) e 1 solar plant (1 MW).

We are constantly evaluating new opportunities to explore investments in additional renewable generation projects. We have a total portfolio of 2.9 GW of renewable generation projects to be developed in the coming years and currently have 110 MW under construction:

Lucia Cherobim SHPP: project located in the state of Paraná, is scheduled to start operating in 2024. The installed capacity is of 28.0 MW and the physical guarantee is of 16.6 average MW. The energy was sold under a long-term contract at the 2018 new energy auction (A-6). (Price: R$ 189.95 / MWh - December 2019).

Gameleira Complex Wind Farms: the wind farms Costa das Dunas, Figueira Branca, Farol de Touros and Gameleira, located in the state of Rio Grande do Norte, is scheduled to start operating in 2024. The installed capacity is of 81.7 MW and the physical guarantee is of 39.4 average MW. There was an increase in installed capacity, from 61.3 MW to 81.7 MW, due to the optimization of the wind turbine power. Part of the energy (12.0 average MW) was sold under a long-term contract at the 2018 new energy auction (A-6). (Price: R $ 89.89 / MWh - December 2019).

4. Economic and Financial Performance

The Management's comments on the economic and financial performance and the operating results should be read together with the financial statements and notes to the financial statements.

Operating income: gross operating revenue was of R$ 2,043 million in 2019, representing a reduction of 0.1% (R$ 1 million). Deductions from operating income was of R$ 115 million in 2019, representing an increase of 6.3% (R$ 7 million). Net operating revenue was of R$ 1,928 million in 2019, representing a reduction of 0.4% (R$ 8 million).

Operating Cash Flow (EBITDA): EBITDA is a non-accounting measurement calculated by Management as the sum of income, taxes, financial income/loss, depreciation and amortization. This measurement serves as an indicator of management performance and is habitually monitored by the market. Management complied with CVM Instruction 527 of October 4, 2012, while calculating this non-accounting measurement.

[1] Data from the Central Bank of Brazil's Focus market readout on February 26, 2020.

Reconciliation of Net Income and EBITDA (R$ thousands)		
	2019	**2018**
Net Income	**107,024**	**118,806**
Amortization	645,722	623,109
Financial Result	403,634	504,125
Social Contribution	17,836	(1,647)
Income Tax	29,316	(35,628)
EBITDA	**1,203,532**	**1,208,763**

Operating Cash Flow, as measured by EBITDA, was of R$ 1,204 million in 2019, representing a reduction of 0.4% (R$ 5 million), due to the reduction of 0.4% (R$ 8 million) in net revenue. This reduction was partially offset by the following reductions: (i) of 0.2% (R$ 1 million) in electricity costs; and (ii) of 0.6% (R$ 2 million) in Personnel, Material, Services and Other Operating Costs/Expenses (PMSO).

The 0.6% (R$ 2 million) reduction in PMSO is due to the following effects:

- ✓ 12.3% (R$ 13 million) increase in personnel expenses;
- ✓ 21.3% (R$ 6 million) reduction in material expenses;
- ✓ 20.0% (R$ 34 million) increase in outsourced services expenses;
- ✓ 39.6% (R$ 43 million) reduction in other operating costs/expenses.

Net income: CPFL Renováveis posted net income of R$ 107 million in 2019, representing a reduction of 9.9% (R$ 12 million), reflecting the reduction of 0.4% (R$ 5 million) in EBITDA, the increase of 3.6% (R$ 23 million) in depreciation and amortization and the variation of R$ 84 million in Income Tax and Social Contribution accounts. These variations were partially offset by the reduction of 19.9% (R$ 100 million) in net financial expenses.

Allocation of Net Income from the Fiscal Year: shareholders are entitled to minimum mandatory dividends corresponding to 25% of net income from the year, adjusted according to article 202 of the Federal Law 6,404/76; for fiscal year 2019, the Company's Management reported that net income from fiscal year ended December 31, 2019 was due to equity income from subsidiaries (unrealized) and hence resolved to allocate the amount corresponding to minimum mandatory dividends (25%) to unearned profits reserve, as follows:

	Thousands of R$
Net income of the fiscal year - Individual	**96,628**
Realization of comprehensive income	3,683
Net income base for allocation	**100,310**
Legal reserve	(4,831)
Unrealized profits reserve	(22,949)
Statutory reserve - working capital reinforcement	(72,530)

Indebtedness: at the end of 2019, financial debt (including derivatives) of CPFL Geração stood at R$ 5,005 million, down 10%.

5. Investments

In 2019, investments totaled R$ 126 million, spent mainly on the Lucia Cherobim SHPP and on the wind farms of Gameleira Complex (Costa das Dunas, Figueira Branca, Farol de Touros and Gameleira).

6. Capital Markets

The shares of CPFL Renováveis, which have a free float of 0.06%, are listed on the São Paulo Stock Exchange (B3). CPFL Renováveis stock (CPRE3) closed 2019 at R$ 18.50, up 14.6% from 2018.

7. Sustainability and Corporate Responsibility

CPFL Renováveis, in connection with its project development activities, aims at including social and environmental issues, in order to ensure the long-term sustainability of its activities. In order to implement such strategy, the Company adopted a social and environmental policy, committed with the following:

Sustainability plan: definition of the sustainability strategy with a focus on three pillars - Sustainable energy, smart solutions and shared value with society - and key enablers for our work - Ethics, Transparency, People development and inclusion, with public commitments and value initiatives in several areas of the company, contributing to the achievement of the United Nations Sustainable Development Goals (SDGs).

Sustainability platform: sustainability management tool that includes performance indicators and targets aligned with the Strategic Plan and the Sustainability Plan, as well as the perspective of its key stakeholder groups.

Sustainability Committee: executive management body responsible for monitoring the Sustainability Plan and Platform, evaluating and recommending the inclusion of sustainability criteria and guidelines in the decision-making process, monitoring trends and critical topics for the sustainable development of the company.

Climate Change: we maintain a strategic focus on low carbon businesses and projects that aim to combat climate change and its effects, working on the management of greenhouse gas emissions (GHG), risk and opportunity management, innovation, engagement and disclosure.

Social and Environmental management: in 2019, CPFL Renováveis carried out an inventory of greenhouse gas emissions for the year 2018, part of CPFL Energia's inventory. In parallel, each controlled company developed projects to mitigate the socio-environmental impacts of its projects, with an emphasis on:

Integrated Management System: Within the scope of the Environmental Management actions of CPFL Renováveis' undertakings, in 2019 the company advanced in the standardization and elaboration of the norms related to the transport of dangerous cargo and in the continuous development of the Applicable Legal Requirements Assessment System, implementing tools for a more efficient verification of the rules applicable to the business. With the tools in place, the first cycle of environmental inspections was applied to the plants in operation. It is worth mentioning the PCH Dourados, in the city of Nuporanga, São Paulo, where an investment of R$ 400 thousand was made to install an improvement in the machine sealing system, increasing the efficiency of the equipment and drastically reducing water consumption from 60 to 20l/min.

Social and Environmental programs execution: In the projects in operation, in 2019, about 72 monitoring of Avifauna and Querópteros, 74 monitoring campaigns of terrestrial fauna, 6 specific campaigns of herpetofauna, 44 campaigns of Ictiofauna, 9 specific campaigns of mastofauna, 2 campaigns of malacofauna (golden mussel) and 28 actions to monitor water quality and limnology. 80 environmental education actions were also carried out, involving all regions where the company operates.

Additionally, actions were taken in the Tremembé de Almafala Indigenous Basic Environmental Plan, which are part of the legal obligations of the environmental licensing process of the Pedra Cheirosa Wind Complex, located in the municipality of Itarema-CE. As for the projects being implemented, at the Gameleiras Wind Complex, the Social Communication Center was implemented in the Boqueirão community, which is a reference point for the community in terms of communication issues related to the company and the work in progress. Highlighting social responsibility: (i) **PCH Americana**: Partnership with OSCIP Barco Escola da Natureza; (ii) **Bons Ventos Complex**: Donation of tablets to the Raimundo Silveiro Filho Municipal School and awarding students from Basic Education in Ceará; (iii) **Bons Ventos and Praia Formosa Complex**: Institutional alliance with SENAC-CE aimed at the development of local communities; (iv) **PCH's of São Paulo**: The Environmental Education Program has started, with the objective of measuring the quality and effectiveness of actions, more visibility of mandatory actions with positive social impact, also enabling replicability for other assets. In 2019, R$ 400 thousand were invested, with emphasis on the following actions: **Conservation Management Projects in Campo Nativo - RS; Management and Conservation of Melipolineos - RS; Productive Chain of Recycling - RN** and **Productive Chain of Cakes and Sweets - RN**.

8. Independent Auditors

KPMG Auditores Independentes (KPMG) was engaged by CPFL Renováveis to audit the financial statements of the Company as an independent auditor. In accordance with CVM Instruction 381/03, we inform that in 2019 KPMG provided services not related to external audit, whose aggregate fees were more than 5% of all fees paid for the audit service (corporate and regulatory).

For the fiscal year ended on December 31, 2019, KPMG provided, in addition to the audit of corporate and regulatory financial statements, and review of interim information, the following services:

Nature	Contract	Duration
Compliance with financial covenants	12/28/2016	Fiscal Years from 2017 to 2021
Tax compliance services – Bookkeeping and Tax Accounting (ECF)	12/28/2016	Fiscal Years from 2017 to 2021

We contracted a total of R$ 451 thousand for the above services, which corresponds to approximately 48% of the fees for external audit of the corporate and regulatory financial statements, and revision of interim information for the fiscal year 2019, of CPFL Renováveis.

The hiring of independent auditors, in accordance with the Bylaws, is recommended by the Fiscal Council of the parent company CPFL Energia S.A., and the Board of Directors deliberates on the selection or removal of independent auditors.

Pursuant to CVM Instruction 381/03, KPMG represented to the Management of CPFL Renováveis that the provision of the above-mentioned services does not affect the independence and objectivity required for the performance of external audit services.

9. Acknowledgements

The Management of CPFL Renováveis thanks its business partners, its suppliers and the communities where it operates, for their trust in the Company in 2019. It also thanks, in a special way, its employees for their competence and dedication in meeting the objectives and targets set.

The Management

For more information on the performance of this company of the CPFL Energia Group, visit www.cpflrenovaveis.com.br/ir.

CPFL ENERGIAS RENOVÁVEIS S.A.

Statements of financial position at December 31, 2019 and 2018

(in thousands of Brazilian Reais)

		Parent company		Consolidated	
ASSETS	**Note**	**December 31, 2019**	**December 31, 2018 (*)**	**December 31, 2019**	**December 31, 2018 (*)**
Current assets					
Cash and cash equivalents	5	57,586	109,252	412,579	876,571
Securities	6	43,881	10	449,786	10
Pledges, funds and restricted deposits	7	-	75,025	-	75,025
Consumers, concessionaires and licensees	8	106,327	63,634	232,632	232,520
Dividends and interest on capital	12	89,798	191,974	-	-
Income tax and social contribution recoverable	9	15,703	22,653	46,761	42,148
Other taxes recoverable	9	25,351	35,453	52,168	67,561
Other assets	11	33,093	29,605	118,447	36,986
Total current assets		**371,738**	**527,605**	**1,312,372**	**1,330,820**
Noncurrent assets					
Pledges, funds and restricted deposits	7	63,313	88,259	568,498	506,019
Consumers, concessionaires and licensees	8	41,744	37,749	150,210	158,826
Escrow deposits	19	514	566	14,118	13,712
Income tax and social contribution recoverable	9	25,584	1,638	32,320	1,907
Other taxes recoverable	9	-	-	3,580	3,530
Advance for future capital increase	27	274,399	-	-	-
Other assets	11	10,960	7,046	69,157	63,501
Investments	12	6,238,267	6,391,465	-	-
Property, plant and equipment	13	772,707	797,053	7,172,083	7,454,584
Intangible assets	14	863,210	925,038	2,486,385	2,642,958
Total noncurrent assets		**8,290,699**	**8,248,813**	**10,496,351**	**10,845,036**
Total assets		**8,662,437**	**8,776,418**	**11,808,723**	**12,175,856**

(*) Restated (See Note 2.8)

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

CPFL ENERGIAS RENOVÁVEIS S.A.
Statements of financial position at December 31, 2019 and 2018
(in thousands of Brazilian Reais)

		Parent company		Consolidated	
LIABILITIES AND EQUITY	**Note**	**December 31, 2019**	**December 31, 2018 (*)**	**December 31, 2019**	**December 31, 2018 (*)**
Current liabilities					
Trade payables	15	84,861	56,364	136,717	75,318
Borrowings	16	131,479	174,291	404,779	476,262
Debentures	17	201,019	285,931	212,251	343,731
Income tax and social contribution payable	18	-	-	25,395	28,398
Other taxes, fees and contributions payable	18	16,839	9,536	25,945	21,647
Related party transactions	27	533,944	216,699	422,082	105,082
Dividends and interest on capital		-	-	478	3,994
Accounts payable for acquisitions		7,901	7,598	7,901	7,598
Provisions	19	-	-	24,485	22,489
Estimated payroll		6,902	8,746	6,902	8,865
Advances from consumers, concessionaires and licensees		67,263	71,514	248,883	211,264
Other payables	20	13,654	86,456	29,922	91,473
Total current liabilities		**1,063,860**	**917,134**	**1,545,741**	**1,396,121**
Noncurrent liabilities					
Trade payables	15	1,005	-	104,206	113,853
Borrowings	16	659,450	789,382	2,896,675	3,291,027
Debentures	17	1,402,384	1,251,672	1,491,001	1,447,814
Related party transactions	27	658,533	1,079,689	-	302,647
Other taxes, fees and contributions payable	18	-	-	805	772
Deferred tax liabilities	10	268,288	259,493	826,239	885,743
Provisions	19	63,216	31,235	228,823	136,412
Advance for future capital increase	27	-	300,000	-	300,000
Allowance for equity investment losses		295	5	-	-
Advances from consumers, concessionaires and licensees		-	15	43,248	48,639
Other payables	20	972	-	25,565	1,657
Total noncurrent liabilities		**3,054,142**	**3,711,490**	**5,616,562**	**6,528,564**
Equity	21				
Issued capital		3,698,060	3,398,048	3,698,060	3,398,048
Capital reserve		592,347	592,347	592,347	592,347
Legal reserve		11,244	6,413	11,244	6,413
Unrealized profit reserve		49,789	26,840	49,789	26,840
Statutory reserve - working capital improvement		163,923	91,393	163,923	91,393
Accumulated comprehensive income		29,070	32,753	29,070	32,753
		4,544,433	**4,147,794**	**4,544,433**	**4,147,794**
Equity attributable to noncontrolling interests		-	-	101,987	103,377
Total equity		**4,544,433**	**4,147,794**	**4,646,421**	**4,251,171**
Total liabilities and equity		**8,662,437**	**8,776,418**	**11,808,723**	**12,175,856**

(*) Restated (See Note 2.8)

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

CPFL ENERGIAS RENOVÁVEIS S.A.
Statements of profit or loss for the years ended on December 31, 2019 and 2018
(in thousands of Brazilian Reais, except for earnings per share)

		Parent company		Consolidated	
	Note	**2019**	**2018 (*)**	**2019**	**2018 (*)**
Net operating revenue	23	**409,577**	**149,432**	**1,928,011**	**1,936,318**
Cost of services					
Cost of electric energy	24	**(135,136)**	**(86,677)**	**(319,634)**	**(320,346)**
Cost of operation		**(113,913)**	**(23,413)**	**(726,530)**	**(662,405)**
Depreciation and amortization		(69,355)	(14,044)	(478,638)	(456,233)
Other cost of operation	25	(44,558)	(9,369)	(247,892)	(206,172)
Gross profit		**160,528**	**39,342**	**881,847**	**953,567**
Operating expenses					
Selling expenses		**(20)**	**-**	**(28)**	**-**
Other selling expenses	25	(20)	-	(28)	-
General and administrative expenses		**(137,391)**	**(123,546)**	**(154,085)**	**(148,440)**
Depreciation and amortization		(7,844)	(8,266)	(7,857)	(9,227)
Other general and administrative expenses	25	(129,547)	(115,280)	(146,228)	(139,213)
Other operating expenses		**(72,624)**	**(88,402)**	**(169,924)**	**(219,471)**
Amortization of concession intangible asset		(64,432)	(14,717)	(159,227)	(157,649)
Other operating expenses	25	(8,192)	(73,685)	(10,697)	(61,822)
Income (expense) from electric energy services		**(49,507)**	**(172,606)**	**557,810**	**585,656**
Equity interests in subsidiaries	12	401,934	494,423	-	-
Finance income (expenses)	26				
Finance income		36,940	17,755	172,658	131,695
Financial expenses		(301,666)	(345,702)	(576,292)	(635,820)
		(264,726)	**(327,947)**	**(403,634)**	**(504,125)**
Profir (loss) before taxes		**87,701**	**(6,130)**	**154,176**	**81,531**
Social contribution	10	1,708	30,546	(17,836)	1,647
Income tax	10	7,220	84,848	(29,316)	35,628
		8,928	**115,394**	**(47,152)**	**37,275**
Profit for the year		**96,628**	**109,264**	**107,024**	**118,806**
Profit for the year attributable to owners of the Company		-	-	96,628	109,264
Profit for the year attributable to noncontrolling interests		-	-	10,396	9,542
Earnings per share					
Basic earnings per share attributable to owners of the Company (R$):	22	-	-	0.19	0.22
Diluted earnings per share attributable to owners of the Company (R$):	22	-	-	0.16	0.19

(*) Restated (See Note 2.8)

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

CPFL ENERGIAS RENOVÁVEIS S.A.

Statements of comprehensive income for the years ended December 31, 2019 and 2018

(In thousands of Brazilian reais)

	Parent company		Consolidated	
	2019	2018	2019	2018
Profit for the year	**96,628**	**109,264**	**107,024**	**118,806**
Other comprehensive income	**-**	**-**	**-**	**-**
Total comprehensive income for the year	**96,628**	**109,264**	**107,024**	**118,806**
Attributable to owners of the Company	-	-	96,628	109,264
Attributable to noncontrolling interests			10,396	9,542

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

CPFL ENERGIAS RENOVÁVEIS S.A.

Statements of changes in equity for the years ended December 31, 2019 and 2018.

(In thousands of Brazilian reais)

			Earnings reserve							
	Issued capital	**Capital reserve**	**Legal reserve**	**Unrealized profit reserve**	**Statutory reserve - working capital improvement**	**Accumulated comprehensive income - Deemed cost**	**Retained earnings**	**Total**	**Noncontrolling interests**	**Total equity**
Balance at December 31, 2017	**3,390,870**	**593,443**	**763**	**-**	**10,874**	**36,498**	**-**	**4,032,448**	**106,530**	**4,138,978**
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**109,264**	**109,264**	**9,542**	**118,806**
Profit for the year	-	-	-	-	-	-	109,264	109,264	9,542	118,806
Internal changes in equity	**-**	**-**	**5,650**	**26,840**	**80,519**	**(3,745)**	**(109,264)**	**-**	**-**	-
Realization of deemed cost of property, plant and equipment	-	-	-	-	-	(3,745)	3,745	-	-	-
Constitution of legal reserve	-	-	5,650	-	-	-	(5,650)	-	-	-
Constitution of unrealized profit reserve	-	-	-	26,840	-	-	(26,840)	-	-	-
Constitution of statutory reserve - working capital improvement	-	-	-	-	80,519	-	(80,519)	-	-	-
Capital transactions with shareholders	**7,178**	**(1,096)**	**-**	**-**	**-**	**-**	**-**	**6,082**	**(12,695)**	**(6,613)**
Dividends distributed to noncontrolling interests	-	-	-	-	-	-	-	-	(13,511)	(13,511)
Negative goodwill on minority interest from subsidiary	-	(1,096)	-	-	-	-	-	(1,096)	-	(1,096)
Capital increase	7,178	-	-	-	-	-	-	7,178	816	7,994
Balance at December 31, 2018	**3,398,048**	**592,347**	**6,413**	**26,840**	**91,393**	**32,753**	**-**	**4,147,794**	**103,377**	**4,251,171**
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**96,628**	**96,628**	**10,396**	**107,024**
Profit for the year	-	-	-	-	-	-	96,628	96,628	10,396	107,024
Internal changes in equity	**-**	**-**	**4,831**	**22,949**	**72,530**	**(3,683)**	**(96,628)**	**-**	**-**	-
Realization of deemed cost of property, plant and equipment	-	-	-	-	-	(3,683)	3,683	-	-	-
Constitution of legal reserve	-	-	4,831	-	-	-	(4,831)	-	-	-
Constitution of statutory reserve - working capital improvement	-	-	-	-	72,530	-	(72,530)	-	-	-
Constitution of unrealized profit reserve	-	-	-	22,949	-	-	(22,949)	-	-	-
		-	-	-	-	-	-	-	-	-
Capital transactions with shareholders	**300,012**	**-**	**-**	**-**	**-**	**-**	**-**	**300,012**	**(11,786)**	**288,226**
Dividends distributed to noncontrolling interests	-	-	-	-	-	-	-	-	(11,897)	(11,897)
Capital increase	300,012	-	-	-	-	-	-	300,012	111	300,123
Balance at December 31, 2019	**3,698,060**	**592,347**	**11,244**	**49,789**	**163,923**	**29,070**	**-**	**4,544,433**	**101,987**	**4,646,421**

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

CPFL ENERGIAS RENOVÁVEIS S.A.
Statements of cash flows for the years ended on December 31, 2019 and 2018
(in thousand of Brazilian reais - R$)

	Parent company		Consolidated	
	December 31, 2019	**December 31, 2018 (*)**	**December 31, 2019**	**December 31, 2018 (*)**
Profit (loss) before taxes	**87,701**	**(6,130)**	**154,176**	**81,531**
Adjustment to reconcile profit to cash from operating activities				
Depreciation and amortization	141,631	37,027	645,722	623,109
Provision for tax, civil and labor risks	(167)	915	46	(8,571)
Interest on debts and monetary and foreign exchange adjustments	258,944	292,443	422,989	481,012
Equity interests in subsidiaries	(401,934)	(494,423)	-	-
Gain on disposal of noncurrent assets	8,176	73,816	10,202	62,755
	94,351	**(96,352)**	**1,233,135**	**1,239,836**
Decrease (increase) in operating assets				
Consumers, concessionaires and licensees	(46,689)	2,190	8,504	(21,495)
Dividends and interest on capital received	418,927	435,293	-	-
Taxes recoverable	(1,938)	(3,708)	(27,396)	(34,664)
Escrow deposits	72	(301)	50	1,024
Other operating assets	2,497	13,379	(70,093)	95,153
Increase (decrease) in operating liabilities				
Trade payables	29,501	(19,618)	51,753	(168,783)
Other taxes and social contributions	2,852	(5,094)	(6,485)	(19,073)
Tax, civil and labor risks paid	(957)	(1,015)	(1,317)	(1,559)
Other operating liabilities	(79,718)	(27,421)	(9,073)	84,009
Cash flows provided by operations	**418,898**	**297,353**	**1,179,078**	**1,174,448**
Interest paid on debts and debentures	(132,866)	(191,513)	(354,550)	(509,526)
Income tax and social contribution paid	-	-	(86,544)	(102,303)
Cash flows provided by operations activities	**286,032**	**105,840**	**737,984**	**562,619**
Investments activities				
Capital increase in investees	(23,385)	-	-	-
Capital reduction in subsidiaries	184,073	230,742	-	-
Cash increase by corporate restructuring	-	52,336	-	-
Purchases of property, plant and equipment	(30,354)	(14,963)	(128,124)	(212,750)
Purchases of intangible assets	(5,989)	(9,974)	(6,032)	(10,235)
Securities, pledges and restricted deposits (investments)	(246,914)	-	(782,390)	(550,193)
Securities, pledges and restricted deposits (redemptions)	297,270	123,983	361,655	721,416
Incorporation of investment in subsidiary	-	373,746	-	-
Advances for future capital increases	(270,182)	(402,345)	-	-
Loans receivable	125	(414)	-	(926)
Acquisition of non-controlling interest	-	(1,096)	-	(1,096)
Net cash provided (used) by investing activities	**(95,356)**	**352,015**	**(554,891)**	**(53,784)**
Financial activities				
Capital increase of noncontrolling interest	-	7,178	-	7,994
Intragroup loans	-	9,707	-	390,660
Repayment of intragroup loans	(77,964)	(95,120)	(1,008)	-
Borrowings and debentures raised	837,996	150,910	836,352	484,426
Repayment of principal of borrowings and debentures	(1,002,386)	(681,676)	(1,466,947)	(1,444,277)
Advances for future capital increases	12	-	12	-
Dividend and interest on capital paid	-	(3,624)	(15,494)	(21,282)
Net cash used by financing activities	**(242,342)**	**(612,625)**	**(647,085)**	**(582,479)**
Net decrease in cash and cash equivalents	**(51,666)**	**(154,770)**	**(463,992)**	**(73,644)**
Cash and cash equivalents at the beginning of the year	**109,252**	**264,022**	**876,571**	**950,215**
Cash and cash equivalents at the end of the year	**57,586**	**109,252**	**412,579**	**876,571**

(*) Restated (See Note 2.8)

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

CPFL ENERGIAS RENOVÁVEIS S.A.

Statements of value added for the years ended on December 31, 2019 and 2018
(in thousands of Brazilian reais - R$)

	Parent company		Consolidated	
	2019	**2018 (*)**	**2019**	**2018 (*)**
1. Revenues	**540,358**	**192,424**	**2,289,576**	**2,289,788**
1.1 Operating revenues	475,634	167,487	2,042,952	2,044,402
1.2 Revenues related to the construction of own assets	64,724	24,937	246,624	245,386
2. (-) Inputs	**(305,038)**	**(241,627)**	**(840,938)**	**(859,960)**
2.1 Electricity purchased for resale	(148,146)	(96,742)	(328,384)	(340,065)
2.2 Material	(28,301)	(19,614)	(86,256)	(106,371)
2.3 Outsourced services	(114,895)	(46,980)	(384,504)	(329,642)
2.4 Other	(13,696)	(78,292)	(41,794)	(83,882)
3. Gross value added (1 + 2)	**235,320**	**(49,203)**	**1,448,638**	**1,429,827**
4. Retentions	**(141,631)**	**(37,027)**	**(645,722)**	**(623,109)**
4.1 Depreciation and amortization	(77,199)	(22,310)	(486,495)	(465,460)
4.2 Amortization of intangible assets of concession	(64,432)	(14,717)	(159,227)	(157,649)
5. Net value added generated (3 + 4)	**93,689**	**(86,230)**	**802,916**	**806,719**
6. Value added received in transfer	**440,671**	**513,044**	**175,535**	**135,980**
6.1 Financial Income	38,737	18,621	175,535	135,980
6.2 Equity interest in subsidiares	401,934	494,423	-	-
7. Value Added to be distributed (5 + 6)	**534,360**	**426,813**	**978,451**	**942,699**
8. Distribution of value added				
8.1 Personnel and charges	**66,370**	**56,233**	**97,588**	**85,902**
8.1.1 Direct remuneration	41,505	36,480	72,582	65,158
8.1.2 Benefits	17,485	14,040	17,550	14,942
8.1.3 Government severance indemnity fund for employees - F.G.T.S.	7,381	5,713	7,456	5,802
8.2 Taxes, fees and contributions	**60,152**	**(81,590)**	**169,964**	**74,643**
8.2.1 Federal	60,152	(81,604)	169,095	73,017
8.2.2 Estate	-	14	869	1,626
8.3 Lenders and lessors	**311,210**	**342,907**	**603,875**	**663,348**
8.3.1 Interest	301,347	336,523	575,817	634,271
8.3.2 Rentals	9,863	6,384	28,058	29,077
8.4 Interest on capital	**96,628**	**109,264**	**107,024**	**118,806**
8.4.1 Retained Earnings	96,628	109,264	107,024	118,806
	534,360	**426,813**	**978,451**	**942,699**

(*) Restated (See Note 2.8)

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

(Amounts in thousands of Brazilian reais - R$, unless otherwise stated)

(1) OPERATIONS

CPFL Energias Renováveis S.A. ("CPFL Renováveis" or "Company") is a publicly-held corporation, with its registered office at Rua Jorge de Figueiredo Corrêa, 1.632, Jardim Professora Tarcília - Campinas - São Paulo, incorporated for the purpose of holding and operating electric energy generation enterprises, with its main activities determined in its corporate purpose:

a) Holding investments in companies of the renewable energy segment.
b) Identification and development of energy generation potentials and exploration of such potentials, including electric energy generation.
c) Trading of electric energy generated by the enterprises held by the Company, which includes the purchase and sale, import and export of electric energy to other traders, generators, distributors or consumers which have free choice to choose the supplier, and conducting of transactions in the Electric Energy Trading Chamber ("EETC").

The Company holds 6 authorizations to operate power plants with total installed capacity of 314.6 MW:

Power plants	Installed power capacity (MW)	Start date	Conclusion time
Bons Ventos	50.0	March 7, 2003	30 years
Canoa Quebrada	57.0	December 10, 2002	30 years
Enacel	31.5	November 12, 2002	30 years
Taíba Albatroz	16.5	December 23, 2002	30 years
Icaraizinho	54.6	August 27, 2002	30 years
Praia Formosa	105.0	June 04, 2002	30 years
Total	**314.6**		

In addition to these authorizations, the Company also holds investments in the following projects:

1.1. Small Hydropower Plants

The direct and indirect subsidiaries have 41 concessions and authorizations granted by the Brazilian Electricity Regulatory Agency (Agência Nacional de Energia Elétrica – ANEEL), of which 40 are in operation and 1 is under construction, to explore the hydropower potential, with total installed energy capacity of 481.1 MW, represented by the following enterprises:

Location (state) / Project	Company type	Equity interest	Installed power capacity (MW)	Start date	Conclusion time
Minas Gerais					
SPE Barra da Paciência Energia S.A. ("Barra da Paciência")	Privately-held corporation	Indirect 100%	23.0	December 17, 1999	30 years
SPE Boa Vista 2 Energia S.A. ("Boa Vista 2")	Privately-held corporation	Direct 100%	29.9	November 6, 2015	35 years
SPE Cocais Grande Energia S.A. ("Cocais Grande")	Privately-held corporation	Indirect 100%	10.0	December 22, 1999	30 years
SPE Corrente Grande Energia S.A. ("Corrente Grande")	Privately-held corporation	Indirect 100%	14.0	January 14, 2000	30 years
Mata Velha Energética S.A. ("Mata Velha")	Privately-held corporation	Indirect 100%	24.0	May 16, 2002	30 years
SPE Ninho da Águia Energia S.A. ("Ninho da Águia")	Privately-held corporation	Indirect 100%	10.0	December 29, 1999	30 years
SPE Paiol Energia S.A. ("Paiol")	Privately-held corporation	Indirect 100%	20.0	August 6, 2002	30 years
SPE São Gonçalo Energia S.A. ("São Gonçalo")	Privately-held corporation	Indirect 100%	11.0	January 13, 2000	30 years
SPE Varginha Energia S.A. ("Varginha")	Privately-held corporation	Indirect 100%	9.0	December 22, 1999	30 years
SPE Várzea Alegre Energia S.A. ("Várzea Alegre")	Privately-held corporation	Indirect 100%	7.5	December 29, 1999	30 years
Mato Grosso and Rio Grande do Sul					
CPFL Sul Centrais Elétricas Ltda. ("CPFL Sul Centrais") (*)	Limited liability company	Direct 100%	7.0	(***)	
Companhia Hidroelétrica Figueirópolis ("Figueirópolis")	Privately-held corporation	Indirect 100%	19.4	May 4, 2004	30 years
Paraná					
Companhia Energética Novo Horizonte ("Novo Horizonte")	Privately-held corporation	Indirect 100%	23.0	November 26, 2002	30 years
SPE Cherobim Energia S.A ("Lucia Cherobim") (**)	Privately-held corporation	Direct 100%	28.0	-	-
Santa Catarina					
SPE Alto Irani Energia S.A. ("Alto Irani")	Privately-held corporation	Direct 100%	21.0	October 29, 2002	30 years
SPE Arvoredo Energia S.A. ("Arvoredo")	Privately-held corporation	Indirect 100%	13.0	November 5, 2002	30 years
Ludesa Energética S.A. ("Ludesa")	Privately-held corporation	Indirect 60%	30.0	December 17, 2002	30 years
SPE Plano Alto Energia S.A. ("Plano Alto")	Privately-held corporation	Direct 100%	16.0	November 7, 2002	30 years
SPE Salto Góes Energia S.A. ("Salto Góes")	Privately-held corporation	Direct 100%	20.0	August 10, 2010	30 years
Santa Luzia Energética S.A. ("Santa Luzia")	Privately-held corporation	Indirect 100%	28.5	December 20, 2007	35 years
São Paulo					
Chimay Empreendimentos e Participações Ltda. ("Chimay") (*)	Limited liability company	Direct 100%	38.1	(****)	
Mohini Empreendimentos e Participações Ltda. ("Mohini") (*)	Limited liability company	Direct 100%	39.2	(****)	
Jayaditya Empreendimentos e Participações Ltda. ("Jayaditya") (*)	Limited liability company	Direct 100%	39.5	(****)	
		Total	**481.1**		

(*) The installed energy capacity of some enterprises comprises more than one concession. CPFL Sul Centrais holds the concessions of Diamante, Andorinhas, Guaporé Pirapó and Saltinho. Chimay holds the concessions of Buritis, Capão Preto, Chibarro, Dourados, Esmeril, Gavião Peixoto, Lençóis and São Joaquim. Mohini holds the concessions of Eloy Chaves, Jaguari, Monjolinho, Pinhal and Socorro. Jayaditya holds the concessions of Americana, Salto Grande, Santana and Três Saltos.

(**) The Lucia Cherobim project is under construction and is expected to start operating in January 2024.

(***) The CPFL Sul Centrais Ltda. project has 4 power plants, whose concessions started in 2005 with an indefinite term, except for the Diamante Power Plant, which has a term until 2027.

(****) The projects in São Paulo, mentioned in the table above, have 17 power plants, whose concessions start in 2005, with a 22-year term.

In addition to the projects in operation mentioned above, the Company has 1 project under development (Santa Luzia Alto, the installed energy capacity of which will be 2.85 MW).

1.2. Wind power generation complexes

The direct and indirect subsidiaries have 49 authorizations granted by ANEEL, of which 45 are in operation and 4 are under construction, in addition to 2 projects for which the authorizing resolution is in the process of being obtained, to explore the wind potential, with total installed energy capacity of 1,103.2 MW:

Location (state) / Project	Company type	Equity interest	Installed power capacity (MW)	Start date	Conclusion time
Palmares do Sul (RS)					
Atlântica I Parque Eólico S.A. ("Atlântica I")	Privately-held corporation	Direct 100%	30.0	February 25, 2011	35 years
Atlântica II Parque Eólico S.A. ("Atlântica II")	Privately-held corporation	Direct 100%	30.0	March 3, 2011	35 years
Atlântica IV Parque Eólico S.A. ("Atlântica IV")	Privately-held corporation	Direct 100%	30.0	March 3, 2011	35 years
Atlântica V Parque Eólico S.A. ("Atlântica V")	Privately-held corporation	Direct 100%	30.0	March 21, 2011	35 years
Aracati (CE)					
Rosa dos Ventos Geração e Comercialização de Energia S.A. ("Rosa dos Ventos") (*)	Privately-held corporation	Direct 100%	13.7	June 18, 2002	30 years
Itarema (CE)					
Pedra Cheirosa I Energia S.A. ("Pedra Cheirosa I")	Privately-held corporation	Direct 100%	25.2	August 4, 2014	35 years
Pedra Cheirosa II Energia S.A. ("Pedra Cheirosa II")	Privately-held corporation	Direct 100%	23.1	July 23, 2014	35 years
Other locations (CE)					
Siif Cinco Geração e Comercialização de Energia S.A. ("SIIF Cinco")	Privately-held corporation	Direct 100%	25.2	June 4, 2002	30 years
Eólica Paracuru Geração e Comercialização de Energia S.A. ("Paracuru")	Privately-held corporation	Direct 100%	25.2	August 27, 2002	30 years
Touros (RN)					
SPE Baixa Verde Energia S.A. ("Baixa Verde") (**)	Privately-held corporation	Direct 95%	12.6	In progress	-
SPE Cajueiro Energia S.A. ("Cajueiro") (**)	Privately-held corporation	Direct 95%	27.3	In progress	-
SPE Costa das Dunas Energia S.A. ("Costa das Dunas") (***)	Privately-held corporation	Direct 90%	23.1	In progress	-
SPE Farol de Touros Energia S.A. ("Farol de Touros") (***)	Privately-held corporation	Direct 90%	21.0	In progress	-
SPE Figueira Branca Energia S.A. ("Figueira Branca") (***)	Privately-held corporation	Direct 100%	10.5	In progress	-
SPE Gameleira Energia S.A. ("Gameleira") (***)	Privately-held corporation	Direct 100%	14.7	In progress	-
Santa Mônica Energias Renováveis S.A. ("Santa Mônica")	Privately-held corporation	Indirect 100%	29.4	March 18, 2014	30 years
Santa Ursula Energias Renováveis S.A. ("Santa Úrsula")	Privately-held corporation	Indirect 100%	27.3	March 18, 2014	30 years
Ventos de São Martinho Energias Renováveis S.A. ("Ventos de São Martinho")	Privately-held corporation	Indirect 100%	14.7	March 11, 2014	30 years
São Miguel do Gostoso (RN)					
Ventos de Santo Dimas Energias Renováveis S.A. ("Ventos de Santo Dimas")	Privately-held corporation	Indirect 100%	29.4	February 25, 2014	30 years
São Benedito Energias Renováveis S.A. ("São Benedito")	Privately-held corporation	Indirect 100%	29.4	February 25, 2014	30 years
São Domingos Energias Renováveis S.A. ("São Domingos")	Privately-held corporation	Indirect 100%	25.2	March 3, 2015	30 years
Parazinho (RN)					
Campo dos Ventos V Energias Renováveis S.A. ("Campo dos Ventos V")	Privately-held corporation	Indirect 100%	25.2	March 27, 2013	30 years
Eurus VI Energias Renováveis Ltda. ("Eurus VI")	Limited liability company	Direct 100%	8.0	August 24, 2010	35 years
Santa Clara I Energias Renováveis Ltda. ("Santa Clara I")	Limited liability company	Direct 100%	30.0	July 1, 2010	35 years
Santa Clara II Energias Renováveis Ltda. ("Santa Clara II")	Limited liability company	Direct 100%	30.0	August 4, 2010	35 years
Santa Clara III Energias Renováveis Ltda. ("Santa Clara III")	Limited liability company	Direct 100%	30.0	July 1, 2010	35 years
Santa Clara IV Energias Renováveis Ltda. ("Santa Clara IV")	Limited liability company	Direct 100%	30.0	July 29, 2010	35 years
Santa Clara V Energias Renováveis Ltda. ("Santa Clara V")	Limited liability company	Direct 100%	30.0	October 8, 2010	35 years
Santa Clara VI Energias Renováveis Ltda. ("Santa Clara VI")	Limited liability company	Direct 100%	30.0	July 29, 2010	35 years
DESA Morro dos Ventos IX S.A. ("Morro dos Ventos IX")	Privately-held corporation	Indirect 100%	30.0	July 27, 2010	35 years
João Câmara (RN)					
DESA Eurus I S.A. ("Eurus I")	Privately-held corporation	Indirect 100%	30.0	April 19, 2011	35 years
DESA Eurus III S.A. ("Eurus III")	Privately-held corporation	Indirect 100%	30.0	April 27, 2011	35 years
Campo dos Ventos I Energias Renováveis S.A. ("Campo dos Ventos I")	Privately-held corporation	Indirect 100%	25.2	March 26, 2013	30 years
Campo dos Ventos II Energias Renováveis S.A. ("Campo dos Ventos II")	Privately-held corporation	Indirect 100%	30.0	April 18, 2011	35 years
Campo dos Ventos III Energias Renováveis S.A. ("Campo dos Ventos III")	Privately-held corporation	Indirect 100%	25.2	March 26, 2013	30 years
SPE Juremas Energia S.A. ("Juremas")	Privately-held corporation	Indirect 95%	16.1	September 27, 2011	35 years
SPE Macacos Energia S.A. ("Macacos")	Privately-held corporation	Indirect 95%	20.7	September 27, 2011	35 years
SPE Costa Branca Energia S.A. ("Costa Branca")	Privately-held corporation	Indirect 95%	20.7	October 11, 2011	35 years
SPE Pedra Preta Energia S.A. ("Pedra Preta")	Privately-held corporation	Indirect 95%	20.7	October 11, 2011	35 years
DESA Morro dos Ventos I S.A. ("Morro dos Ventos I")	Privately-held corporation	Indirect 100%	28.8	July 27, 2010	35 years
DESA Morro dos Ventos II S.A. ("Morro dos Ventos II")	Privately-held corporation	Indirect 100%	29.2	June 12, 2012	35 years
DESA Morro dos Ventos III S.A. ("Morro dos Ventos III")	Privately-held corporation	Indirect 100%	28.8	August 4, 2010	35 years
DESA Morro dos Ventos IV S.A. ("Morro dos Ventos IV")	Privately-held corporation	Indirect 100%	28.8	August 4, 2010	35 years
DESA Morro dos Ventos VI S.A. ("Morro dos Ventos VI")	Privately-held corporation	Indirect 100%	28.8	July 27, 2010	35 years
		Total	**1,103.2**		

(*) The total installed energy capacity of the Rosa dos Ventos project comprises the Canoa Quebrada and Lagoa do Mato plants.

(**) The Baixa Verde and Cajueiro projects are in the process of obtaining authorizing resolution.

(***) The Costa das Dunas, Farol de Touros, Figueira Branca and Gameleira projects have already obtained authorization for exploration, but are still in the phase of construction, with operations scheduled to start in January 2024.

1.3. Biomass power generation projects

The direct subsidiaries have 8 authorizations granted by ANEEL in operation to explore biomass-powered energy, with total installed energy capacity of 370.0 MW:

Project	Company type	Equity interest	Location (state)	Installed power capacity (MW)
SPE Bio Alvorada S.A. ("Bio Alvorada")	Privately-held corporation	Direct 100%	Minas Gerais	50.0
SPE Bio Coopcana S.A. ("Bio Coopcana")	Privately-held corporation	Direct 100%	Paraná	50.0
CPFL Bio Formosa Ltda. ("Bio Formosa")	Limited liability company	Direct 100%	Rio Grande do Norte	40.0
CPFL Bioenergia S.A. ("Bioenergia")	Privately-held corporation	Direct 100%	São Paulo	45.0
CPFL Bio Ester Ltda. ("Bio Ester")	Limited liability company	Direct 100%	São Paulo	40.0
CPFL Bio Buriti Ltda. ("Bio Buriti")	Limited liability company	Direct 100%	São Paulo	50.0
CPFL Bio Ipê Ltda. ("Bio Ipê")	Limited liability company	Direct 100%	São Paulo	25.0
CPFL Bio Pedra Ltda. ("Bio Pedra")	Limited liability company	Direct 100%	São Paulo	70.0
			Total	**370.0**

1.4. Photovoltaic power generation project

The Company has investment in 1 project in operation to explore the solar energy potential. The SPE CPFL Solar 1 Energia S.A. project (“Solar 1”) has an installed energy capacity of 1.1 MW.

1.5. Other projects

The Company has interests in additional 15 projects, as described below:

Project	Company type	Equity interest	Core activity	Subsidiaries
Holding companies				
SPE Holding S.A. ("SPE Holding")	Privately-held corporation	Direct 100%	Holding company	Arvoredo, Barra da Paciência, Cocais Grande, Corrente Grande, Ninho da Águia, Paiol, São Gonçalo, Varginha and Várzea Alegre and Aiuruoca
SPE Holding 2 S.A. ("SPE Holding 2")	Privately-held corporation	Direct 100%	Holding company	Santa Luzia
Eólica Holding S.A. ("Eólica Holding")	Privately-held corporation	Direct 100%	Holding company	Campos dos Ventos II, Costa Branca, Juremas, Macacos and Pedra Preta
SPE Turbina 16 Energias S.A. ("Turbina 16")	Privately-held corporation	Direct 100%	Holding company	Campos dos Ventos I, III and V, São Benedito, Santa Mônica, Santa Úrsula, São Domingos, Ventos de Santo Dimas and Ventos de São Martinho.
Dobrevê Energia S.A. ("DESA Dobrevê")	Privately-held corporation	Direct 100%	Holding company	DESA Eólicas, Novo Horizonte, Figueirópolis, Morro dos Ventos II, Ludesa, Mata Velha, WF1 Holding, Cherobim Energética and Varginha Energética.
DESA Eólicas S.A. ("DESA Eólicas")	Privately-held corporation	Indirect 100%	Holding company	Eurus I and III, and Morro dos Ventos I, III, IV, VI and IX.
WF 1 Holding S.A. ("WF 1 Holding")	Privately-held corporation	Indirect 100%	Holding company	No investments
Other project operation				
SPE Turbina 17 Energia S.A. ("Turbina 17")	Privately-held corporation	Direct 100%	Wholesale of parts and pieces of machinery and equipment	No investments
Other projects without operation				
SPE Aiuruoca Energia Ltda. ("Aiuruoca")	Limited liability company	Indirect 100%	Energy generation	Not applicable
SPE Cachoeira Grande Energia Ltda. ("Cachoeira Grande")	Limited liability company	Direct 100%	Energy generation	Not applicable
Cherobim Energética S.A. ("Cherobim Energética")	Privately-held corporation	Indirect 100%	Energy generation	Not applicable
Varginha Energética S/A ("Varginha Energética")	Privately-held corporation	Indirect 100%	Energy generation	Not applicable
SPE Navegantes Energia S.A. ("Navegantes")	Privately-held corporation	Direct 95%	Energy commercialization	Not applicable
SPE Tombo Energia Ltda. ("Tombo")	Limited liability company	Direct 100%	Energy commercialization	Not applicable
SPE Penedo Energia Ltda. ("Penedo")	Limited liability company	Direct 100%	Energy commercialization	Not applicable

- <u>Seasonality</u>

The operating revenue and generation costs of SHPs, wind farms and thermoelectric plants powered by biomass suffer a significant impact from seasonality throughout the year, with the following characteristics:

❖ The lower average wind speed means that wind farms have lower generation volumes in the 1st half of the year;

- ❖ The sugarcane harvest in the Southeast region begins in April and is expected to end in November. The Northeast harvest, in turn, has its production cycle between August and March of the following year;
- ❖ Given that the revenue recognition from wind farms and some biomass plants follows the actual generation of these plants, it is noted that, in general, the first half of the year is a period with lower revenues than the second half for these assets; and
- ❖ The rainy season favors the generation of SHPs in the Southeast and Midwest regions in the 1st and 4th quarters, while in the South, the rainy season favors generation in the 2nd and 3rd quarters.

In addition, the effects on the SHP's revenue accounting are a consequence of the physical guarantee of each plant, seasonally adjusted, which is registered with the Electric Energy Trading Chamber (EETC). The differences between the generated power and the physical guarantee are covered by the Energy Reallocation Mechanism (ERM). The amount of generated power, above or below the physical guarantee, is valued by a tariff called Optimization Energy Tariff (OET), which covers only the plant's operation and maintenance costs. This additional revenue or expense will be recorded monthly for each generator. Finally, if the ERM plants do not generate the sum of physical guarantees due to unfavorable hydrological conditions, all plants apportion the difference determined based on the Difference Settlement Price (DSP), this effect is defined as Generation Scaling Factor (GSF) . As at December 31, 2019, the Company and its subsidiaries did not have any plants outside the ERM.

- <u>Negative net working capital</u>

As at December 31, 2019, the Company reported in the individual and consolidated financial statements a negative net working capital of R$ 692,122 and R$ 233,369, respectively. In the parent company and consolidated information, the working capital equation in 2020 will be achieved through new funding that is under initial negotiation. Additionally, in the parent company, the equation will also be achieved through receipt of dividends from its direct and indirect subsidiaries, resulting mainly from accumulated results.

- <u>Purchase and sale of shares between CPFL Energia and State Grid Brazil (note 21.4)</u>

On September 30, 2019, the Company released a Material Fact communicating its shareholders and the market in general that it received, on the same date, correspondence from its indirect parent company, CPFL Energia S.A. ("CPFL Energia"), informing that acquired the entire stake held directly by State Grid Brazil in the Company, in return for the payment of the acquisition price of R$ 16.85 per share.

The operation allowed the creation of potential synergies between CPFL Energia and its subsidiaries, corresponding to a first step in a possible broader restructuring to be evaluated involving CPFL Energia, CPFL Renováveis and other subsidiaries.

- <u>Public Tender Offer for the Acquisition of Common Shares ("PTO") (note 21.2)</u>

On December 19, 2019, the Company's Board of Directors and the Executive Board of CPFL Geração approved the public offer for the acquisition of the common shares issued by CPFL Energias Renováveis, in circulation in the market, for the purpose of converting its company registration open category "A" to category "B" ("PTO Conversion of Registry") and / or exit from the Novo Mercado ("PTO Exit from the Novo Mercado", and, together with the PTO Conversion of Registry, "PTO"), to be carried out by CPFL Geração, the direct controlling shareholder of CPFL Renováveis. The execution of the PTO is subject to its registration by the CVM and its authorization by B3, and will be destined to the acquisition of up to 291,550 common shares issued by CPFL Renováveis in circulation in the market, which represent, on that date, 0.056% of the capital stock CPFL Renováveis ("Outstanding Shares").

(2) PRESENTATION OF THE FINANCIAL STATEMENTS

2.1 Basis of preparation

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

These accounting practices adopted in Brazil encompass those included in the Brazilian corporate law and the technical pronouncements, guidance and interpretations issued by the Brazilian Accounting Pronouncements Committee (CPC) and approved by the Brazilian Securities and Exchange Commission (CVM).

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

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

The financial statements were authorized for issue by Management on March 4, 2020.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following items recorded in the statements of financial position: i) derivative financial instruments measured at fair value, and ii) non-derivative financial instruments measured at fair value through profit or loss. The classification of the fair value measurement in the level 1, 2 or 3 categories (depending on the degree of observance of the variables used) is presented in Note 30 – Financial Instruments.

2.3 Use of estimates and judgments

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

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

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

- Note 8 – Consumers, concessionaires and licensees (Allowance for doubtful accounts: key assumptions regarding the expected credit loss);
- Note 10 – Deferred tax assets and liabilities (key assumptions regarding the recoverable amounts related to income tax and social contribution tax losses, temporary differences and the intangible asset Exploration Rights);
- Note 13 - Property, plant and equipment (application of finite useful lives and key assumptions regarding recoverable amounts);
- Note 14 – Intangible assets (key assumptions regarding recoverable amounts); and
- Note 19 – Provisions (recognition and measurement: key assumptions on the probability and magnitude of outflow of resources).

2.4 Functional currency and presentation currency

The Group functional currency is the Brazilian Real, and the individual and consolidated financial statements are being presented in thousands of reais. Figures are rounded only after the sum-up of the amounts. Consequently, when summed up, the amounts stated in thousands of reais may not tally with the rounded totals.

2.5 Segment information

An operating segment is a component of the Company (i) which has operational activities through which it generates revenues and incurs expenses, (ii) whose operating results are regularly reviewed by Management in making decisions about the allocation of resources and assessing the performance of the segment, and (iii) for which there is individual financial information.

The Group's executives use reports to make strategic decisions, segmenting the business into (i) activities for the generation and sale of electricity from renewable sources ("Renewables").

The Company presents its individual and consolidated financial statements considering only one operating segment, the generation and sale of electric energy, generated and purchased under long-term contracts, which fully represent the total revenue of the Company and its subsidiaries, since the nature of the production services and processes, customer category and services, distribution and trading methods and other aspects such as the regulatory environment are the same for the various types of plants (biomass, solar, wind and small hydropower plants). Additionally, there is no separate control for any plant. This is the manner how management and the Board of Directors of the Company and its subsidiaries evaluate the performance of the plants and allocate the necessary resources.

2.6 Information on equity interests

The Company's equity interests are described in Note 1 and are fully consolidated.

At December 31, 2019 and 2018, the non-controlling interests in the consolidated balances refer to interests held by third parties in subsidiaries Baixa Verde, Cajueiro, Costa das Dunas, Farol de Touros, Navegantes, Costa Branca, Juremas, Macacos, Pedra Preta and Ludesa.

2.7 Statement of value added

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

2.8 New presentation of the 2018 financial statements - opening lines and reclassifications

As of 2019, with the objective of making improvements in the presentation of accounting information for monitoring results by the Group's Management, through a better analysis of the costs and expenses accounts, the Company started to open the depreciation lines and amortization in two items in the income statements. There were also reclassifications and new groupings in assets, liabilities, statements of value added and cash flow, which do not affect the analysis, but aligns the publications of the different companies of the Group.

For comparability purposes, these changes were applied retrospectively in accordance with CPC 23 / IAS 8, and, therefore, the Company is restating the 2018 financial statements with the same opening. There were no changes between the nature of costs and expenses, current and non-current and neither among cash flow activities.

The following tables summarize the impacts on the Group's 2018 financial statements:

	Parent company			Consolidated		
ASSETS	**December 31, 2018**			**December 31, 2018**		
	Originally published	**Reclassification**	**Restated**	**Originally published**	**Reclassification**	**Restated**
Current assets						
Financial investments	75,025	(75,025)	-	75,025	(75,025)	-
Pledges, funds and restricted deposits	-	75,025	75,025	-	75,025	75,025
Advances to trade payable	215	(215)	-	2,601	(2,601)	-
Other assets	29,389	215	29,605	34,384	2,601	36,986
Total current assets	**527,605**	**-**	**527,605**	**1,330,820**	**-**	**1,330,820**
Noncurrent assets						
Linked financial investments	88,259	(88,259)	-	506,019	(506,019)	-
Pledges, funds and restricted deposits	-	88,259	88,259	-	506,019	506,019
Loans receivable	7,046	(7,046)	-	10,223	(10,223)	-
Other assets	-	7,046	7,046	53,277	10,223	63,501
Total noncurrent assets	**8,248,813**	**-**	**8,248,813**	**10,845,036**	**-**	**10,845,036**
	-			-		
Total assets	**8,776,418**	**-**	**8,776,418**	**12,175,856**	**-**	**12,175,856**

LIABILITIES AND EQUITY	Parent company December 31, 2018			Consolidated December 31, 2018		
	Originally published	Reclassification	Restated	Originally published	Reclassification	Restated
Current liabilities						
Total current liabilities	**917,134**	**-**	**917,134**	**1,396,121**	**-**	**1,396,121**
Noncurrent liabilities						
Provisions	-	31,235	31,235	-	136,412	136,412
Provision for socio-environmental costs and demobilization of assets	29,236	(29,236)	-	110,261	(110,261)	
Provision for labor, tax and civil risks	1,999	(1,999)	-	26,151	(26,151)	
Total noncurrent liabilities	**3,711,490**	**-**	**3,711,490**	**6,528,564**	**-**	**6,528,564**
Equity						
Profit reserve	124,646	(124,646)	-	124,646	(124,646)	-
Legal reserve	-	6,413	6,413	-	6,413	6,413
Unrealized profit reserve	-	26,840	26,840	-	26,840	26,840
Statutory reserve - working capital improvement	-	91,393	91,393	-	91,393	91,393
	4,147,794	**-**	**4,147,794**	**4,147,794**	**-**	**4,147,794**
Equity attributable to noncontrolling interests	-		-	103,377		103,377
Total equity	**4,147,794**	**-**	**4,147,794**	**4,251,171**	**-**	**4,251,171**
Total liabilities and equity	**8,776,418**	**-**	**8,776,418**	**12,175,856**	**-**	**12,175,856**

Statements of profit or loss	Parent company December 31, 2018			Consolidated December 31, 2018		
	Originally published	Opening lines	Restated	Originally published	Opening lines	Restated
Net operating revenue	**149,432**	**-**	**149,432**	**1,936,318**	**-**	**1,936,318**
Cost of electric energy generation	**(110,090)**	**110,090**	**-**	**(982,751)**	**982,751**	**-**
Cost of services						
Cost of electric energy	-	(86,677)	(86,677)	-	(320,346)	(320,346)
Cost of operation	-	(23,413)	(23,413)	-	(662,405)	(662,405)
Depreciation and amortization	-	(14,044)	(14,044)	-	(456,233)	(456,233)
Other cost of operation	-	(9,369)	(9,369)	-	(206,172)	(206,172)
Gross profit	**39,342**	**-**	**39,342**	**953,567**	**-**	**953,567**
Operating expenses						
General and administrative	**(197,231)**	**197,231**	**-**	**(210,262)**	**210,262**	**-**
General and administrative expenses	-	(123,546)	(123,546)	-	(148,440)	(148,440)
Depreciation and amortization	-	(8,266)	(8,266)	-	(9,227)	(9,227)
Other general and administrative expenses	-	(115,280)	(115,280)	-	(139,213)	(139,213)
Other operating expenses	(14,717)	(73,685)	(88,402)	(157,649)	(61,822)	(219,471)
Amortization of concession intangible asset	(14,717)	-	(14,717)	(157,649)	-	(157,649)
Other operating expenses	-	(73,685)	(73,685)	-	(61,822)	(61,822)
Income (expense) from electric energy services	**(172,606)**	-	**(172,606)**	**585,656**	-	**585,656**
Equity interests in subsidiaries	**494,423**	**-**	**494,423**	**-**	**-**	**-**
Finance income (expenses)						
Finance income	17,755	-	17,755	131,695	-	131,695
Financial expenses	(345,702)	-	(345,702)	(635,820)	-	(635,820)
	(327,947)	**-**	**(327,947)**	**(504,125)**	**-**	**(504,125)**
Profir (loss) before taxes	**(6,130)**	**-**	**(6,130)**	**81,531**	**-**	**81,531**
Income tax and social contribution - current	-	-	-	(117,791)	117,791	-
Income tax and social contribution - deferred	115,394	(115,394)	-	155,066	(155,066)	-
Social contribution	-	30,546	30,546	-	1,647	1,647
Income tax	-	84,848	84,848	-	35,628	35,628
	115,394	-	115,394	37,275	-	37,275
Profit for the year	**109,264**	**-**	**109,264**	**118,806**	**-**	**118,806**
Profit for the year attributable to owners of the Company				109,264		109,264
Profit for the year attributable to noncontrolling interests				9,542		9,542
Earnings per share						
Basic earnings per share (R$):				0.22		0.22
Diluted earnings per share (R$):				0.19		0.19

Statements of cash flows	Parent company 2018 Originally published	Parent company 2018 Opening lines	Parent company 2018 Restated	Consolidated 2018 Originally published	Consolidated 2018 Opening lines	Consolidated 2018 Restated
Profit (loss) before taxes	**(6,130)**	**-**	**(6,130)**	**81,531**	**-**	**81,531**
Adjustment to reconcile profit to cash from operating activities						
Disposal of fixed assets	188	(188)	-	4,732	(4,732)	-
Disposal of non-current assets	73,621	(73,621)	-	57,350	(57,350)	-
Disposal of intangible assets	7	(7)	-	673	(673)	-
Gain on disposal of noncurrent assets	-	73,816	73,816	-	62,755	62,755
Adjustment to present value of socio-environmental provision and asset demobilization	795	(795)	-	9,245	(9,245)	-
Income from financial investments	(6,249)	6,249	-	(43,377)	43,377	-
Monetary adjustments	745	(745)	-	(1,244)	1,244	-
Interest on loans with related parties	108,548	(108,548)	-	17,069	(17,069)	-
Interest on loans with non-controlling interests	(745)	745	-	(1,126)	1,126	-
Adjustment to present value - Baldin Bioenergia S.A	-	-	-	(6,367)	6,367	-
Interest on debts and monetary and foreign exchange adjustments	189,349	103,094	292,443	506,812	(25,800)	481,012
Equity interests in subsidiaries	(494,423)	-	(494,423)	-	-	-
	(96,352)	**-**	**(96,352)**	**1,239,836**	**-**	**1,239,836**
Decrease (increase) in operating assets						
Advance to trade payable	299	(299)	-	29,033	(29,033)	-
Other operating assets	13,080	299	13,379	66,120	29,033	95,153
Increase (decrease) in operating liabilities						
Advances from consumers, concessionaires and licensees	(29,066)	29,066	-	81,689	(81,689)	-
Payment of labor, tax and civil contingencies	-	-	-	(2,133)	2,133	-
Labor obligations	562	(562)	-	595	(595)	-
Other operating liabilities	1,083	(28,504)	(27,421)	3,858	80,151	84,009
Cash flows provided by operations	**297,353**	-	**297,353**	**1,174,448**	**-**	**1,174,448**
Cash flows provided by operations activities	**105,840**	**-**	**105,840**	**562,619**	**-**	**562,619**
Investments activities						
Financial investments	-	-	-	(372,127)	372,127	-
Redemptions of financial investments	120,394	(120,394)	-	431,966	(431,966)	-
Linked financial investments	-	-	-	(178,066)	178,066	-
Redemptions of linked financial investments	3,589	(3,589)	-	289,450	(289,450)	-
Securities, pledges and restricted deposits (investments)	-	-	-	-	(550,193)	(550,193)
Securities, pledges and restricted deposits (redemptions)	-	123,983	123,983	-	721,416	721,416
Net cash provided (used) by investing activities	**352,015**	-	**352,015**	**(53,784)**	**-**	**(53,784)**
Net decrease in cash and cash equivalents	**(154,770)**	**-**	**(154,770)**	**(73,644)**	**-**	**(73,644)**
Cash and cash equivalents at the beginning of the year	**264,022**	**-**	**264,022**	**950,215**	**-**	**950,215**
Cash and cash equivalents at the end of the year	**109,252**	**-**	**109,252**	**876,571**	**-**	**876,571**

Statements of value added	Parent company 2018 Originally published	Parent company 2018 Opening lines	Parent company 2018 Restated	Consolidated 2018 Originally published	Consolidated 2018 Opening lines	Consolidated 2018 Restated
1. Revenues	**192,424**	**-**	**192,424**	**2,289,788**	**-**	**2,289,788**
1.1 Operating revenues	167,377	110	167,487	2,036,453	7,949	2,044,402
1.2 Revenues related to the construction of own assets	24,937	-	24,937	245,386	-	245,386
1.3 Other revenues	110	(110)	-	7,949	(7,949)	-
4. Retentions	**(37,027)**	**-**	**(37,027)**	**(623,109)**	**-**	**(623,109)**
4.1 Depreciation and amortization	(37,027)	14,717	(22,310)	(623,109)	157,649	(465,460)
4.2 Amortization of intangible assets of concession	-	(14,717)	(14,717)	-	(157,649)	(157,649)
5. Net value added generated (3 + 4)	**(86,230)**	**-**	**(86,230)**	**806,719**	**-**	**806,719**

(3)SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in the preparation of these individual and consolidated financial statements are described below. These policies have been consistently applied in all reporting periods, except for the new accounting pronouncements and interpretations adopted by the Company on January 1, 2019 described in note 3.17.

3.1 Cash and cash equivalents

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

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

The determination of the composition of the Company's cash and cash equivalents aims to maintain sufficient cash to ensure the continuity of investments and the fulfillment of short and long term obligations, maintaining the return on its capital structure at adequate levels, aiming at business continuity and increased value for shareholders and investors.

3.2 Financial instruments

– Financial assets

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

Subsequent measurement and gains and losses:

Financial assets measured at fair value through profit or loss	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Debt instruments at fair value through other comprehensive income	These assets are subsequently measured at fair value. Net gains and losses are recognized in other comprehensive income, except for interest income calculated using the effective interest method, foreign exchange gains and losses and impairment, which are recognized in profit or loss. On derecognition, the accumulated effect in other comprehensive income are reclassified to profit or loss.
Equity instruments at fair value through other comprehensive income	These assets are subsequently measured at fair value. All variations are recognized in other comprehensive income and never will be reclassified to profit or loss, except dividends which are recognized as income in profit or loss (unless the dividend clearly represents a recovery of part of the cost of the investment).

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

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

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

Fair Value through Other Comprehensive Income (FVOCI). Debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

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

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

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets (see note 30). On initial recognition, the Group may irrevocably designate a non-derivative financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment:

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

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

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company and its subsidiaries’ continuing recognition of the assets.

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

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

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

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

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

- Financial liabilities

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

(i) Measured at fair value through profit or loss - these are financial liabilities that are: (i) held for short-term trading, (ii) designated at fair value in order to match the effects of recognition of income and expenses to obtain more relevant and consistent accounting information, or (iii) derivatives. These liabilities are measured at fair value and any changes in fair value are subsequently recognized in profit or loss and any change in the subsequent measurement of fair values that is attributable to changes in the credit risk of the liability should be recorded against other comprehensive income.

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

The Group recognizes financial guarantees when these are granted to non-controlled entities or when the financial guarantee is granted in a percentage higher than that of its participation to cover commitments of joint ventures. Such guarantees are initially recorded at fair value through (i) a liability that corresponds to the risk of non-payment of the debt and which is amortized against finance income at the same time and proportion of the debt amortization, and (ii) an asset that corresponds to the right of reimbursement by the guaranteed party or an anticipated expense due to the guarantees, which is amortized by the receipt of cash from other shareholders or by the effective interest rate during the term of the guarantee. Subsequent to initial recognition, guarantees are measured periodically at the higher of the amount determined in accordance with CPC 25/IAS 37 and the amount initially recognized, less accumulated amortization.

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

The classifications of financial instruments (assets and liabilities) are described in note 30.

- Issued capital

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

3.3 Advance for future capital increase ("AFCI")

AFCI refers to the advance for future capital increase received from the parent company and intended for capital contributions that are irrevocably granted. They are recognized at fair value and classified as equity in the subsidiary, and in the parent company's investment.

They are recognized at fair value and classified as non-current liabilities when the number of shares to be issued is not known. On the other hand, advances for future capital increase are also recognized at fair value at the parent company, classified as noncurrent assets, see Note 12 and 27.

3.4 Property, plant and equipment ("PP&E")

PP&E are measured at acquisition, construction or formation cost less accumulated depreciation and, if applicable, accumulated impairment losses. They also include any other costs attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by management, the costs of dismantling the item and restoring the site on which it is located, and borrowing costs on qualifying assets.

The replacement cost of items of PP&E is recognized if it is probable that it will bring economic benefits to the Company and its subsidiaries and if the cost can be reliably measured, the amount of the replaced item is written off. Maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis at annual rates ranging from 1% to 16.27%, taking into consideration the estimated useful life of the assets and the guidance of the regulatory agency.

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

3.5 Provision for social and environmental costs

Considering that: (a) until the SHPs or wind farms start commercial operation, the Company and its subsidiaries obtain all environmental licenses and, consequently, have an obligation to comply with the obligations contained therein in order to operate; (b) that this obligation arises from events that have already occurred (construction of the plant); and (c) since it is expected that there will be an outflow of resources capable of generating future economic benefits, the Company and its subsidiaries accrue social and environmental costs in current and noncurrent liabilities and incorporate such cost in property, plant and equipment during the construction period of the projects. After entry into operation, these costs are recognized directly in profit or loss.

The provision is initially measured by the best estimate of future disbursements brought to present value and recorded as cost of property, plant and equipment, being depreciated from the start of commercial operation of the project.

3.6 Provision for demobilization of assets

The costs of demobilization of generation assets are provisioned based on the present value of costs expected to fulfill the obligation, using expected cash flows, based on the best estimate on the reporting date, and are recognized against the costs of the corresponding asset. The financial update of the provision is recognized in the income statement as incurred. The provision is reviewed annually and any estimate adjustments are made against the cost of the asset.

The Company recognized a provision for costs with the demobilization of its wind farms based on estimates and assumptions related to discount rates and the expected cost for demobilization and removal at the end of the authorization period for these plants. These costs may differ from what may be incurred by the Company.

The real discount rate used to calculate the present value was 3.22%, based on government bond rates with a maturity similar to the end of authorizations.

3.7 Intangible assets

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

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

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

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

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

The intangible asset that corresponds to the right to operate concessions was acquired through business combinations, and is amortized on a straight-line basis.

3.8 Impairment

- Financial assets

The Group assesses evidence of impairment for certain receivables at both the individual and the collective level for all significant securities. Receivables that are not individually significant are assessed collectively for impairment by grouping these securities with similar risk characteristics.

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

The Company measures loss allowances using the simplified recognition approach, at an amount equal to lifetime expected credit loss (ECL), except for debt securities that are determined to have low credit risk at the reporting date, which are measured at 12-month ECLs.

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

The Company and its subsidiaries consider a financial asset to be in default when the debtor has not complied with its contractual obligation to pay and is unlikely to settle its obligations.

The Company and its subsidiaries use an allowance matrix based on their historical observed default rates over the expected life of the trade receivables to estimate the ECLs for the lifetime of the asset where the history of losses is adjusted to consider the effects of the current conditions and their forecasts of future conditions that did not affect the period in which the historical data were based.

The developed methodology results in a percentage of expected loss for the securities of consumers, concessionaires and licensees that is in compliance with IFRS 9 described as expected credit losses, comprising in a single percentage the probability of loss weighted by the expected loss and possible results, i.e., comprising the Probability of Default (“PD”), Exposure At Default (“EAD”) and Loss Given Default (“LGD”).

At each reporting date, the Company and its subsidiaries assess whether financial assets carried at amortized cost and debt securities at FVOCI, when applicable, have recovery problems. A financial asset has “recovery problems” when one or more events occur that have a detrimental impact on the estimated future cash flows of the financial asset.

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

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

Impairment losses related to consumers, concessionaires and licensees recognized in financial assets and other assets, when applicable, are recognized in profit or loss.

– Non-financial assets

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

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

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

3.9 Provisions

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

3.10 Employee benefits

– Short-term employee benefits

Short-term employee benefit obligations are recognized as personnel expenses as the related service is provided. A liability is recognized for an amount expected to be paid if the Company and its subsidiaries have a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

– Share-based payment plan

The share-based payment plan for employees and other similar service providers is measured at the fair value of the equity instruments on the grant date.

The fair value of stock options granted set on the grant date is recognized on a straight-line basis as expenses in profit or loss for the year over the vesting period, based on the Company's estimates on which options granted will become eventually vested, with corresponding increase in equity. At the end of each reporting period, the Company reviews its estimates of the number of equity instruments that will be vested. The impact of the revision in relation to the original estimates, if any, is recognized in profit or loss, in such a way that the accumulated expense reflects the revised estimates with the corresponding adjustment in equity in the account that recorded the employee benefit.

– Defined contribution plans

The obligations for contributions to defined contribution plans are recognized in profit or loss as personnel expenses when the related services are provided by employees. Prepaid contributions, when made, are recognized as an asset to the extent that a cash refund or a reduction in future payments is possible.

– Other long-term employee benefits

The net obligation of the Company and its subsidiaries in relation to other long-term employee benefits is the amount of the future benefit that employees will receive in return for the service provided in the current and prior years. This benefit is discounted to determine its present value. Remeasurements are recognized in profit or loss.

3.11 Dividends and interest on capital

Under Brazilian law, the Company is required to distribute a mandatory minimum annual dividend of 25% of profit adjusted in accordance with the Company´s bylaws. Only the minimum mandatory dividend can be provisioned, the dividend declared but not yet approved can only be recognized as a liability in the financial statements after approval by the appropriate body. Therefore, the amounts paid in excess of the mandatory minimum dividend pursuant to Law 6,404/76, are held in equity, in the additional dividend proposed account, as they do not meet the present obligation criteria at the reporting date.

As established in the Company's bylaws and in accordance with current corporate law, the Board of Directors is responsible for declaring interim dividends and interest on capital determined through a half-yearly statement of financial position. The declaration of interim dividends and interest on capital at the base date of June 30 is only recognized as a liability in the Company's financial statements after the date of resolution by the Board of Directors.

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

3.12 Revenue recognition

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

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

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

The revenue from electricity generation sale is recognized based on the generated power and with tariffs specified in the supply agreements or on the market price in effect, as appropriate.

3.13 Income tax and social contribution

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

Current taxes are expected taxes payable or receivable/recoverable on taxable profit or loss for the year. Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes and for tax losses.

The Company recognizes in its financial statements the effects of income tax and social contribution credits on tax losses and non-deductible temporary differences, based on projections of future taxable profits subject to income tax and social contribution, approved annually by the Board of Directors and reviewed by the Supervisory Board.

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

As permitted by tax legislation, certain consolidated subsidiaries opted for taxation based on deemed profit. The income tax and social contribution calculation basis is at the rate of 8% when calculating income tax and 12% when calculating the contribution on gross revenue from the sale of electricity and 100% on finance income, on which the regular rates of 15% are applied plus a 10% surcharge for income tax, and 9% for social contribution. For this reason, these consolidated subsidiaries did not record deferred income tax and social contribution on tax losses and temporary differences and are not included in the context of non-cumulative calculation of the Social Integration Program - PIS and the Contribution to Social Security Financing - COFINS.

Deferred tax assets are reviewed at each annual reporting date and are reduced to the extent that it is no longer probable that the related taxes benefit will be realized.

3.14 Earnings per share

The calculation of basic earnings per share is calculated based on the profit for the year attributable to the Company's controlling shareholders and the weighted average number of common and preferred shares outstanding during the year. Diluted earnings per share are calculated by dividing the profit for the year attributable to the controlling shareholders, adjusted by the effects of the instruments that potentially would impact the profit for the year, and by the weighted average number of shares outstanding, adjusted for instruments potentially convertible into shares with diluting effect, in the years presented, in accordance with CPC 41/ IAS 33.

3.15 Business combination

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

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

Noncontrolling interests can be initially measured at fair value or based on the proportional share of noncontrolling interests in the recognized amounts of the identifiable net assets of the acquiree. The measurement method is chosen on a transaction-by-transaction basis.

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

3.16 Basis of consolidation

(i) Business combination

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

(ii) Subsidiaries

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. The accounting policies of the subsidiaries considered in the consolidation are in line with the accounting policies adopted by the Company.

In the Parent company’s financial statements, the subsidiaries’ financial information is recognized using the equity method.

The consolidated financial statements include the balances and transactions of the Company and its subsidiaries. The balances and transactions of assets, liabilities, income and expenses were fully consolidated for the subsidiaries. Prior to the consolidation with the Company's financial statements, the financial statements of subsidiaries PCH Holding, PCH Holding 2, Eólica Holding, Turbina 16, DESA Dobrevê and DESA Eólicas are fully consolidated with those of their respective subsidiaries.

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

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

(iii) Acquisition of noncontrolling interests

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

3.17 New standards and interpretations

A number of standards and interpretations have been issued and/or revised by the IASB and the Brazilian Accounting Pronouncements Committee (CPC) and are effective for accounting periods beginning on or after January 1, 2019:

a) IFRS 16/CPC 06 (R2) – Leases

Issued on January 13, 2016, establishes, in the lessee's view, a new form for accounting for leases currently classified as operating leases, which are now recognized similarly to leases classified as finance leases. As regards the lessors, it virtually retains the requirements of IAS 17/CPC 06 (R1), including only some additional disclosure aspects. IFRS 16 / CPC 06 (R2) is effective for annual reporting periods beginning on or after January 1, 2019.

IFRS 16 introduces a single model of accounting for leases in the balance sheet for lessees, eliminating the old classification between finance and operating leases. The lessee recognizes an asset relating to the right to use the leased asset and a lease liability, which represents the obligation to make lease payments. Exemptions are available for short-term leases (contracts with a maximum duration of 12 months) and low value items (fair value of the identified leased asset is less than US$ 5,000).

The standard defines that a contract is or contains a lease if it conveys the right to control the use of the identified assets for a period of time for a consideration. The Company and its subsidiaries evaluated the pronouncement, mainly, for the land lease agreements of the wind farms of CPFL Renováveis' indirect subsidiaries, as they present relevant amounts and are long-term. As most of these contracts present variable remuneration to the lessor based on the generated power by each complex, IFRS 16 does not allow the recognition of the lease liability and, consequently, the right of use related to these contracts. For other contracts, where the lessor is entitled to a fixed remuneration, the Group evaluated the standard and concluded that there was no material impact on its adoption.

b) IFRIC 23 / ICPC 22 – Uncertainty Over Income Tax Treatments

Issued in May 2017 to clarify the accounting for tax positions that may not be accepted by the tax authorities in regard to income tax (IRPJ) and social contribution (CSLL) matters. In general lines, the main point of analysis of the interpretation refers to the probability of acceptance by the tax authorities of the tax treatment chosen by the Group.

IFRIC 23 / ICPC 22 is effective for annual reporting periods beginning on or after January 1, 2019. The Group assessed the interpretation and concluded that there was no material impact on its adoption.

3.18 New standards and interpretations not yet effective and not early adopted

New standards and amendments to standards and IFRS interpretations were issued by the IASB and are not yet effective for the year ended December 31, 2019. The Group has not adopted the new standards in preparing these financial statements:

Definition of a business (amendment to CPC 15 (R1) / IFRS 3): this change clarifies the definition of 'business', aiming to facilitate the decision of companies on how to classify the acquisition of a set of activities and assets between an effective business combination or simply an acquisition of groups of assets.

Disclosure Initiative - Definition of Material (Amendments to IAS 1 / CPC 26 (R1) and IAS 8 / CPC 23): this amendment clarifies the definition of 'material', aiming to help companies make a better judgment to define whether information on a particular item, transaction or other event shall be disclosed in the financial statements without substantially changing existing requirements.

Based on a preliminary assessment, management believes that the application of these amendments will not have a material impact on the disclosures and amounts recognized in its consolidated financial statements.

(4) FAIR VALUE MEASUREMENT

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

The Group determined the fair value as the estimated price for which an orderly transaction for the sale of an asset or the transfer of a liability would occur between market participants, under current market conditions, at the measurement date.

- Property, plant and equipment and intangible assets

The fair value of items of PP&E, intangible assets and contractual assets is based on the market approach and cost approaches using quoted market prices for similar items when available and replacement cost when appropriate.

- Financial instruments

Financial instruments measured at fair value are valued based on quoted prices in an active market, or, if such prices are not available, they are assessed using pricing models, applied individually to each transaction, taking into consideration future cash flows, based on the contractual conditions, discounted to present value at rates obtained from market interest curves, having as a basis, whenever available, information obtained from the websites of B3 S.A. and the Brazilian Association of Financial and Capital Market Entities - ANBIMA (Note 30) and also include the credit risk rate of the debtor.

(5) CASH AND CASH EQUIVALENTS

	Parent company		Consolidated	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Bank balances	19,545	4,988	158,806	59,622
Short-term financial investments	38,041	104,264	253,773	816,949
Private credit notes (a)	464	1,019	6,570	11,583
Investment funds (b)	37,577	103,245	206,801	805,366
Debentures repo operations (c)	-	-	40,402	-
Total	**57,586**	**109,252**	**412,579**	**876,571**

a) These short-term investments refer to Bank Deposit Certificates – CDBs and secured debentures, which earn interest equivalent, on average, to 97.08% of the Interbank Deposit Certificates - CDI at the reporting date (72.04% at December 31, 2018).

b) They represent amounts invested in the Atlantic Fund (variable rate securities backed by the CDI, substantially CDBs, financial bills, federal government securities and secured debentures of large financial institutions and investment funds of low risk and high liquidity) in the BNB Institutional Fund and XP Top CDB Fund. The average interest rate is 94.61% of the CDI at the reporting date (98.23% at December 31, 2018).

c) Investments funds, with high liquidity and interest equivalent, on average, to 65% of the CDI.

(6) SECURITIES

Securities	Parent company December 31, 2019	Consolidated December 31, 2018
Through investment funds	43,881	449,786
Total	**43,881**	**449,786**

Represents amounts invested in public debt securities, Financial Letters and Treasury Financial Notes, through quotas of investment funds, whose equivalent remuneration, on average 99.87% of the CDI with maturities from September 2020.

(7) PLEDGES, FUNDS AND RESTRICTED DEPOSITS

Financial agent	Application type	Maturity	Indexer	Remuneration	Consolidated December 31, 2019	Consolidated December 31, 2018
Banco do Brasil	Open fund	Undefined	Several	83.41%	4,760	5,136
BNB	Financial Treasury Bills	Undefined	Several	99.00%	31,244	61,804
BNB	Open fund and CDB	Undefined	Several	90.02%	60,552	59,828
Bradesco	(FIC) Federal	Undefined	Several	99.05%	38,158	36,016
Citibank	Citi Cash Blue Fund	Undefined	Several	93.05%	5,331	6,455
Itaú	Soberano Fund	Undefined	Several	97.51%	427,203	325,410
Itaú	CDB Committed Operation	Several	DI	90.00%	1,250	1,187
Bradesco	Atlânticas Fund	Undefined	Several	98.23%	-	10,183
					568,498	506,019

Refer to reserve accounts set up in subsidiaries, in accordance with the respective loan and financing contracts, and should be maintained until their amortization. As of December 31, 2019, the guarantees were 100% paid-in, with the exception of the accounts referring to subsidiary Ludesa, which had 86% of the guarantees paid-in and with no time limit for total constitution.

The financial instruments related to these reserve accounts are contracted exclusively to meet legal and contractual requirements and are designated as measured at amortized cost.

(8) CONSUMERS, CONCESSIONAIRES AND LICENSEES

	Parent company					Consolidated				
	Amounts not due	Past due		Total		Amounts not due	Past due		Total	
		until 90 days	> 90 days	December 31, 2019	December 31, 2018		until 90 days	> 90 days	December 31, 2019	December 31, 2018
Current										
EETC transactions	338	5,489	108	5,935	1,665	-	52,070	10,464	62,535	65,405
Concessionaires and licensees	55,987	37,281	7,124	100,392	61,969	152,855	15,825	1,405	170,085	167,115
Other	-	-	-	-	-	12	-	-	12	-
Total	**56,325**	**42,770**	**7,232**	**106,327**	**63,634**	**152,867**	**67,895**	**11,869**	**232,632**	**232,520**
Noncurrent										
EETC transactions	5,353	36,183	208	41,744	37,749	105,684	44,319	207	150,210	158,826
Total	**5,353**	**36,183**	**208**	**41,744**	**37,749**	**105,684**	**44,319**	**207**	**150,210**	**158,826**

Electric Energy Trading Chamber (EETC) transactions - The amounts refer to trading of electric energy on the spot market. The long-term amounts mainly comprise outstanding balances resulting from EETC's temporary situation due to generators' court injunctions with respect to the hydrological scenario and their financial impacts on contracts in the free market. The Company and its subsidiaries understand that there are no significant risks in the realization of these assets and, consequently, no provision was recorded for this purpose.

8.1 Allowance for doubtful accounts

Management of the Company and its subsidiaries did not consider it necessary to set up an allowance for doubtful accounts because there were no historical losses in the current and prior years, and there is no expectation of losses in the entire receivables portfolio at December 31, 2019.

(9) RECOVERABLE TAXES

	Parent company		Consolidated	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Current				
Prepayments of social contribution – CSLL	-	211	474	560
Prepayments of income tax - IRPJ	-	1,343	1,638	2,265
Income tax and social contribution to be offset	15,703	21,099	44,649	39,323
Income tax and social contribution to be offset	**15,703**	**22,653**	**46,761**	**42,148**
Withholding income tax - IRRF	10,349	21,559	22,148	44,450
State VAT - ICMS to be offset	817	740	5,836	4,861
Social Integration Program - PIS	2,508	2,393	4,131	3,226
Contribution for Social Security Funding - COFINS	11,568	10,652	19,315	14,822
Other	109	109	738	201
Other taxes to be offset	**25,351**	**35,453**	**52,168**	**67,561**
Total current	**41,053**	**58,106**	**98,929**	**109,709**
Noncurrent				
Social contribution to be offset - CSLL	-	-	36	-
Income tax to be offset - IRPJ	25,584	1,638	32,284	1,907
Income tax and social contribution to be offset	**25,584**	**1,638**	**32,320**	**1,907**
Contribution for Social Security Funding - COFINS	-	-	50	-
Other	-	-	3,530	3,530
Other taxes to be offset	**-**	**-**	**3,580**	**3,530**
Total noncurrent	**25,584**	**1,638**	**35,900**	**5,437**

Income tax and social contribution to be offset – refers to tax credits generated by overpayments in accordance with the taxable income regime and negative balance from prior years.

Withholding income tax - IRRF - refers to withholdings on short-term financial investments that do not depend on judicial or administrative decisions to be used.

Contribution for Social Security Financing - COFINS – refers to credits withheld at source by public agencies on the sale of electricity and credits taken on charges, materials, services and on purchase of energy.

(10) DEFERRED TAX ASSETS AND LIABILITIES

10.1 Breakdown of tax assets and liabilities

	Parent company		Consolidated	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Social contribution credit / (debit)				
Tax losses carryforwards	23,234	23,081	23,234	23,081
Temporarily nondeductible/taxable differences	(94,252)	(91,771)	(241,944)	(257,541)
Subtotal	**(71,018)**	**(68,689)**	**(218,710)**	**(234,461)**
Income tax credit / (debit)				
Tax losses carryforwards	64,539	64,114	64,539	64,114
Temporarily nondeductible/taxable differences	(261,809)	(254,917)	(672,068)	(715,397)
Subtotal	**(197,270)**	**(190,804)**	**(607,529)**	**(651,282)**
Total	**(268,288)**	**(259,493)**	**(826,239)**	**(885,743)**
Total tax assets	95,562	93,043	95,562	167,907
Total tax liabilities	(363,850)	(352,536)	(921,801)	(1,053,650)

10.2 Accumulated balances on nondeductible/taxable temporary differences

	Parent company			
	December 31, 2019		December 31, 2018	
	Social contribution	Income tax	Social contribution	Income tax
Temporarily nondeductible/tributable differences				
Accelerated depreciation	(23,845)	(66,237)	(23,050)	(64,029)
Temporarily nondeductible/tributable differences - business combination:				
Deferred taxes - asset:				
Fair value of property, plant and equipment (negative value added of assets)	14,770	41,027	15,956	44,323
Deferred taxes - liability:				
Added value derived from determination of demed cost	(15,203)	(42,231)	-	-
Intangible assets - exploration rights/autorization	(69,359)	(192,663)	(82,255)	(228,488)
Other temporary differences	(614)	(1,706)	(2,422)	(6,723)
Total	**(94,252)**	**(261,809)**	**(91,771)**	**(254,917)**

	Consolidated			
	December 31, 2019		December 31, 2018	
	Social contribution	Income tax	Social contribution	Income tax
Temporarily nondeductible/tributable differences				
Accelerated depreciation	(23,845)	(66,237)	(23,050)	(64,029)
Temporarily nondeductible/tributable differences - business combination:				
Deferred taxes - asset:				
Fair value of property, plant and equipment (negative value added of assets)	18,344	50,955	19,817	55,047
Deferred taxes - liability:				
Added value derived from determination of demed cost	(19,177)	(53,270)	(24,690)	(68,584)
Intangible assets - exploration rights/autorization	(216,651)	(601,809)	(227,199)	(631,106)
Other temporary differences	(614)	(1,707)	(2,419)	(6,725)
Total	**(241,944)**	**(672,068)**	**(257,541)**	**(715,397)**

10.3 Expected recovery

The expectation of recovery of the deferred tax assets recorded in noncurrent assets arising from nondeductible/taxable temporary differences and the tax benefit of the merged intangible asset, is based on the average period of realization of each item included in deferred assets, and tax loss carryforwards based on the projections of future profits. These projections are approved by the Board of Directors and analyzed by the Supervisory Board. They are comprised as follows:

	Consolidated
2024	5,156
2025 to 2027	40,991
2028 to 2030	37,237
2031 to 2033	4,391
Total	**87,773**

10.4 Reconciliation of the income tax and social contribution amounts recognized in the statements of profit or loss for 2019 and 2018:

	Parent company			
	2019		2018	
	Social contribution	Income tax	Social contribution	Income tax
Profit before taxes	**87,701**	**87,701**	**(6,130)**	**(6,130)**
Adjustments to reflect effective rate:				
Equity in subsidiaries	(401,934)	(401,934)	(494,423)	(494,423)
Tax base	**(314,233)**	**(314,233)**	**(500,553)**	**(500,553)**
Statutory rate	9%	25%	9%	25%
Tax credit/(debit)	**28,281**	**78,558**	**45,050**	**125,138**
Recorded (unrecognizad) Tax credit,net	(26,573)	(71,338)	(14,504)	(40,290)
Total	**1,708**	**7,220**	**30,546**	**84,848**
Current	-	-	-	-
Deferred	1,708	7,220	30,546	84,848

	Consolidated			
	2019		2018	
	Social contribution	Income tax	Social contribution	Income tax
Profit before taxes	**154,176**	**154,176**	**81,531**	**81,531**
Adjustments to reflect effective rate:				
Effect of presumed profit system	(318,196)	(374,922)	(168,141)	(208,842)
Tax incentive - operating profit	-	-	-	(52,336)
Other permanent additions (exclusions), net	15,283	15,165	21,406	21,406
Tax base	**(148,737)**	**(205,581)**	**(65,204)**	**(158,241)**
Statutory rate	9%	25%	9%	25%
Tax credit/(debit)	**13,386**	**51,395**	**5,868**	**39,560**
Recorded (unrecognizad) Tax credit,net	(30,695)	(79,176)	(4,221)	(3,932)
Total	**(17,309)**	**(27,781)**	**1,647**	**35,628**
Current	(32,932)	(73,724)	(39,408)	(78,383)
Deferred	15,096	44,409	41,055	114,011

Recognized (unrecognized) tax credit, net – The recognized tax credit corresponds to the portion of the tax credit on tax loss carryforwards, recorded due to the review of projections of future profits. The portion of unrecognized credit corresponds to the loss generated for which, at the moment, there is no reasonable certainty of generating sufficient future taxable profits for its absorption.

The income from deferred income tax and social contribution recognized in profit or loss in the amount of R$ 56,690 refers to (i) tax loss carryforwards (income of R$ 578); (ii) tax benefit of merged goodwill (expense of R$ 48,194) and (iii) temporary differences (income of R$ 7,918).

10.5 Unrecognized tax credits

As at December 31, 2019, the Parent company has unrecognized tax credits related to tax loss carryforwards in the amount of R$ 734,373 (R$ 686,971 as at December 31, 2018), since at this moment there is no reasonable assurance of generation of sufficient future taxable profits to absorb these tax assets. This amount may be subject to accounting recognition in the future, according to the annual reviews of the projections for generating taxable profits.

Some subsidiaries also have unrecognized tax credits related to tax loss carryforwards, since at this moment there is no reasonable assurance of generation of sufficient future taxable profits to absorb these tax assets. As at December 31, 2019, the main subsidiaries that have such unrecognized tax credits amounting R$ 99,461. These tax losses can be carried forward indefinitely.

10.6 Deferred income and social contribution taxes recognized directly in shareholders' equity

Deferred income tax and social contribution recognized directly in shareholders' equity (other comprehensive income) in the years 2019 and 2018 were as follows:

	Consolidated			
	2019		2018	
	CSLL	IRPJ	CSLL	IRPJ
Deemed cost of property, plant and equipment	5,580	5,580	5,674	5,674
Subtotal	**5,580**	**5,580**	**5,674**	**5,674**
Statutory rate	9%	25%	9%	25%
Calculated taxes	**(502)**	**(1,395)**	**(511)**	**(1,419)**
Total taxes recognized in other comprehensive income	**(502)**	**(1,395)**	**(511)**	**(1,419)**

(11) OTHER ASSETS

	Parent company				Consolidated			
	Current		Noncurrent		Current		Noncurrent	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Credits receivable	-	-	2,634	-	-	-	24,416	21,494
Credits receivable - apportionments	21,736	17,065	-	-	-	-	-	-
Advances to suppliers	383	249	-	-	38,287	2,721	-	-
Orders in progress	926	5,650	-	-	926	5,650	-	-
Services rendered to third parties	572	1,345	-	-	-	-	-	-
Inventories	930	-	-	-	16,386	-	-	-
Energy pre-purchase agreements	-	-	-	-	12,775	1,669	10,432	25,390
Prepaid expenses	3,005	2,316	598	-	20,332	11,296	1,067	-
GSF renegotiation	-	-	-	-	1,716	4,156	-	1,010
Advances to employees	520	454	-	-	520	454	-	-
Other	5,022	2,526	7,728	7,046	27,506	11,039	33,243	15,607
Total	**33,093**	**29,605**	**10,960**	**7,046**	**118,447**	**36,986**	**69,157**	**63,501**

Credits receivables – mostly refers to R$ 13,210 (R$ 9,842 on December 31, 2018) related to credits receivable from Baldin Bioenergia, as shown below.

In 2008, through SPE CPFL Bioenergia SA, the Company entered into a consortium with the Baldin Group to build, operate and maintain a thermoelectric plant powered by biomass (sugarcane bagasse), with a generation capacity of 45 MW, for a period of 17 years. CPFL Bioenergia was primarily responsible for financing the construction of the project and, in return, Baldin Bioenergia should reimburse the amount corresponding to its participation in the consortium (50%). In addition, CPFL Bioenergia made a prepayment to Baldin Bioenergia for the future delivery of energy to be generated by the project (part of the Baldin Group), for a period of 15 years from the date of entry into operation. The management of Baldin Bioenergia S.A. filled for in-court reorganization in 2012 and, until December 31, 2019, the in-court reorganization process had not yet been closed.

The receivable from Baldin Bioenergia referring to the reimbursement of consortium investments at December 31, 2019 and 2018 comprises:

(i) R$ 46,454 of principal amount, referring to the right of CPFL Bioenergia to receive from Baldin Bioenergia for the investments made in the construction of the thermoelectric plant (50% of the initial investment);
(ii) R$ 1,000 of credits receivable, related to the Assignment of Credits without Co-obligation, Rights and Obligations and Other Covenants acquired from Itaú Unibanco S.A. in 2014, one of the creditors of the in-court reorganization plan. The amount of credit assigned was R$ 26,100, which, discounted to present value, resulted in a disbursed amount of R$ 1,000;
(iii) Discount of R$ 27,992 for present value adjustment, based on the in-court reorganization plan approved in 2014 and the expectation of future receipt;
(iv) Discount of R$ 13,838 of the provision for impairment of receivables, recognized by the Company's management, based on the information available on the financial and operational situation of Baldin Bioenergia S.A., which it considers sufficient to cover risks on the realization of the principal amounts.

Credits receivable – apportionments - refers mainly to the apportionments of labor expenses of the Holding Company to which the amount is prorated to the subsidiaries.

Inventory - refers to the acquisition of materials, carried out by the subsidiary SPE Turbina 17 S.A., for the maintenance of wind farms.

Energy pre-purchase agreements – refers to pre-payments of the energy pre-purchase agreement between CPFL Bioenergia and Baldin. This balance is realized through the monthly receipt of energy.

Orders in progress – Comprise costs and income related to ongoing decommissioning or disposal of property, plant and equipment in progress. Upon the closing of the respective projects, the balances are amortized against the respective liability recognized in other payables (Note 20).

GSF Renegotiation - Refers to the premium paid in advance for the transfer of hydrological risk to the Centralizing Account for Tariff Flag Resources (CATFR), amortized on a straight-line basis against other operating costs.

(12) INVESTMENTS

	Parent company	
	December 31, 2019	**December 31, 2018**
Equity method		
By equity method of the subsidiary	5,213,596	5,329,492
Advances for future capital increases	-	4,217
Subtotal	5,213,596	5,333,709
Added asset value, net	1,024,671	1,057,756
Total	**6,238,267**	**6,391,465**

12.1 Equity interests - equity method

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

		December 31, 2019				December 31, 2019	December 31, 2018	2019	2018
Investments	Equity interest %	Total assets	Issued capital	Equity	Profit or loss for the period	Share of equity of investees		Share of profit (loss) of investees	
Alto Irani	100%	139,234	2,114	63,399	22,461	63,399	54,201	22,461	17,751
Atlântica I	100%	147,559	43,081	75,397	7,064	75,397	70,010	7,064	8,769
Atlântica II	100%	146,515	42,895	71,257	5,975	71,257	66,701	5,975	7,356
Atlântica IV	100%	150,357	43,688	68,457	6,400	68,457	62,456	6,400	8,980
Atlântica V	100%	165,055	50,579	88,745	5,957	88,745	84,277	5,957	9,965
Baixa Verde	95%	215	356	156	(61)	148	188	(61)	(76)
Bio Alvorada	100%	187,519	45,112	136,649	2,278	136,649	134,941	2,278	6,300
Bio Coopcana	100%	154,798	45,053	100,284	6,431	100,284	92,487	6,431	5,936
Boa Vista 2	100%	284,868	99,076	94,442	(3,361)	94,442	97,804	(3,361)	(1,341)
Cachoeira Grande	100%	144	6,632	143	6	143	137	6	2
Cajueiro	95%	336	178	310	(50)	294	344	(50)	(97)
Chimay Empreendimentos (c)	100%	119,123	61,921	90,170	22,055	90,170	113,071	22,055	5,075
Costa das Dunas	90%	24,365	4,840	5,127	(95)	4,614	4,366	(96)	(134)
CPFL Bio Buriti	100%	148,429	135,370	144,380	9,509	144,380	138,023	9,509	7,008
CPFL Bio Formosa	100%	125,562	126,936	94,678	5,283	94,678	88,631	5,283	7,567
CPFL Bio Ipe	100%	34,009	26,249	26,426	5,224	26,426	31,169	5,224	3,319
CPFL Bio Pedra	100%	242,697	205,250	244,585	36,632	244,585	221,237	36,632	23,560
CPFL Bioenergia	100%	73,569	51,739	59,457	9,252	59,457	50,205	9,252	7,653
CPFL Sul Centrais Elétricas (c)	100%	26,256	14,183	18,208	2,555	18,208	17,325	2,555	691
Curral Velho	100%	198,149	63,000	82,771	(6,092)	82,771	88,863	(6,092)	8,124
Dobrevê	100%	821,571	747,359	884,489	51,728	884,489	843,826	51,728	57,039
Eólica Paracuru (c)	100%	118,047	22,230	24,222	19,281	24,221	19,518	19,281	11,499
Eólica Holding	100%	230,556	37,416	219,130	13,586	219,130	205,544	13,586	38,689
Eurus VI	100%	41,336	36,495	37,397	649	37,397	36,998	649	1,357
Farol de Touros	90%	22,495	4,474	4,250	(96)	3,825	3,660	(97)	(144)
Figueira Branca	100%	10,750	1,957	1,623	(286)	1,623	1,754	(286)	(159)
Gameleira	100%	15,801	3,698	3,530	(143)	3,530	3,429	(143)	(186)
Jayaditya Empreendimentos (c)	100%	42,530	2,082	11,600	5,098	11,600	36,030	5,098	3,110
Mohini Empreendimentos	100%	57,528	10,269	20,885	18,330	20,885	71,418	18,330	5,038
Navegantes (a)	95%	47	298	-	(36)	-	7	(36)	(32)
PCH Holding	100%	500,730	436,193	464,882	69,745	464,882	475,212	69,745	35,896
PCH Holding 2	100%	248,767	6,515	98,918	19,275	98,918	83,916	19,275	7,513
PCH Particpações (b)	-	-	-	-	-	-	-	-	17,925
Penedo	100%	173	1,998	173	(2)	173	175	(2)	(1,642)
Plano Alto	100%	83,111	1,527	30,852	16,495	30,852	28,821	16,495	12,836
Pontal das Falésias	100%	184,110	63,000	83,958	(4,353)	83,958	88,311	(4,353)	8,038
Rosa dos Ventos	100%	54,389	12,240	20,913	7,897	20,912	26,976	7,898	699
Santa Clara I	100%	160,506	139,189	147,959	6,459	147,959	143,527	6,459	9,112
Santa Clara II	100%	146,717	126,205	134,478	6,234	134,478	130,175	6,234	8,274
Santa Clara III	100%	148,544	127,086	136,184	7,491	136,184	130,881	7,491	9,699
Santa Clara IV	100%	151,839	131,667	138,599	5,637	138,599	134,739	5,637	8,075
Santa Clara V	100%	152,371	131,975	139,645	6,505	139,645	135,052	6,505	9,012
Santa Clara VI	100%	152,563	132,488	137,827	4,125	137,827	135,220	4,125	6,514
SIIF Energies (b)	-	-	-	-	-	-	-	-	11,708
SPE Lacenas Participacoes Lt	100%	93,545	43,512	79,159	1,861	79,159	77,298	1,861	2,896
Solar I	100%	3,847	33	-	(356)	-	86	(356)	(373)
Tombo (a)	100%	4	1,242	-	-	-	-	-	(939)
Turbina 15 (b)	-	-	-	-	-	-	-	-	75,876
Turbina 16	100%	851,137	635,875	836,452	35,777	836,452	992,716	35,777	60,650
Turbina 17	100%	65,866	1,025	1,305	298	1,305	7	298	15,577
Subtotal - Investment by the subsidiary's shareholders' equity		**5,440,010**	**3,562,334**	**5,214,558**	**454,107**	**5,213,595**	**5,333,709**	**454,107**	**569,831**
Amortization of capital gains on assets, net of tax effects								(50,808)	(74,043)
Amortization of capitalized interest								(1,365)	(1,365)
Total						**5,213,595**	**5,333,709**	**401,934**	**494,423**

(a) Subsidiaries with provision for loss of investment, amount reclassified to noncurrent liabilities.

After the corporate restructuring on August 1, 2018, (b) the companies Eólica Formosa, Eólica Icaraizinho, SIIF Desenvolvimento and SIIF Énergies were merged into CPFL Renováveis, and (c) the companies Paracuru and SIIF Cinco started being directly controlled by CPFL Renováveis. After a new corporate restructuring on December 1, 2018, (b) the companies BVP, BVP Geradora, T-15 and PCH Participações were merged into CPFL Renováveis, and (c) the companies Chimay, Mohini, Jayaditya and Sul Centrais Elétricas started being directly controlled by CPFL Renováveis.

The added value of net assets acquired in business combinations is classified in the parent's statement of profit or loss in the group of investments. In the parent's statement of profit or loss, the amortization of the asset surplus (value added) of net assets of R$ 50,809 (R$ 74,043 in 2018) is classified in line item "Equity interests in subsidiaries", in accordance with ICPC 09 (R2).

The movement, in the parent company, of the balances of investments in subsidiaries for 2019 and 2018 is as follows:

Investments	Investments at December 31, 2017	Capital increase / payment of capital	Capital decrease	Amortization / interest capitalization	Investments transfers	Incorporation	Equity interest in subsidiaries	Dividends	Investments at December 31, 2018
Alto Irani	52,051	-	-	-	-	-	17,751	(15,600)	54,202
Atlântica I	63,324	-	-	-	-	-	8,769	(2,082)	70,011
Atlântica II	61,092	-	-	-	-	-	7,356	(1,747)	66,701
Atlântica IV	63,139	-	-	-	-	-	8,980	(9,663)	62,456
Atlântica V	76,803	-	-	-	-	-	9,965	(2,492)	84,276
Baixa Verde	80	156	-	-	-	-	(76)	-	160
Bio Alvorada	132,874	5,141	(7,800)	-	-	-	6,300	(1,575)	134,940
Bio Buriti	142,043	-	-	-	-	-	7,008	(11,028)	138,023
Bio Coopcana	103,635	-	(15,600)	-	-	-	5,936	(1,484)	92,487
Bioenergia	42,552	-	-	-	-	-	7,653	-	50,205
Bio Ester	74,403	-	-	-	-	-	2,896	-	77,299
Bio Formosa	78,447	625	-	-	-	-	7,567	-	86,639
Bio Ipê	32,966	25	-	(61)	-	-	3,319	(5,079)	31,170
Bio Pedra	229,572	-	-	(249)	-	-	23,560	(31,646)	221,237
Boa Vista 2	42,456	56,689	-	-	-	-	(1,341)	-	97,804
Cachoeira Grande	135	-	-	-	-	-	2	-	137
Cajueiro	330	113	-	-	-	-	(97)	(2)	344
Chimay	-	-	-	-	-	159,035	5,075	(51,039)	113,071
Costa das Dunas	541	4,260	-	-	-	-	(134)	(417)	4,250
Dobrevê Energia	925,221	94,567	(141,401)	-	-	-	50,278	(86,212)	842,453
Eólica Holding	176,527	-	-	-	-	-	38,689	(9,672)	205,544
Eólica Paracuru	-	-	-	-	-	16,817	11,499	(8,798)	19,518
Eurus VI	38,558	-	-	(22)	-	-	1,357	(2,893)	37,000
Farol de Touros	184	3,740	-	-	-	-	(144)	(366)	3,414
Figueira Branca	111	1,680	-	-	-	-	(159)	-	1,632
Gameleira	885	2,731	-	-	-	-	(186)	-	3,430
Jayaditya	-	-	-	-	-	45,612	3,110	(12,692)	36,030
Mohini	-	-	-	-	-	110,068	5,038	(43,688)	71,418
Navegantes	3	26	-	-	3	-	(32)	-	-
PCH Holding	447,842	-	-	-	-	-	35,896	(8,525)	475,213
PCH Holding 2	60,132	17,813	-	-	-	-	7,513	(1,879)	83,579
PCH Participações	278,863	112	-	-	-	(296,405)	24,313	(6,883)	-
Pedra Cheirosa I	91,273	48,642	(57,188)	-	-	-	8,124	(1,988)	88,863
Pedra Cheirosa II	56,049	34,946	(8,753)	-	-	-	8,038	(1,969)	88,311
Penedo	1,817	-	-	-	-	-	(1,642)	-	175
Plano Alto	27,687	-	-	-	-	-	12,836	(11,700)	28,823
Rosa dos Ventos	33,230	-	-	-	-	-	698	(6,952)	26,976
Salto Góes	71,685	-	-	-	-	-	11,492	(2,729)	80,448
Santa Clara I	146,938	-	-	(238)	-	-	9,112	(12,284)	143,528
Santa Clara II	133,700	-	-	(215)	-	-	8,274	(11,583)	130,176
Santa Clara III	134,613	-	-	(185)	-	-	9,699	(13,245)	130,882
Santa Clara IV	138,388	-	-	(146)	-	-	8,075	(11,579)	134,738
Santa Clara V	138,535	-	-	(138)	-	-	9,012	(12,359)	135,050
Santa Clara VI	138,999	-	-	(110)	-	-	6,514	(10,183)	135,220
Santa Cruz	454	-	-	-	-	-	13	-	467
SIIF Cinco	-	-	-	-	-	19,313	18,380	(6,635)	31,058
SIIF Desenvolvimento	129	-	-	-	-	(112)	(17)	-	-
SIIF Enérgies	304,682	-	-	-	-	(290,167)	11,708	(26,223)	-
Solar 1	459	-	-	-	-	-	(373)	-	86
Sul Centrais Elétricas	-	-	-	-	-	24,104	691	(7,470)	17,325
T-15	591,402	-	-	-	-	(676,470)	85,068	-	-
Tombo	932	5	-	-	2	-	(939)	-	-
Turbina 16	873,973	72,497	-	-	-	-	60,650	(14,404)	992,716
Turbina 17	10	-	-	-	-	-	(3)	-	7
Subtotal of investments	**6,009,724**	**343,768**	**(230,742)**	**(1,364)**	**5**	**(888,205)**	**563,071**	**(466,765)**	**5,329,492**
Navegantes*	-	-	-	-	(3)	-	-	-	(3)
Tombo*	-	-	-	-	(2)	-	-	-	(2)
Total of investments	**-**	**-**	**-**	**-**	**(5)**	**-**	**-**	**-**	**(5)**

Investments	Investments at December 31, 2018	Capital increase / payment of capital	Capital decrease	Amortization / interest capitalization	Investments transfers	Equity interest in subsidiaries	Dividends	Investments at December 31, 2019
Alto Irani	54,201	-	-	-	-	22,461	(13,264)	63,399
Atlântica I	70,010	-	-	-	-	7,064	(1,678)	75,397
Atlântica II	66,701	-	-	-	-	5,975	(1,419)	71,257
Atlântica IV	62,456	1,121	-	-	-	6,400	(1,520)	68,457
Atlântica V	84,277	-	-	-	-	5,957	(1,489)	88,745
Baixa Verde	160	49	-	-	-	(61)	-	148
Bio Alvorada	134,941	-	-	-	-	2,278	(570)	136,649
Bio Buriti	138,023	-	-	-	-	9,509	(3,152)	144,380
Bio Coopcana	92,487	3,271	-	-	-	6,431	(1,905)	100,284
Bioenergia	50,205	-	-	-	-	9,252	-	59,457
Bio Ester	77,298	-	-	-	-	1,861	-	79,159
Bio Formosa	86,638	2,757	-	-	-	5,283	-	94,678
Bio Ipê	31,169	-	-	(61)	-	5,224	(9,907)	26,426
Bio Pedra	221,237	-	-	(249)	-	36,632	(13,035)	244,585
Boa Vista 2	97,804	-	-	-	-	(3,361)	-	94,442
Cachoeira Grande	137	-	-	-	-	6	-	143
Cajueiro	344	-	-	-	-	(50)	-	294
Chimay	113,071	-	(23,617)	-	-	22,055	(21,339)	90,170
Costa das Dunas	4,251	459	-	-	-	(96)	-	4,614
Dobrevê Energia	842,456	12,508	-	-	-	51,728	(22,204)	884,488
Wind farm Holding	205,544	-	-	-	-	13,586	-	219,130
Wind farm of Paracuru	19,518	-	-	-	-	19,281	(14,578)	24,221
Eurus VI	36,998	-	-	(22)	-	649	(227)	37,398
Farol de Touros	3,413	509	-	-	-	(97)	-	3,825
Figueira Branca	1,632	277	-	-	-	(286)	-	1,623
Gameleira	3,429	243	-	-	-	(143)	-	3,530
Navegantes	-	-	-	-	36	(36)	-	-
Jayaditya	36,030	-	(18,740)	-	-	5,098	(10,789)	11,600
Mohini	71,418	-	(49,663)	-	-	18,330	(19,199)	20,885
SHP Holding	475,212	-	-	-	-	69,745	(80,075)	464,882
SHP Holding 2	83,581	880	-	-	-	19,275	(4,819)	98,918
Pedra Cheirosa I	88,863	-	-	-	-	(6,092)	-	82,771
Pedra Cheirosa II	88,311	-	-	-	-	(4,353)	-	83,958
Penedo	175	-	-	-	-	(2)	-	173
Plano Alto	28,821	-	-	-	-	16,495	(14,464)	30,852
Rosa dos Ventos	26,976	-	-	-	-	7,898	(13,962)	20,912
Salto Góes	80,448	-	-	-	-	13,631	(32,796)	61,282
Santa Clara I	143,527	-	-	(238)	-	6,459	(1,789)	147,959
Santa Clara II	130,175	-	-	(215)	-	6,234	(1,717)	134,478
Santa Clara III	130,881	-	-	(185)	-	7,491	(2,003)	136,184
Santa Clara IV	134,739	-	-	(146)	-	5,637	(1,632)	138,599
Santa Clara V	135,052	-	-	(138)	-	6,505	(1,774)	139,645
Santa Clara VI	135,220	-	-	(110)	-	4,125	(1,407)	137,828
Santa Cruz	467	295	-	-	-	(33)	-	729
SIIF Cinco	31,058	-	-	-	-	11,888	(13,870)	29,076
Solar 1	86	-	-	-	270	(356)	-	-
Sul Centrais Elétricas	17,325	-	-	-	-	2,555	(1,671)	18,208
Turbina 16	992,716	-	(183,544)	-	-	35,777	(8,497)	836,452
Turbina 17	7	1,000	-	-	-	298	-	1,305
Subtotal of investiments	**5,329,492**	**23,369**	**(275,564)**	**(1,364)**	**306**	**454,107**	**(316,751)**	**5,213,596**
Navegantes *	(3)	16	-	-	(36)	-	-	(23)
Solar 1 *	-	-	-	-	(270)	-	-	(270)
Tombo *	(2)	-	-	-	-	-	-	(2)
Total of investiments	**(5)**	**16**	**-**	**-**	**(306)**	**-**	**-**	**(295)**

* Provision for loss of investment, amount reclassified to noncurrent liabilities.

12.2 Fair value adjustments and goodwill

Fair value adjustments refer basically to the right to the concession acquired through business combinations. The goodwill refers basically to acquisitions of investments and is based on projections of future profits (see Note 14).

In the consolidated financial statements, these amounts are classified as intangible assets (Note 14).

12.3 Dividends receivable

At December 31, 2019 and 2018, the Company has the following balances receivable from direct subsidiaries, relating to dividends:

Subsidiaries	Dividends December 31, 2019	December 31, 2018
SHP of Mato Grosso e Rio Grande do Sul	-	900
SHP of Minas Gerais	12	12
SHP of Santa Catarina	5,920	23,311
SHP of São Paulo	2,200	24,754
Wind fram of Palmares do Sul (RS)	8,852	6,479
Wind farm of Aracati (CE)	3,112	1,153
Wind farm of Itarema (CE)	178	2,546
Wind farm of other locations (CE)	6,613	16,020
Wind farm of Parazinho (RN)	-	15,486
Bioenergy projects	3,370	22,289
Holding companies	59,541	79,024
	89,798	**191,974**

Of the amounts recorded as receivables, R$ 418,927 (R$ 435,293 at December 31, 2018) were paid by the subsidiaries to the Company in 2019.

12.4 Noncontrolling interests

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

12.4.1 Movement in noncontrolling interests

	Costa Branca	Juremas	Macacos	Pedra Preta	Ludesa	Other	Total
At December 31, 2018	**3,895**	**2,641**	**3,397**	**3,762**	**87,933**	**1,750**	**103,377**
Equity interest and voting capital	5.00%	5.00%	5.00%	5.00%	40.00%	5 to 10%	
Equity attributable to noncontrolling interests	220	146	190	319	9,550	(29)	10,396
Capital increase	-	-	-	-	-	111	111
Dividends	(34)	(26)	(31)	(25)	(11,781)	-	(11,897)
At December 31, 2019	**4,081**	**2,761**	**3,556**	**4,056**	**85,702**	**1,832**	**101,987**
Equity Interests and voting capital	5.00%	5.00%	5.00%	5.00%	40.00%	5 to 10%	

12.4.2 Summarized financial information on subsidiaries that have noncontrolling interests

The summarized financial information on subsidiaries that have noncontrolling interests at December 31, 2019 and 2018 is as follows:

	December 31, 2019					
	Costa Branca	Juremas	Macacos	Pedra Preta	Ludesa	Other
Current assets	4,856	4,112	5,405	5,101	7,702	16,327
Cash and cash equivalents	1,507	1,362	1,991	1,066	566	6,505
Noncurrent assets	106,359	70,688	91,588	100,998	89,858	31,130
Current liabilities	10,164	7,239	8,907	9,776	2,927	3,700
Borrowings and debentures	4,878	3,600	4,850	4,739	-	-
Other financial liabilities	5,286	3,639	4,057	5,037	2,927	3,700
Noncurrent liabilities	48,458	35,942	48,251	47,228	-	33,937
Borrowings and debentures	44,852	33,119	44,617	43,591	-	-
Other financial liabilities	3,606	2,823	3,634	3,637	-	33,937
Equity	52,593	31,619	39,836	49,096	94,634	9,819

	December 31, 2018					
	Costa Branca	Juremas	Macacos	Pedra Preta	Ludesa	Other
Current assets	6,059	5,433	8,494	7,270	11,231	879
Cash and cash equivalents	2,520	3,387	5,677	2,884	1,939	127
Noncurrent assets	103,938	70,079	91,050	98,185	106,899	8,606
Current liabilities	8,781	6,095	7,517	9,853	24,579	45
Borrowings and debentures	4,874	3,598	4,847	4,736	-	-
Other financial liabilities	3,907	2,497	2,670	5,118	24,579	45
Noncurrent liabilities	51,209	39,568	54,174	50,458	3,679	397
Borrowings and debentures	49,419	36,493	49,162	48,032	-	-
Other financial liabilities	1,790	3,074	5,012	2,426	3,679	397
Equity	50,007	29,850	37,853	45,144	89,872	9,043

	2019					
	Costa Branca	Juremas	Macacos	Pedra Preta	Ludesa	Other
Net operating revenue	17,282	11,446	15,160	17,568	46,897	-
Operacional costs and expenses	(4,409)	(3,000)	(4,254)	(3,811)	(4,294)	(375)
Depreciation and amortization	(3,782)	(2,582)	(3,268)	(3,354)	(7,186)	-
Interest income	5,969	2,736	4,323	5,812	721	5
Interest expense	(9,052)	(5,125)	(7,429)	(8,516)	(306)	(3)
Income tax expense	(2,559)	(1,274)	(1,932)	(2,515)	(1,719)	-
Profit (loss) for the year	3,448	2,202	2,600	5,183	34,113	(368)

	2018					
	Costa Branca	Juremas	Macacos	Pedra Preta	Ludesa	Other
Net operating revenue	27,533	18,315	24,918	27,955	43,437	-
Operacional costs and expenses	(7,919)	(5,311)	(7,229)	(6,978)	(6,189)	(552)
Depreciation and amortization	(2,231)	(2,984)	(3,606)	(4,037)	(7,172)	-
Interest income	2,302	1,378	2,111	2,243	706	31
Interest expense	(5,961)	(4,131)	(5,620)	(5,614)	(405)	(1)
Income tax expense	(1,640)	(1,031)	(1,492)	(1,634)	(1,607)	-
Profit (loss) for the year	12,082	6,236	9,081	11,936	28,770	(524)

12.5 Corporate restructuring in 2018

12.5.1 First step of merger of subsidiaries

On August 1, 2018, the Company's shareholders approved, through an Extraordinary General Meeting, the merger of direct subsidiaries SIIF Energies do Brasil Ltda. and SIIF Desenvolvimento de Projetos de Energia Eólica Ltda., and indirect subsidiaries Eólica Icaraizinho Geração e Comercialização de Energia S.A. and Eólica Formosa Geração e Comercialização de Energia S.A. under the terms of the Merger and Justification Protocol and Appraisal Reports, also approved on said date.

With this merger, CPFL Renováveis (parent company) started to have the activity of energy generation, resulting from the merged projects of Eólica Icaraizinho and Eólica Formosa and, consequently, SPEs Eólica Paracuru and SIIF Cinco became direct subsidiaries of CPFL Renováveis.

12.5.2 Second step of merger of subsidiaries

On November 30, 2018 (with effects from December 1, 2018), the Company's shareholders approved, through an Extraordinary General Meeting, the merger of direct subsidiary T-15 Energia S.A. and indirect subsidiaries PCH Participações S.A.; BVP S.A. and BVP Geradora de Energia S.A. under the terms of the Merger and

Justification Protocol and the Appraisal Reports, also approved on that date. Of the merged companies, only BVP Geradora was operational, the other companies were holding companies.

With this merger, CPFL Renováveis now holds a direct interest in SPEs Mohini Empreendimentos e Participações Ltda., Chimay Empreendimentos e Participações Ltda., Jayaditya Empreendimentos e Participações Ltda. and CPFL Sul Centrais Elétricas Ltda., previously controlled by T-15 Energia S.A.

(13) PROPERTY, PLANT AND EQUIPMENT

	Parent company						
	Land	Buildings, construction and improvements	Machinery and equipment	Vehicles	Furniture and fittings	In progress	Total
At December 31, 2017	**4,088**	**1,142**	**7,539**	**425**	**711**	**9,369**	**23,274**
Historical cost	4,088	3,093	11,893	530	994	9,369	29,967
Accumulated depreciation	-	(1,951)	(4,354)	(105)	(283)	-	(6,693)
Additions	-	-	-	-	-	14,963	14,963
Disposals	-	-	-	(217)	(88)	(1)	(306)
Transfers	-	2,343	2,591	234	589	(5,946)	(189)
Transfers to/from other assets - cost	-	-	-	-	-	-	-
Depreciation	(21)	(3,261)	(15,922)	(82)	(97)	-	(19,383)
Write-off of depreciation	-	-	-	86	32	-	118
Business combination	85	88,622	625,375	161	261	64,072	778,576
At December 31, 2018	**4,152**	**88,846**	**619,583**	**607**	**1,408**	**82,457**	**797,053**
Historical cost	4,193	142,364	1,223,490	809	2,101	82,457	1,455,414
Accumulated depreciation	(41)	(53,518)	(603,907)	(202)	(693)	-	(658,361)
Average depreciation rate %	**1%**	**16,16%**	**9,65%**	**18,10%**	**6,26%**		

	Parent company						
	Land	**Buildings, construction and improvements**	**Machinery and equipment**	**Vehicles**	**Furniture and fittings**	**In progress**	**Total**
At December 31, 2018	**4,152**	**88,846**	**619,583**	**607**	**1,408**	**82,457**	**797,053**
Historical cost	4,193	142,364	1,223,490	809	2,101	82,457	1,455,414
Accumulated depreciation	(41)	(53,518)	(603,907)	(202)	(693)	-	(658,361)
Additions	-	-	-	-	-	58,737	58,737
Disposals	-	-	(17,552)	(213)	-	(165)	(17,930)
Transfers	-	17,407	38,155	241	168	(55,971)	-
Transfers to/from other assets - cost	-	-	-	-	-	(71)	(71)
Depreciation	(4)	(8,333)	(65,142)	(131)	(132)	-	(73,742)
Write-off of depreciation	-	-	8,575	87	-	-	8,662
At December 31, 2019	**4,148**	**97,920**	**583,619**	**591**	**1,444**	**84,988**	**772,710**
Historical cost	4,193	159,771	1,244,093	837	2,269	84,988	1,496,151
Accumulated depreciation	(45)	(61,851)	(660,474)	(246)	(825)	-	(723,441)
Average depreciation rate %	**1%**	**16.27%**	**15.36%**	**14.29%**	**6.27%**		

	Consolidated							
	Land	Reservoirs, dams and water mains	Buildings, construction and improvements	Machinery and equipment	Vehicles	Furniture and fittings	In progress	Total
At December 31, 2017	**135,683**	**756,042**	**669,113**	**5,938,925**	**705**	**2,431**	**197,305**	**7,700,203**
Historical cost	166,000	1,136,105	905,827	7,778,400	1,025	5,590	197,305	10,190,254
Accumulated depreciation	(30,317)	(380,063)	(236,714)	(1,839,476)	(321)	(3,159)	-	(2,490,050)
Additions	-	-	-	-	-	-	235,151	235,151
Disposals	(8)	-	15	(12,416)	(218)	(18)	(2,105)	(14,750)
Transfers	20,181	150,932	38,852	77,878	234	615	(288,692)	-
Transfers from/to other assets - cost	(2,755)	-	(108,628)	102,914	-	6	(2,044)	(10,507)
Depreciation	(7,118)	(50,161)	(37,407)	(366,570)	(160)	(1)	-	(461,417)
Write-off of depreciation	2	-	-	4,909	86	31	-	5,028
Transfers from/to other assets - depreciation	(994)	-	20,714	(18,845)	-	-	-	875
At December 31, 2018	**144,991**	**856,814**	**582,658**	**5,726,794**	**648**	**3,064**	**139,615**	**7,454,584**
Historical cost	183,418	1,287,038	836,066	7,946,776	1,042	6,193	139,615	10,400,148
Accumulated depreciation	(38,427)	(430,224)	(253,408)	(2,219,982)	(394)	(3,129)	-	(2,945,564)
Average depreciation rate %	**5.05%**	**5.92%**	**6.02%**	**5.23%**	**15.74%**	**4.24%**		

	Consolidated							
	Land	Reservoirs, dams and water mains	Buildings, construction and improvements	Machinery and equipment	Vehicles	Furniture and fittings	In progress	Total
At December 31, 2018	**144,991**	**856,814**	**582,658**	**5,726,794**	**648**	**3,064**	**139,615**	**7,454,584**
Historical cost	183,418	1,287,038	836,066	7,946,776	1,042	6,193	139,615	10,400,148
Accumulated depreciation	(38,427)	(430,224)	(253,408)	(2,219,982)	(394)	(3,129)	-	(2,945,564)
Additions	-	-	-	-	-	-	240,594	240,594
Disposals	-	(5)	(31,080)	(22,349)	(213)	-	(8)	(53,655)
Transfers	603	15,744	48,146	69,211	260	390	(134,354)	-
Transfers from/to other assets - cost	(1,333)	(8,249)	(6,968)	12,395	-	(40)	2,170	(2,025)
Depreciation	(7,911)	(55,031)	(37,768)	(380,522)	(151)	(372)	-	(481,755)
Write-off of depreciation	-	5	2,231	11,353	87	-	-	13,676
Reclassification - depreciation	-	-	-	-	-	-	-	-
Transfers from/to other assets - depreciation	(5)	-	21	645	-	-	-	661
At December 31, 2019	**136,345**	**809,279**	**557,240**	**5,417,528**	**632**	**3,043**	**248,017**	**7,172,082**
Historical cost	182,688	1,294,527	846,164	8,006,034	1,090	6,543	248,017	10,585,063
Accumulated depreciation	(46,343)	(485,249)	(288,924)	(2,588,506)	(458)	(3,500)	-	(3,412,981)
Average depreciation rate %	**3.86%**	**3.89%**	**3.88%**	**4.44%**	**13.25%**	**9.18%**		

The balance of property, plant and equipment in progress in the consolidated refers mainly to works in progress of operating and/or under development subsidiaries, with emphasis on the SPE projects merged into CPFL Renováveis in 2018 (see note 12.6) with property, plant and equipment in progress of R$ 84,998 at December 31, 2019 (R$ 82,457 at December 31, 2018 and the projects under construction of the Gameleiras Complex with property, plant and equipment in progress of R$ 47,990 at December 31, 2019 (R$ 13,182 at December 31, 2018).

Pursuant to CPC 20 (R1) / IAS 23, interest on borrowings taken by subsidiaries to finance the works are capitalized during the construction phase, for qualifying assets. In the consolidated, for the year 2019 there was no record of capitalized interest (R$ 10,591 in 2018 at a rate of 8.74% in 2018).

In the consolidated the depreciation amounts are recorded in the statement of profit or loss in line item “Depreciation and amortization”.

At December 31, 2019, the total amount of property, plant and equipment pledged as collateral for borrowings, as mentioned in motes 16 and 17, is approximately R$ 3,908,099.

13.1 Impairment testing

For all the reporting years, the Company assessed the existence of indicators of impairment of its assets that would require an impairment test. The assessment was based on external and internal sources of information, taking into consideration changes in interest rates, changes in market conditions etc. For 2019 and 2018, based on the assessment of indication of impairment mentioned above, it was not necessary to set up a provision for impairment.

(14) INTANGIBLE ASSETS

	Parent company		
	Concession right		
	Acquired in business combinations	Other intangible assets	Total
At December 31, 2017	**-**	**11,406**	**11,406**
Historical cost	-	16,065	16,065
Accumulated Amortization	-	(4,659)	(4,659)
Additions	-	9,974	9,974
Amortization	(14,717)	(2,928)	(17,645)
Transfer - costs and amortization	-	189	189
Disposal and transfer - other assets	-	(7)	(7)
Business combination	916,736	4,384	921,120
At December 31, 2018	**902,019**	**23,018**	**925,037**
Historical cost	916,736	32,402	949,138
Accumulated Amortization	(14,717)	(9,384)	(24,101)

	Parent company		
	Concession right		
	Acquired in business combinations	Other intangible assets	Total
At December 31, 2018	**902,019**	**23,018**	**925,037**
Historical cost	916,736	32,402	949,138
Accumulated Amortization	(14,717)	(9,384)	(24,101)
Additions	-	5,987	5,987
Amortization	(64,431)	(3,455)	(67,886)
Transfer - intangible assets	-	71	71
At December 31, 2019	**837,588**	**25,621**	**863,209**
Historical cost	916,736	38,460	955,196
Accumulated Amortization	(79,148)	(12,839)	(91,987)

	Consolidated		
	Concession right		
	Acquired in business combinations	Other intangible assets	Total
At December 31, 2017	**2,818,331**	**33,041**	**2,851,373**
Historical cost	3,700,849	50,124	3,750,973
Accumulated Amortization	(882,518)	(17,083)	(899,601)
Additions	-	10,235	10,235
Amortization	(157,649)	(4,041)	(161,690)
Transfer - costs and amortization	-	1,724	1,724
Disposal and other movements	(58,057)	(626)	(58,683)
At December 31, 2018	**2,602,625**	**40,333**	**2,642,958**
Historical cost	3,637,662	61,483	3,699,145
Accumulated Amortization	(1,035,037)	(21,150)	(1,056,187)

	Consolidated		
	Concession right		
	Acquired in business combinations	Other intangible assets	Total
At December 31, 2018	**2,602,625**	**40,333**	**2,642,958**
Historical cost	3,637,662	61,483	3,699,145
Accumulated Amortization	(1,035,037)	(21,150)	(1,056,187)
Additions	-	6,030	6,030
Amortization	(159,227)	(4,741)	(163,968)
Transfer - intangible assets	-	1,365	1,365
At December 31, 2019	**2,443,398**	**42,987**	**2,486,385**
Historical cost	3,637,662	68,878	3,706,540
Accumulated Amortization	(1,194,264)	(25,891)	(1,220,155)

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

14.1 Intangible asset acquired in business combinations

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

	Consolidated					
	December 31, 2019			December 31, 2018	Annual amortization rate	
	Historic cost	Accumulated amortization	Net value	Net value	2019	2018
Intangible asset - acquired in business combinations						
Intangible asset acquired, not merged						
Alto Irani	171,016	(68,542)	102,474	110,603	4.76%	4.76%
Arvoredo	38,086	(15,437)	22,649	24,408	4.60%	4.60%
Atlântica I	469	(85)	383	401	3.13%	3.13%
Atlântica II	469	(85)	383	402	3.12%	3.12%
Atlântica IV	469	(85)	383	402	3.12%	3.12%
Atlântica V	469	(85)	383	402	3.12%	3.12%
Baixa Verde	4,981	-	4,981	4,981	-	-
Barra da Paciência	82,973	(47,160)	35,813	39,404	16.56%	5.40%
Bio Ester	15,874	(6,837)	9,037	9,964	5.94%	5.94%
Boa Vista 2	74,049	(2,513)	71,536	73,856	3.13%	0.26%
Cajueiro	7,823	-	7,823	7,823	-	-
Campo dos Ventos I	3,642	(467)	3,175	3,323	3.75%	3.75%
Campo dos Ventos II	5,576	(1,084)	4,492	4,674	3.07%	3.07%
Campo dos Ventos III	3,642	(476)	3,165	3,312	3.74%	3.74%
Campo dos Ventos V	3,642	(467)	3,175	3,323	3.75%	3.75%
Cocais Grande	29,297	(13,728)	15,569	17,115	5.31%	5.31%
Corrente Grande	49,995	(28,119)	21,876	24,045	16.09%	5.38%
Costa Branca	49,482	(8,732)	40,750	42,251	3.80%	3.07%
Costa das Dunas	5,278	-	5,278	5,278	-	-
Wind farm of Paracuru	234,646	(91,408)	143,238	154,560	4.82%	4.82%
Eurus I	66,774	(12,134)	54,640	56,712	4.86%	3.15%
Eurus III	66,774	(12,134)	54,640	56,712	18.17%	3.15%
Eurus VI	1,311	(296)	1,015	1,066	3.02%	3.02%
Farol de Touros	4,060	-	4,060	4,060	-	-
Figueira Branca	2,436	-	2,436	2,436	-	-
Figueirópolis	6,672	(1,803)	4,869	5,221	5.09%	5.09%
Gameleira	3,248	-	3,248	3,248	-	-
Juremas	40,751	(7,210)	33,542	34,776	3.81%	3.08%
Ludesa	132,579	(38,337)	94,242	101,393	14.79%	5.43%
Macacos	53,384	(9,445)	43,939	45,577	3.81%	3.08%
Mata Velha	29,533	(9,772)	19,760	21,346	23.16%	6.25%
Morro dos Ventos I	52,030	(9,822)	42,207	43,858	17.04%	3.22%
Morro dos Ventos II	3,932	(1,226)	2,707	2,815	15.84%	3.20%
Morro dos Ventos III	52,030	(9,822)	42,207	43,875	17.04%	3.22%
Morro dos Ventos IV	52,030	(9,822)	42,207		17.04%	3.22%
Morro dos Ventos VI	52,030	(9,822)	42,207	87,750	17.04%	3.35%
Morro dos Ventos IX	54,254	(10,203)	44,051	45,791	17.04%	3.09%
Ninho da Águia	29,297	(13,728)	15,569	17,115	5.31%	5.31%
Paiol	58,594	(24,027)	34,567	37,273	4.66%	4.66%
Pedra Cheirosa I	40,147	(3,128)	37,019	38,264	3.12%	3.90%
Pedra Cheirosa II	36,113	(2,814)	33,299	34,423	3.12%	3.65%
Pedra Preta	53,390	(9,422)	43,968	45,589	16.80%	3.07%
Plano Alto	127,249	(51,001)	76,249	82,306	4.76%	4.76%
Rosa dos Ventos	67,741	(21,554)	46,187	49,879	5.45%	5.45%
Salto Góes	55,442	(14,194)	41,247	43,251	3.61%	3.61%
Santa Clara I	5,229	(1,186)	4,044	4,209	3.02%	3.02%
Santa Clara II	5,229	(1,183)	4,047	4,210	3.02%	3.02%
Santa Clara III	5,229	(1,186)	4,044	4,207	3.02%	3.02%
Santa Clara IV	5,229	(1,186)	4,044	4,207	3.02%	3.02%
Santa Clara V	5,229	(1,177)	4,053	4,213	3.00%	3.00%
Santa Clara VI	5,229	(1,186)	4,044	4,207	3.02%	3.02%
Santa Luzia	88,167	(22,753)	65,414	68,243	3.23%	3.43%
Santa Mônica	5,963	(673)	5,290	5,489	3.66%	3.66%
Santa Ursula	5,963	(673)	5,290	5,489	3.66%	3.66%
Santo Dimas	5,963	(675)	5,288	5,513	3.67%	3.67%
São Benedito	5,963	(691)	5,272	5,495	3.71%	3.66%
São Domingos	5,963	(678)	5,285	5,479	3.44%	3.50%
São Gonçalo	32,226	(15,034)	17,192	18,901	5.29%	5.29%
São Martinho	5,963	(673)	5,290	5,513	3.66%	3.66%
SIIF Cinco	139,766	(54,888)	84,878	91,662	4.86%	4.86%
Varginha	26,367	(12,355)	14,012	15,404	5.31%	5.31%
Varzea Alegre	21,973	(10,296)	11,676	12,856	5.31%	5.31%
Subtotal	**2,299,328**	**(693,518)**	**1,605,810**	**1,700,560**		
Intangible asset acquired already incorporated - recomposed						
Wind farm of Icarazinho	353,069	(137,541)	215,528	232,542	4.82%	4.82%
Wind farm of Formosa	227,113	(89,190)	137,923	148,976	4.86%	4.87%
BVP Geradora	760,029	(275,892)	484,137	520,547	4.79%	4.79%
Subtotal	**1,340,211**	**(502,623)**	**837,588**	**902,065**		
Total	**3,639,539**	**(1,196,141)**	**2,443,398**	**2,602,625**		

The balance of intangibles is amortized over the remaining period of the respective exploration authorizations for the projects, using the straight line method from the date of entry into operation.

14.2 Impairment testing

For all the reporting years, the Company assessed the existence of indicators of impairment of its assets that would require an impairment test. The assessment was based on external and internal sources of information, taking into consideration changes in interest rates, changes in market conditions etc.

For 2019 and 2018, based on the assessment of indication of impairment mentioned above, it was not necessary to set up a provision for impairment.

(15) TRADE PAYABLES

	Parent company		Consolidated	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Current				
Energy purchased	55,393	42,043	50,487	42,661
Electricity network usage charges	239	187	1,278	1,226
Materials and services	29,229	14,134	84,953	31,431
Total	**84,861**	**56,364**	**136,717**	**75,318**
Noncurrent				
Energy purchased	**1,005**	**-**	**104,206**	**113,853**

(16) BORROWINGS

The movement in borrowings are as follows:

	Parent company					
Category	At December 31, 2017	Repayment	Interest and monetary adjustments	Interest paid	Business combination	At December 31, 2018
Measured at cost						
Local currency						
Pre-fixed Rate	83,536	(30,237)	7,098	(6,135)	208,735	262,997
TJLP	565,155	(63,994)	45,335	(41,687)	99,995	604,804
CDI	193,067	(131,252)	10,955	(28,600)	-	44,170
IGPM	-	(2,723)	81	(1,120)	55,425	51,663
Total of cost	**841,758**	**(228,206)**	**63,469**	**(77,542)**	**364,155**	**963,634**
Borrowing costs (*)	**(436)**	**-**	**475**	-	**-**	**39**
Total	**841,322**	**(228,206)**	**63,944**	**(77,542)**	**364,155**	**963,673**
Current	**275,604**					**174,291**
Noncurrent	**565,718**					**789,382**

Category	Parent company				
	At December 31, 2018	Repayment	Interest and monetary adjustment	Interest paid	At December 31, 2019
Measured at cost					
Local currency					
Pre-fixed Rate	262,997	(47,654)	20,167	(18,217)	217,292
TJLP	607,901	(73,620)	24,089	(24,756)	533,614
CDI	44,170	(44,000)	1,489	(1,659)	-
IGPM	51,663	(11,142)	6,161	(4,076)	42,606
Total at cost	**966,731**	**(176,417)**	**51,906**	**(48,708)**	**793,512**
Borrowing costs (*)	**(3,058)**	**-**	**475**	-	**(2,583)**
Total	**963,673**	**(176,417)**	**52,381**	**(48,708)**	**790,929**
Current	**174,291**				**131,479**
Noncurrent	**789,382**				**659,450**

Categoy	Consolidated					
	At December 31, 2017	Raised	Repayment	Interest and monetary adjustments	Interest paid	At December 31, 2018
Measured at cost						
Local currency						
Pre-fixed Rate	445,981	166,404	(69,040)	37,252	(37,357)	543,240
TJLP	3,039,453	125,515	(294,764)	258,086	(234,405)	2,893,885
CDI	681,787	16,000	(412,152)	39,200	(57,042)	267,793
IGPM	57,290	-	(10,511)	9,788	(4,679)	51,888
IPCA	-	32,417	-	680	(312)	32,785
Total of cost	**4,224,511**	**340,336**	**(786,467)**	**345,006**	**(333,795)**	**3,789,591**
Borrowing costs (*)	**(19,272)**	**(6,820)**	**-**	**3,790**	-	**(22,302)**
Total	**4,205,239**	**333,516**	**(786,467)**	**348,796**	**(333,795)**	**3,767,289**
Current	**733,591**					**476,262**
Noncurrent	**3,471,648**					**3,291,027**

Category	Consolidated					
	At December 31, 2018	Raised	Repayment	Interest and monetary adjustments	Interest paid	At December 31, 2019
Measured at cost						
Local currency						
Pre-fixed Rate	543,240	-	(75,312)	37,114	(40,692)	464,351
TJLP	2,893,885	-	(289,277)	226,875	(205,807)	2,625,676
IPCA	32,785	-	(711)	1,473	(1,735)	31,813
CDI	267,793	-	(105,200)	6,997	(11,809)	157,781
IGPM	51,888	-	(11,141)	5,936	(4,077)	42,606
Total of cost	**3,789,591**	**-**	**(481,641)**	**278,395**	**(264,120)**	**3,322,227**
Borrowing costs (*)	**(22,302)**	**(1,103)**	**-**	**2,632**	-	**(20,773)**
Total	**3,767,289**	**(1,103)**	**(481,641)**	**281,027**	**(264,120)**	**3,301,454**
Current	**476,262**					**404,779**
Noncurrent	**3,291,027**					**2,896,675**

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

The details on borrowings are as follows:

Category	Annual interest	Consolidated December 31, 2019	Consolidated December 31, 2018	Maturity range	Collaterals
Measured at cost - Local currency					
Pre Fixed					
FINEM	Pre fixed rate from 2.5% to 4.5%	42,136	58,778	2012 to 2022	(i) Liens on equipment; (ii) Liens of creditor rights; (iii) Reserve and Centralizing Account; (iv) Pledge of emergents rights authorized; (v) Pledge of shares and (vi) CPFL Renováveis, CPFL Energia and State Grid Brazil Power guarantee
FINAME	Pre fixed rate from 2.5% to 5.5%	30,179	61,910	2011 to 2023	(i) Liens on equipment; (ii) Liens of creditor rights; (iii) Reserve and Centralizing Account and (iv) CPFL Renováveis, CPFL Energia and State Grid Brazil Power guarantee
FINEP	Pre fixed rate from 3.5%	-	3,360	2013 to 2019	Bank guarantee
Bank loans	Pre fixed rate from 9.5% to 10.14%	392,036	419,192	2012 to 2037	(i) Liens on equipment; (ii) Pledge of revenues; (iii) Pledge of shares; (iv) Pledge of emerging rights authorized; (v) Reserve Account; (vi) Bank guarantee and (vii) CPFL Renováveis guarantee
		464,351	**543,240**		
Post Fixed					
TJLP					
FINEM	TJLP and TJLP + from 1.72% to 5.5%	2,623,868	2,893,885	2012 to 2039	(i) Pledge and liens on equipment; (ii) Liens of creditor rights (iii) Reserve and Centralizing Account; (iv) Pledge of shares; (v) Pledge of emerging rights authorized by ANEEL; (vi) Pledge of Beneficiary's shares; (vii) CPFL Renováveis, CPFL Energia and State Grid Brazil Power guarantee and (viii) Bank guarantee
FINEP	TJLP + 5%	1,808	-	2019 to 2021	Bank guarantee
		2,625,676	**2,893,885**		
IPCA					
Bank loans	IPCA + 2.08%	**31,813**	**32,785**	2018 to 2038	Bank guarantee
CDI					
Bank loans	105% of CDI and CDI + 1.9%	**157,781**	**267,793**	2016 to 2023	Structure of redeemable preferred shares and CPFL Renováveis guarantee
IGPM					
Bank loans	IGPM + 8.63%	**42,606**	**51,888**	2014 to 2023	(i) Liens on equipment and receivables; (ii) Pledge of shares by SPE, emerging rights authorized by ANEEL and receivables from contracts operation
Total - Local currency		**3,322,227**	**3,789,591**		
Borrowing costs (*)		**(20,773)**	**(22,302)**		
Total		**3,301,454**	**3,767,289**		

In accordance with CPC 48 and IFRS 9, the Company and its subsidiaries classified their debts as financial liabilities measured at FVTPL. The maturities of the principal of borrowings recorded in noncurrent liabilities are scheduled as follows:

Maturity	Parent company	Consolidated
2021	104,797	372,561
2022	102,165	378,421
2023	96,446	363,210
2024	83,642	281,743
2025	84,598	262,810
2026 to 2030	187,801	943,959
2031 to 2035	-	227,898
2036 to 2040	-	66,074
Total	**659,450**	**2,896,675**

The main indexes used to update borrowings are shown below:

Index	Accmulated variation % 2019	Accmulated variation % 2018	Parent company % of debt December 31, 2019	Parent company % of debt December 31, 2018	Consolidated % of debt December 31, 2019	Consolidated % of debt December 31, 2018
IGP-M	7.30	7.54	7.43	-	1.52	-
TJLP	6.30	6.72	92.57	71.30	92.86	87.97
CDI	5.97	6.40	-	28.70	5.62	12.03
			100.00	100.00	100.00	100.00

Main additions in the year

In 2019, the Company and its subsidiaries did not obtain new borrowing releases.

Prepayment:

In 2019, R$ 81,420 of loans whose original maturities were until December 2019 were paid in advance.

Covenants

Borrowings obtained by the Group companies require compliance with certain financial covenants, under penalty of limitation on the distribution of dividends, and/or advance maturity of related indebtedness. Furthermore, failure to comply with the mentioned obligations or restrictions may result in default in relation to other contractual obligations (cross default), depending on each borrowing agreement.

The calculations are made on an annual or semiannual basis, as appropriate. As the maximum and minimum ratios vary among the contracts, we present below the most critical parameters of each ratio, considering all contracts in effect at December 31, 2019.

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

- Debt Service Coverage Ratio (DSCR) greater than or equal to 1.0 and 1.3.
- Capitalization ratio greater than or equal to 25.0% and 39.5%.
- General Indebtedness Ratio less than or equal to 80%.

Ratios required in the consolidated financial statements of CPFL Renováveis

- Net Debt divided by EBITDA less than or equal to 3.75.
- Net Debt divided by the sum of Equity and Net Debt less than or equal to 0.55.

Ratios required in the consolidated financial statements of CPFL Energia

- Net Debt divided by EBITDA less than or equal to 3.75.
- Net Debt divided by the sum of Equity and Net Debt less than or equal to 0.72.

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

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

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

In 2018, the Company obtained from BNDES a waiver from the acceleration of maturity for non-compliance with the DCSR in the financial statements of its subsidiary Bio Ester and with the financial ratios DCSR, Net Debt divided by EBITDA and Equity divided by the sum of Equity and Net Debt in the financial statements of its subsidiaries Bio Coopcana and Bio Alvorada. On the same occasion the Company also obtained a waiver from the requirement of compliance with the mentioned ratios as from 2019.

The Group's management monitors these ratios on a systematic and constant basis, so that all conditions are met. In the opinion of the Group's Management, all financial and nonfinancial covenants and clauses are properly complied at December 31, 2019, except for the aforementioned for which the Company has obtained the appropriate approvals from financial institutions.

(17) DEBENTURES

The movement in debentures are as follows:

	Parent company					
Category	**At December 31, 2018**	**Raised**	**Repayment**	**Interest and monetary adjustments**	**Interest paid**	**At December 31, 2019**
Post fixed						
TJLP	370,732	-	(54,821)	25,724	(3,750)	337,885
CDI	914,924	838,000	(753,343)	70,112	(73,049)	996,644
IPCA	270,431	-	(16,140)	33,767	(7,360)	280,699
Total at cost	**1,556,087**	**838,000**	**(824,304)**	**129,603**	**(84,158)**	**1,615,228**
Debenture costs (*)	(18,484)	(229)	-	6,887	-	(11,826)
Total	**1,537,603**	**837,771**	**(824,304)**	**136,490**	**(84,158)**	**1,603,402**
Current	**285,931**					**201,019**
Noncurrent	**1,251,672**					**1,402,384**

	Consolidated					
Category	**At December 31, 2018**	**Raised**	**Repayment**	**Interest and monetary adjustments**	**Interest paid**	**At December 31, 2019**
Post fixed						
TJLP	481,100	-	(70,761)	33,386	(4,732)	438,993
CDI	1,060,614	838,000	(898,405)	74,773	(78,338)	996,644
IPCA	270,431	-	(16,140)	33,768	(7,360)	280,699
Total at cost	**1,812,145**	**838,000**	**(985,306)**	**141,927**	**(90,429)**	**1,716,336**
						-
Debenture costs (*)	(20,599)	(228)	-	7,745	-	(13,082)
						-
Total	**1,791,545**	**837,772**	**(985,306)**	**149,672**	**(90,429)**	**1,703,254**
Current	**343,731**					**212,251**
Noncurrent	**1,447,814**					**1,491,001**

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

The details of the debentures are as follows:

Category	Annual interest		Consolidated December 31, 2019	Consolidated December 31, 2018	Maturity range	Collaterals
Measured at cost - Post Fixed						
TJLP	TJLP + 1%	(c)	438,993	481,100	2009 to 2029	Liens
CDI	From 104.75 to 110% od CDI	(a)	996,644	1,060,614	2015 to 2022	No guarantee
IPCA	IPCA + 5.62%	(b)	280,699	270,431	2019 to 2027	CPFL Energia guarantee
			1,716,334	**1,812,145**		
	Debenture costs (*)		**(13,082)**	**(20,599)**		
	Total		**1,703,252**	**1,791,545**		

Effective rates:
(a) From 104.75% to 110.77% of CDI
(b) IPCA + 5.62%
(c) TJLP + 1%

In conformity with CPC 48 / IFRS 9, the Company classified its debentures as financial liabilities measured at amortized cost. The maturities of the principal of debentures recognized in noncurrent liabilities are as follows:

Maturity	Parent company	Consolidated
2021	35,610	46,685
2022	788,493	799,568
2023	394,295	405,370
2024	36,781	47,856
2025	36,781	47,856
2026 to 2030	110,423	143,667
Total	**1,402,384**	**1,491,001**

Main additions in the year

The resources obtained by the main additions below were allocated to the investment plan, debt refinancing and working capital increase for subsidiaries and interest is paid on a half-yearly basis.

Category Subsidiaries	Issue	Quantity issued	Amounts released (R$ thousand) in 2019	Amounts released (R$ thousand) Net of reaised costs	Interest paid	Repayment	Financial rate	Effective annual rate
Local currency - CDI								
CPFL Renováveis	9th issue, 1st serie	300,000	300,000	299,955	Semiannual	Single installment on November 2022	104.75% of CDI	105.45% of CDI
CPFL Renováveis	9th issue, 2nd serie	538,000	538,000	537,815	Semiannual	3 semiannual installments from November 2022	106% of CDI	106.66% of CDI
			838,000	**837,770**				

Pre-payment:

In 2019, R$ 682,980 were settled in advance relating to debentures with original maturities were from May 2020 to November 2028.

Covenants

The debentures issued by the Group companies require the compliance with certain financial covenants. The calculations are made on an annual or semiannual basis, as appropriate. As the maximum and minimum ratios vary among the contracts, we present below the most critical parameters of each ratio, considering all contracts in effect at December 31, 2019.

Ratios required in the individual financial statements of the Company's subsidiaries, issuers of debentures:

- Debt Service Coverage Ratio (DSCR) greater than or equal to 1.2.
- Net Debt divided by Dividends Received less than or equal to 3.5.

Ratios required in the consolidated financial statements of the Company for debentures issued by the Company and its subsidiaries

- Net Debt divided by EBITDA less than or equal to 4.0.
- EBITDA divided by Finance Income (Costs) greater than or equal to 1.75.

Ratios required in the consolidated financial statements of CPFL Energia

- Net Debt divided by EBITDA less than or equal to 3.75.
- EBITDA divided by Finance Income (Costs) greater than or equal to 2.25.

The Group's management monitors these ratios on a systematic and constant basis, so that all conditions are met. In the opinion of the Group's management, all financial and nonfinancial covenants and clauses are properly complied at December 31, 2019.

(18) TAXES, FEES AND CONTRIBUTIONS

	Parent company		Consolidated	
	December 31, 2019	**December 31, 2018**	**December 31, 2019**	**December 31, 2018**
Current				
IRPJ (corporate income tax)	-	-	17,077	19,613
CSLL (social contribution on net income)	-	-	8,318	8,786
Income tax and social contribution	**-**	**-**	**25,395**	**28,398**
ICMS (State VAT)	348	62	2,746	5,027
PIS (tax on revenue)	2,454	1,024	3,262	1,968
COFINS (tax on revenue)	9,941	4,751	13,705	9,121
Other	4,096	3,699	6,232	5,530
Other taxes, fees and contributions	**16,839**	**9,536**	**25,946**	**21,647**
Total Current	**16,839**	**9,536**	**51,340**	**50,045**
Noncurrent				
ICMS (State VAT)	-	-	805	772
Other taxes, fees and contributions	**-**	**-**	**805**	**772**
Total Noncurrent	**-**	**-**	**805**	**772**

The Group also has some uncertain treatment of taxes on profit for which Management concluded that they are more likely to be accepted by the tax authority than not, the effect of potential contingencies for which are disclosed in Note 19.1 – Provisions for tax, civil and labor risks and judicial deposits.

(19) PROVISIONS

	Parent company		Consolidated			
	Noncurrent		Current		Noncurrent	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Provision for tax, civil and labor risks (note 19.1)	928	1,999	-	-	24,979	26,151
Provision for socio-environmental costs and asset demobilization (note 19.2)	62,288	29,235	24,485	22,489	203,844	110,261
Total	**63,216**	**31,235**	**24,485**	**22,489**	**228,823**	**136,412**

19.1 Provisions for tax, civil and labor risks and judicial deposits

	Consolidated			
	December 31, 2019		December 31, 2018	
	Provision for tax,civil and labor risks	Escrow deposits	Provision for tax, civil and labor risks	Escrow deposits
Labor	1,669	1,567	3,302	1,851
Civil	21,280	3,351	20,820	3,094
Tax	2,029	9,200	2,029	8,754
Other	-	-	-	12
Total	**24,979**	**14,118**	**26,151**	**13,712**

The movement in the provision for tax, civil and labor risks is shown below:

	Consolidated					
	Balance at December 31, 2018	Additions	Reversals	Payments	Monetary adjustment	Balance at December 31, 2019
Labor	3,302	1,764	(1,685)	(1,203)	92	2,270
Civil	20,820	64	(129)	(83)	7	20,679
Tax	2,029	36	(5)	(31)	-	2,029
Total	**26,151**	**1,864**	**(1,819)**	**(1,317)**	**99**	**24,979**

The provision for tax, civil, labor and other risks was based on the assessment of the risks of losing the lawsuits to which the Group is part, where the likelihood of loss is probable in the opinion of the outside legal counselors and the Group’s management.

The principal pending issues relating to litigation, lawsuits and tax assessments are summarized below:

a. **Labor** - The main labor lawsuits relate to claims filed by former employees of service providers.

b. **Civil -** refer mainly to indemnities resulting from land expropriation or access easement, arbitration proceedings, and indemnities for losses due to breach of contract clauses.

c. **Tax -** refer mainly to the collection of taxes, especially the Services Tax (ISS) and abusive collection for issuing /renewing business licenses.

Possible losses

The Group is party to other lawsuits and risks in which Management, supported by its outside legal counselors, believes that the chances of a successful outcome are possible, i.e., it is more likely than not that an outflow of resources will not be required due to a solid defense position in these cases. Therefore, no provision for these lawsuits was set up. It is not yet possible to predict the outcome of the courts' decisions or any other decisions in similar proceedings considered probable or remote.

The claims relating to possible losses at December 31, 2019 and 2018, were as follows:

	Consolidated		
	December 31, 2019	December 31, 2018	Main causes
Labor	2,613	3,919	Work accidents, risk premium for dangerousness at workplace and overtime
Civil	343,785	272,591	Personal injury and tariff increase
Tax - other	809,852	685,878	INSS, ICMS, FINSOCIAL, PIS and COFINS
Regulatory	3,590	56,248	Technical, commercial and economic-financial supervisions
Total	**1,159,840**	**1,018,636**	

a. **Labor** - The main labor lawsuits relate to claims filed by former employees of service providers.

b. **Civil -** refer mainly to indemnities resulting from land expropriation or access easement, arbitration proceedings, and indemnities for losses due to breach of contract clauses.

   In 2014, Bio Pedra filed a request for arbitration against the Company, in the updated amount of R$ 235,501, with a declaration of default by the Company with respect to the obligations arising from the consortium constitution contract, referring to the indemnity due to the losses related to contractual breaches, condemnation of the Respondents to the payment of costs and procedural expenses, fees of arbitrators and arbitration costs. Based on the opinion of the Company's legal counsel, management disagrees with the collection, as well as the arbitrated amount, and understands that the risk of loss is possible.

c. **Tax -** refer mainly to the collection of taxes, especially the Services Tax (ISS) and abusive collection for issuing /renewing business licenses. Additionally, in August 2016, the Company received a tax assessment notice in the updated amount of R$ 344,261 related to the collection of Withholding Income Tax (IRRF) on remuneration of the capital gain incurred to residents and/or domiciled abroad, arising from the sale transaction of Jantus SL, which took place in December 2011, which the Company's Management, supported by its external legal advisors, classified the risk of loss as not probable.

d. **Other: GSF injunction –** Continuing the GSF injunction process, on May 7, 2018, the Federal Court granted the request for a suspensive effect to the appeal filed by APINE for the decision of February 16, 2018, maintaining the effectiveness of the decision initially rendered in favor of the association and its members, obtained on July 1, 2015, which suspends the payment of GSF amounts.

   On October 23, 2018, the President of the High Court of Justice (STJ) revoked the injunction that protected the members of the Brazilian Association of Independent Power Producers (APINE) from the effects of hydrological risk (GSF) on the settlement of the spot market. The STJ's decision came on an appeal by ANEEL.

   In the decision, the suspension of the ERM adjustment was maintained between July 1, 2015 and February 7, 2018. The collection took place in November 2018 for settlements after that date. The Company and its subsidiaries paid the GSF from April to September 2018, in the amount of R$ 35,919. This payment did not impact the results of the Company and its subsidiaries, in view of the provision for the amount of GSF within the accrual period.

   At the date of approval of these financial statements, the suspension of payment of GSF amounts from July 2015 to February 2018 was still in effect. The other amounts related to 2018 and subsequent years are being paid monthly.

   The Group's Management, based on the opinion of its external legal advisors, believes that the provisioned amounts reflect the best current estimate.

19.2 Provision for socio-environmental costs and asset demobilization

These refer mainly to provisions related to social and environmental licenses arising from events already occurred and obligations to withdraw assets resulting from contractual and legal requirements related to the lease of land where the wind farms are located. Such costs are provisioned against property, plant and equipment and will be depreciated over the remaining useful life of the asset. These provisions are made based on estimates and assumptions related to discount rates and the expected cost for demobilization and removal at the end of the authorization period for these plants. These costs may differ from what may be incurred by the Company. The real discount rate used to calculate the present value was 3.22%, based on government bond rates with a maturity similar to the end of authorizations.

	Parent company			
	December 31, 2017	Incorporation	Present value adjustments	December 31, 2018
Asset demobilization	-	28,440	795	29,235
Total	**-**	**28,440**	**795**	**29,235**

	Parent company				
	December 31, 2018	Additions	Present value adjustments	Effect of the discount rate review	December 31, 2019
Asset demobilization	29,235	16,571	4,672	11,811	62,288
Total	**29,235**	**16,571**	**4,672**	**11,811**	**62,288**

	Consolidated					
	December 31, 2017	Additions	Payments	Reversal	Present value adjustments	December 31, 2018
Asset demobilization	99,212	9,592	-	(7,908)	7,815	108,711
Social and environmental costs	24,742	-	(2,133)	-	1,430	24,039
Total	**123,954**	**9,592**	**(2,133)**	**(7,908)**	**9,245**	**132,750**
Current	16,140					22,489
Noncurrent	107,814					110,261

	Consolidated					
	December 31, 2018	Additions	Payments	Present value adjustments	Effect of the discount rate review	December 31, 2019
Asset demobilization	108,711	14,529	-	12,570	67,513	203,323
Social and environmental costs	24,039	1,579	(1,964)	1,352	-	25,006
Total	**132,750**	**16,108**	**(1,964)**	**13,922**	**67,513**	**228,329**
Current	22,489					24,485
Noncurrent	110,261					203,844

(20) OTHER PAYABLES

	Parent company				Consolidated			
	Current		Noncurrent		Current		Noncurrent	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Research & Development - P&D	-	-	-	-	4,003	4,225	-	-
Payroll	1,459	1,409	-	-	1,487	1,435	-	-
Profit sharing	10,397	12,302	972	-	10,749	12,704	972	-
Other	1,798	72,745	-	-	13,684	73,109	24,593	1,657
Total	**13,654**	**86,456**	**972**	**-**	**29,922**	**91,473**	**25,565**	**1,657**

(21) EQUITY

The shareholders' interest in the Company's equity at December 31, 2019 and 2018 is shown below:

	Number of shares			
	December 31, 2019		December 31, 2018	
Shareholders	Common shares	Interest %	Common shares	Interest %
CPFL Geração de Energia S.A.	277,251,717	53.18%	259,748,799	51.56%
CPFL Energia S.A.	243,771,824	46.76%	-	0.00%
State Grid Brazil Power Participações S.A.	-	0.00%	243,771,824	48.39%
Other shareholders	291,550	0.06%	290,866	0.05%
Total	**521,315,091**	**100.00%**	**503,811,489**	**100.00%**

21.1 Issued capital

As at December 31, 2019, the subscribed and paid-in capital is R$ 3,698,060 (R$ 3,398,048 at December 31, 2018), represented by 521,315,091 (503,811,489 at December 31, 2018) registered common shares, with no par value. Each common share entitles to one vote in the resolutions of the Company's General Meetings.

21.2 Public Tender Offer for the Acquisition of Common Shares (PTO)

In the period from January 1 to October 22, 2018, the Company disclosed Material Facts that informed its shareholders and the market in general of the negotiations between State Grid Brazil, the Brazilian Securities and Exchange Commission - represented by the Securities Registry Superintendence - SRS and its Collegiate and certain shareholders, and finally, the filing of the Public Tender Offer for the Acquisition of Common Shares of the Company.

The Material Fact dated November 26, 2018 informs that, as a result of the Auction, State Grid acquired 243,771,824 common shares issued by the Company, representing 48.39% of the capital. Common shares were acquired at the unit price of R$ 16.85 (R$ 14.60, with base date of January 23, 2017, updated by Selic), totaling R$ 4.1 billion. The financial settlement of the Auction took place on November 29, 2018, after which State Grid and CPFL Geração de Energia S.A. (indirectly controlled by State Grid) started holding jointly 503,520,623 common shares issued by the Company, which are equivalent to approximately 99.94% of the Company's total capital.

On December 19, 2019, the Company's Board of Directors and the Executive Board of CPFL Geração approved the public offer for the acquisition of the common shares issued by CPFL Energias Renováveis, in circulation in the market, for the purpose of converting its company registration open category "A" to category "B" (PTO Conversion of Registry) and / or exit from the Novo Mercado (PTO Exit from the Novo Mercado", and, together with the PTO Conversion of Registry), to be carried out by CPFL Geração, the direct controlling shareholder of CPFL Renováveis. The execution of the PTO is subject to its registration by the CVM and its authorization by B3, and will be destined to the acquisition of up to 291,550 common shares issued by CPFL Renováveis in circulation in the market, which represent, on that date, 0.056% of the capital stock CPFL Renováveis ("Outstanding Shares").

21.3 Payment of Advance for Future Capital Increase ("AFCI")

At the Board of Directors' Meeting held on June 4, 2019, the Company's capital increase was approved, in the amount of R$ 300,012, through the issue of 17,503,602 new shares, at the issuance price of R$ 17.14 per share. The new shares attributable to the parent company CPFL Geração de Energia S.A. were subscribed and paid up with the balance of the AFCI account.

21.4 Purchase and sale of shares between CPFL Energia and State Grid Brazil

On September 30, 2019, the Company disclosed a Material Fact in which it informed its shareholders and the general market that it had been communicated, on that date, by its indirect parent company, CPFL Energia S.A. ("CPFL Energia"), that it had acquired all the equity interest directly held by State Grid Brazil in the Company, in return for the payment of the purchase price of R$ 16.85 per share.

The transaction allowed the creation of potential synergies between CPFL Energia and its subsidiaries, which is a first step in a possible broader restructuring still to be assessed involving CPFL Energia, CPFL Renováveis and other subsidiaries.

21.5 Capital reserve

It basically refers to the registration of business combination operations and public tender offer of shares in the amount of R$ 592,347 on December 31, 2019 (R$ 592,347 on December 31, 2018).

In accordance with ICPC 09 (R2) and IFRS 10 / CPC 36, these effects were recognized as transactions between shareholders and accounted for directly in shareholders' equity.

21.6 Earnings reserve

The balance of the earnings reserve at December 31, 2019 is R$ 224,956 (R$ 124,646 at December 31, 2018), which comprises: i) Legal reserve of R$ 11,244 (R$ 6,413 at December 31, 2018); ii) Unrealized profit reserve of R$ 49,789 (R$ 26,840 at December 31, 2018) recorded on the minimum mandatory dividend amounts that exceeded the realized portion of the profit for the fiscal year 2018, in accordance with article 197 of Law 6,404/76; and iii) R$ 163,923 (R$ 91,393 at December 31, 2018) statutory reserve - working capital improvement.

The amount corresponding to twenty-five percent (25%) of the adjusted net income under the terms of article 202 of the Corporate Law totaled R$ 22,949. Bearing in mind, however, that a portion of the net income for the year 2019 related to the equity equivalence of its direct subsidiaries has not yet been realized, there will be no declaration and distribution of the said amount as mandatory minimum dividends, being proposed the allocation of such value for the Unrealized Profit Reserve, under the terms of item II of article 2020 of the Brazilian Corporation Law.

21.7 Accumulated comprehensive income - Deemed cost

Certain projects were stated at the deemed cost. The net balance of the surplus value, in the amount of R$ 56,973 (original amount), was recorded in the line item "Equity valuation adjustment". The balance at December 31, 2019 is R$ 29,070 (R$ 32,753 at December 31, 2018).

21.8 Dividends and allocation of profit for the year

Under the Company's Bylaws, shareholders are entitled to mandatory minimum dividends of 25% of profit adjusted according to the Brazilian Corporate Law.

For this year, the Company's management is proposing the allocation of the profit for the year as follows:

	December 31, 2019
Profit for the year	96,628
(+) Carrying out equity valuation adjustment	3,683
Base profit for allocation	**100,311**
Legal reserve	(4,831)
Unrealized profit reserve	(22,949)
Constitution of working capital reinforcement reserve	72,532

(22) EARNINGS PER SHARE

Earnings per share – basic and diluted

The calculation of the basic and diluted earnings per share at December 31, 2019 and 2018 was based on the profit for the year attributable to controlling shareholders and the weighted average number of common shares outstanding during the reporting years. Specifically for the calculation of diluted earnings per share, the dilutive effects of convertible instruments are considered, as shown:

	2019	2018
Numerator		
Profit attributable to controlling shareholders	96,628	109,264
Denominator		
Weighted average number of shares held by shareholders	513,827,439	503,417,824
Earnings per share - basic	**0.19**	**0.22**
Numerator		
Profit attributable to controlling shareholders	96,628	109,264
Dilutive effect of convertible debentures	(13,772)	(14,597)
Profit attributable to controlling shareholders	82,856	94,667
Denominator		
Weighted average number of shares held by shareholders	513,827,439	503,417,824
Earnings per share - diluted	**0.16**	**0.19**

The dilutive effect of the numerator on the calculation of diluted earnings per share considers the dilutive effects of the debentures convertible into shares issued by subsidiaries of the Company (Note 17). The effects were calculated based on the assumption that these debentures would be converted into common shares of the subsidiaries at the beginning of the year.

(23) NET OPERATING REVENUE

	Parent company		Consolidated	
	2019	2018	2019	2018
Biomass	-	-	286,065	284,533
Wind farms energy	471,802	192,871	1,180,740	1,249,176
SHPs	-	-	569,834	502,349
Other	-	-	386	396
Electricity sales to wholesalers	**471,802**	**192,871**	**2,037,025**	**2,036,453**
Other revenues and income	3,832	110	5,927	7,949
Total gross operating revenue	**475,634**	**192,981**	**2,042,952**	**2,044,402**
Deductions from operating revenues				
PIS	(7,848)	(3,184)	(18,941)	(18,266)
COFINS	(36,148)	(14,667)	(87,338)	(84,236)
Other	(22,061)	(25,698)	(8,663)	(5,582)
	(66,057)	**(43,549)**	**(114,942)**	**(108,084)**
Net operating revenue	**409,577**	**149,432**	**1,928,011**	**1,936,318**

Until July 31, 2018, the parent company’s operating revenue from the sale of energy referred only to the sale of energy in the spot market for backing up the transactions of its subsidiaries. As from August 1, 2018, the parent company's operating revenue also includes revenue from the sale of energy generated by wind farms incorporated in the corporate restructuring operations mentioned in Note 12.6.

(24) COST OF ELECTRIC ENERGY

	Parent company		Consolidated	
	2019	2018	2019	2018
Energy purchased for resale	120,927	89,915	224,924	239,171
PIS and COFINS credit	(10,601)	(9,433)	(5,997)	(8,192)
Subtotal	**110,326**	**80,482**	**218,927**	**230,979**
Transmission and distribution systems	27,219	6,826	103,460	100,894
PIS and COFINS credit	(2,408)	(631)	(2,753)	(11,527)
Subtotal	**24,811**	**6,195**	**100,707**	**89,367**
Total	**135,136**	**86,677**	**319,634**	**320,346**

Until July 31, 2018, the parent company's cost of electric energy referred only to the purchase of energy in the spot market for backing up the transactions of its subsidiaries. As from August 1, 2018, the parent company's cost of electric energy also includes costs associated with the energy generation by wind farms incorporated in the corporate restructuring operations mentioned in Note 12.6.

(25) OPERATING COSTS AND EXPENSES

Parent company

	Operating costs		Operating Expenses: Sales		Operating Expenses: General and administrative		Operating Expenses: Other		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Personnel	1	-	-	-	83,464	72,500	-	-	83,465	72,500
Materials	8,083	1,893	-	-	2,352	1,763	-	-	10,435	3,656
Third party services	29,671	6,346	20	-	35,180	31,155	-	-	64,851	37,501
Other	6,803	1,130	-	-	8,551	9,862	8,192	73,685	23,546	84,677
Leases and rentals	5,439	830	-	-	4,424	5,554	-	-	9,863	6,384
Publicity and advertising	-	-	-	-	560	680	-	-	560	680
Legal, judicial and indemnities	-	-	-	-	739	1,390	-	-	739	1,390
Gain on disposal, retirement and other noncurrent assets	-	-	-	-	-	-	8,192	73,685	8,192	73,685
Other	1,364	300	-	-	2,828	2,238	-	-	4,192	2,538
Total	**44,558**	**9,369**	**20**	**-**	**129,547**	**115,280**	**8,192**	**73,685**	**182,297**	**198,334**

Consolidated

	Operating costs		Operating Expenses: Sales		Operating Expenses: General and administrative		Operating Expenses: Other		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Personnel	30,195	28,314	-	-	84,675	74,076	-	-	114,870	102,390
Materials	18,195	24,069	-	-	2,441	2,147	-	-	20,636	26,216
Third party services	156,847	120,431	28	-	46,322	48,864	-	-	203,197	169,295
Other	42,655	33,358	-	-	12,790	14,126	10,697	61,822	66,142	109,306
Leases and rentals	18,759	16,817	-	-	7,150	8,606	-	-	25,909	25,423
Publicity and advertising	3	-	-	-	552	815	-	-	555	815
Legal, judicial and indemnities	-	-	-	-	2,149	1,387	-	-	2,149	1,387
Gain on disposal, retirement and other noncurrent assets	-	-	-	-	-	-	10,697	61,822	10,697	61,822
Amotization of the risk premium paid - GSF	3,926	3,869	-	-	-	-	-	-	3,926	3,869
Fee for the use of water	-	780	-	-	-	-	-	-	-	780
Other	19,967	11,892	-	-	2,939	3,318	-	-	22,906	15,210
Total	**247,892**	**206,172**	**28**	**-**	**146,228**	**139,213**	**10,697**	**61,822**	**404,845**	**407,207**

(26) FINANCIAL INCOME (EXPENSE)

	Parent company		Consolidated	
	2019	2018	2019	2018
Financial income				
Income from financial investments	15,604	8,809	73,216	93,076
Monetary adjustments, interest and fines	1,320	794	2,363	2,943
PIS and COFINS on other financial income	(1,797)	(866)	(2,877)	(3,360)
Revenue from EETC settlements	20,496	9,018	89,510	32,547
Other financial income	1,317	-	10,446	6,489
Total	**36,940**	**17,755**	**172,658**	**131,695**
Financial expenses				
Debt charges	(155,299)	(164,791)	(372,548)	(450,671)
Monetary adjustments and exchange rate changes	(35,210)	(24,643)	(48,471)	(70,496)
(-) Capitalized interest	-	-	-	10,591
Interest expense on loan agreements	(69,991)	(108,547)	(25,601)	(17,069)
Financial transaction tax - IOF	(319)	(9,179)	(475)	(12,140)
Expense from EETC settlements	(21,731)	(14,799)	(81,883)	(27,055)
Other financial expense	(19,116)	(23,743)	(47,314)	(68,980)
Total	**(301,666)**	**(345,702)**	**(576,292)**	**(635,820)**
Finance result, net	**(264,726)**	**(327,947)**	**(403,634)**	**(504,125)**

In 2019, there was no interest capitalized (8.27% p.a. in 2018) on qualifying assets, in accordance with CPC 20 (R1) / IAS 23.

(27) RELATED-PARTY TRANSACTIONS

The Company's direct controlling shareholder is CPFL Geração de Energia S.A. ("CPFL Geração") with 53.18% of the shares, and its indirect controlling shareholder is CPFL Energia, with 46.76% of the shares, which holds 100% of the capital of CPFL Geração and has the following controlling shareholders:

- State Grid Brazil Power Participações S.A.

  Company indirectly controlled by State Grid Corporation of China, a Chinese state-owned company primarily engaged in developing and operating companies of the electricity sector.

- ESC Energia S.A.

  Company controlled by State Grid Brazil Power Participações S.A.

The direct and indirect equity interests in operational subsidiaries are described in Note 1.

Controlling shareholders, subsidiaries and associates, joint ventures and entities under common control and which in some way exercise significant influence over the Company were considered as related parties.

The main transactions are listed below:

a) **Allocation of expenses among companies –** Refers to (i) apportionment of labor and bank guarantee expenses, including finance costs of 2.7% of the outstanding balance of two debenture instruments of the Company with its parent company CPFL Energia; and (ii) apportionment of expenses among the Company's subsidiaries.

b) **Advance for future capital increase –** Refers to the advance for future capital increase made by the shareholder CPFL Geração in December 2016 and paid up in June 2019 (Note 21).

c) **Loans –** Refer to (i) loans between CPFL Renováveis and its subsidiaries, maturing through August 2038, to cover cash requirements, with contracts remunerated at TLP + 2% until August 31, 2018 and 97.7% of the CDI as from September 1, 2018; and (ii) loans with the company CPFL Energia, maturing until July 2020, to mitigate the Company's liquidity risk, remunerated at 107% of the CDI.

d) **Purchase and sale of energy and charges** - Refers to the purchase and sale of energy, through short or long term contracts. These transactions, when carried out in the regulated market, have their prices defined through mechanisms established by the Granting Authority.

The Group has a "Related Parties Committee", formed by two independent members and an executive of the group, which evaluates the main commercial transactions carried out with related parties.

Management has considered the close relationship with related parties associated with other factors to determine the level of disclosure details of the transactions and believes that the relevant information about transactions with related parties are adequately disclosed.

The total compensation of key management personnel in 2019, in accordance with CVM Decision 560/2008, was R$ 12,057 (R$ 12,076 in 2018), referring to short-term benefits.

The loan balance at the parent company, in the amount of R$ 658,533, refers substantially to the loan with the indirect parent company CPFL Energia, with maturity up to July 2020 and remunerated at 107% of the CDI.

The balance of advance for future capital increase, on December 31, 2019, in the parent company, in the amount of R$ 274,399, refers to contributions mainly sent to the subsidiaries, PCH Holding 2 (R$ 123,115), Turbina 17 (R$ 50,878), Boa Vista 2 (R$ 39,000), Costa das Dunas (R$ 17,589), Farol de Touros (R$ 16,210) and Gameleira (R$ 11,248).

Transactions with entities under common control basically refer to charges for the use of the transmission system, incurred by the Company's subsidiaries and paid to direct or indirect subsidiaries of the State Grid Corporation of China.

Transactions involving controlling shareholders of CPFL Energia, are as follows:

	Consolidated			
	LIABILITY		EXPENSE	
	December 31, 2019	December 31, 2018	2019	2018
Purchase and sale of energy and charges				
Entities under common control (State Grid Corporation of China subisidiaries)	(61)	(16)	8,842	543

Transactions involving subsidiaries and jointly controlled companies of CPFL Energia, are as follows:

	Consolidated							
	Assets		Liabilities		Income		Expense/Cost	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018	2019	2018	2019	2018
Allocation of expenses among companies								
CPFL Comercialização Brasil S.A.	-	-	203	-	-	-	-	-
Companhia Paulista de Força e Luz	-	-	(23)	-	-	-	-	-
CPFL Geração Energia S.A.	-	-	(11)	-	-	-	-	-
CPFL Serviços Equipamentos Indústria e Comércio S.A.	-	-	(7)	-	-	-	-	-
Nect Serviços Administrativos Ltda.	-	-	24	-	-	-	-	-
Nect Serviços Administrativos de Infraestrutura Ltda.	-	-	(7)	-	-	-	-	-
Nect Serviços Administrativos Financeiros Ltda.	-	-	21	-	-	-	-	-
Advances								
CPFL Comercialização Brasil S.A.	-	-	37,299	29,333	-	-	-	-
Companhia Paulista de Força e Luz	-	-	1,284	683	-	-	-	-
Companhia Piratininga de Força e Luz	-	-	1,769	2,123	-	-	-	-
Companhia Jaguari de Energia	-	-	301	321	-	-	-	-
RGE Sul Distribuidora Energia S.A.	-	-	879	578	-	-	-	-
Other	-	-	17	-	-	-	-	-
BAESA – Energética Barra Grande S.A.	-	-	622	657	-	-	-	-
CERAN - Companhia Energética Rio das Antas	-	-	1,005	1,065	-	-	-	-
Chapecoense Geração S.A.	-	-	882	930	-	-	-	-
ENERCAN - Campos Novos Energia S.A.	-	-	1,098	1,155	-	-	-	-
EPASA - Centrais Elétricas da Paraiba	-	-	396	418	-	-	-	-
Purchase and sale of energy and charges								
CPFL Comercialização Brasil S.A.	44,175	41,573	-	-	518,710	499,901	-	2,917
CPFL Geração Energia S.A.	-	-	-	-	-	14	-	-
Authi	-	-	-	823	-	-	-	2,655
Companhia Paulista de Força e Luz	1,250	692	524	629	10,869	6,929	5,430	5,261
Companhia Piratininga de Força e Luz	1,986	799	-	-	16,887	8,497	-	191
Companhia Luz e Força Santa Cruz	66	-	-	-	66	-	-	-
Companhia Leste Paulista Energia	5	-	-	-	5	-	-	-
Companhia Sul Paulista Energia	9	-	-	-	9	-	-	-
Companhia Jaguari de Energia	72	29	-	-	1,128	201	-	1
Companhia Luz e Força de Mococa	2	-	-	-	2	-	-	-
CPFL Serviços Equipamentos Indústria e Comércio S.A.	-	-	-	324	-	-	-	4,853
Nect Serviços Administrativos Ltda.	-	-	-	28	-	-	-	334
Rio Grande Energia S.A.	114	-	-	-	114	-	40	-
RGE Sul Distribuidora Energia S.A.	216	61	8	8	2,532	558	57	109
CPFL Transmissora Piracicaba S.A.	-	-	-	-	-	-	9	6
CPFL Transmissora Morro Agudo	-	-	-	-	-	-	9	5
PP&E, materials and service rendered								
Companhia Paulista de Força e Luz	-	-	-	-	-	-	-	11
Companhia Piratininga de Força e Luz	-	-	(3)	-	-	-	-	3
RGE Sul Distribuidora Energia S.A.	-	-	-	-	-	-	-	2
CPFL Geração Energia S.A.	-	-	-	-	-	-	114	-
CPFL Serviços Equipamentos Indústria e Comércio S.A.	-	-	209	-	-	-	1,906	-
CPFL Energia S.A.	-	-	-	-	-	-	-	12,863
Nect Serviços Administrativos Ltda.	-	-	72	-	-	-	212	-
Nect Serviços Administrativos de Infraestrutura Ltda.	-	-	-	-	-	-	1,369	-
Nect Serviços Administrativos de Recursos Humanos Ltda.	-	-	410	-	-	-	410	-
Nect Serviços Administrativos Financeiros Ltda.	-	-	2,697	-	-	-	2,697	-
Nect Serviços Administrativos de Suprimentos e Logística Ltda.	-	-	32	-	-	-	16	-
BAESA – Energética Barra Grande S.A.	-	-	-	-	-	-	(35)	(35)
CERAN - Companhia Energética Rio das Antas	-	-	-	-	-	-	(60)	(60)
Chapecoense Geração S.A.	-	-	-	-	-	-	(49)	(49)
ENERCAN - Campos Novos Energia S.A.	-	-	-	-	-	-	(57)	(57)
EPASA - Centrais Elétricas da Paraiba	-	-	-	-	-	-	(22)	(22)
Rental								
Companhia Paulista de Força e Luz	-	-	-	-	19	-	87	-
Companhia Piratininga de Força e Luz	-	-	-	-	10	-	162	-
CPFL Comercialização Brasil S.A.	-	-	-	-	5	-	-	-
CPFL Geração Energia S.A.	-	-	-	-	7	-	-	-
Loans								
CPFL Geração Energia S.A.	-	-	-	407,729	-	-	19,811	17,069
CPFL Energia S.A.	-	-	422,082	-	-	-	5,814	-
Advance for future capital increase								
CPFL Geração Energia S.A.	-	-	-	300,000	-	-	-	-
Other								
CPFL Comercialização Brasil S.A.	-	-	-	72,497	-	-	2,082	4,852

(28) INSURANCE

The Company has insurance coverage for assets subject to risks in amounts considered sufficient to cover potential losses, considering the nature of its activities. In insurance contracting, the Company is assisted by brokers with market expertise and gives them a benchmarking parameter for the policies design.

The assets under construction have policies taken out separately, since each work has different characteristics and schedules. It is common practice for the Company to contract 100% of the value at risk as the maximum indemnity limit, since it is not possible to determine a percentage of the work that will have a maximum loss in the event of a catastrophe.

As for the assets in operation, the practice is to group the plants by generation type (Small Hydroelectric Plants, Biomass Thermal Plants and Wind Farms) for contracting the policies. It is market practice to determine the plant with the highest value to set the maximum indemnity limit for the operational risk policy, since contracting the total amount of value at risk characterizes an unlikely or null situation, in which all plants would have total loss in the same period.

Therefore, it is preferable to insure with a limit that provides comfort to fully cover the plant of highest value in the event of a catastrophe, or any other plant of lesser value in the policy. In the event that the entire policy limit is used, the insurance market provides risk reintegration mechanisms, paying a proportional premium for that.

All new contracts and renewals are approved by the insurance manager. For the operational risk policies of the Wind Farms, Biomass and Small Hydroelectric Plants, the Officers are also informed about the renewal.

In the consolidated, the principal insurance coverages are:

Description	Policy branch	December 31, 2019
Property, plant and equipment	Operational risks - Property damage, loss of profits and engineering risks	2,265,560
Transport	National transport	396
Automobiles	Third-party coverage	3,396
Civil responsability	Electric energy distributors	140,000
Personnel	Group life and personal accidents	110,025
Insurance	Insurance guarantee	137,724
Other	Liability of administrators and others	203,000
Total	**Total**	**2,860,101**

(29) RISK MANAGEMENT

The businesses of the Company and its subsidiaries comprise mainly electricity generation from renewable sources.

Risk management structure

At Group, the risk management is conducted through a structure that involves the Board of Directors and Supervisory Board, Advisory Committees of the Board of Directors, Executive Board, Internal Audit and Corporate Risks Management and business areas. This management is regulated by the Corporate Risk Management Policy, which describes the risk management model as well the main responsibilities of the parties involved and the limits of exposure to the main risks.

The Board of Directors of CPFL Renováveis is responsible for deciding on the risk limit methodologies recommended by the Executive Board, and for being aware of the exposures and mitigation plans presented in the event these limits are exceeded. This forum is also responsible for being aware of and monitoring any important weaknesses in controls and/or processes, as well as relevant regulatory compliance failures, following up on the plans proposed by the Executive Board to correct them.

The Advisory Committee(s) of the Board of Directors, in its role(s) of technical body (ies), is responsible for becoming aware of (i) the risk monitoring models, (ii) the exposures to risks, and (iii) the control levels (including their effectiveness), as well as follow the progress of the mitigation actions signaled to reframe the exposures to the approved limits, supporting the Board of Directors in the performance of its statutory role related to risk management.

The Supervisory Board of CPFL Renováveis is responsible for, among other things, certifying that management has means to identify the risks on the preparation and disclosure of the financial statements to which the Group is exposed as well as for monitoring the effectiveness of the control environment.

The Executive Board of CPFL Renováveis is responsible for conducting businesses within the risk limits defined, taking the required measures to prevent the exposure to risks from exceeding such limits, reporting any excess of the limit to the Board of Directors of CPFL Energia, and presenting mitigation actions.

The Internal Audit, Risks and Compliance Management is responsible for the (i) coordination of the risk management process at the Group, developing and keeping updated Corporate Risk Management methodologies that involve the identification, measurement, monitoring and reporting of the risks to which the Group is exposed; (ii) periodic monitoring of the risk exposures and monitoring of the implementation of mitigation actions by the business managers; (iii) monitoring and reporting of the status of the mitigation plans signaled by for reclassification of the exposures to the approved limits; and (iv) assessment of the internal control environment of the Group companies and interaction with the respective Business Managers, seeking the definition of action plans in the event of deficiencies identified.

The business areas have the primary responsibility for the management of the risks inherent to its processes, and should conduct them within the exposure limits defined and implementing mitigation plans for the main exposures, as well as to develop and maintain an adequate operating controls environment for the effectiveness and business continuity of their respective management units.

The main market risk factors affecting the business are as follows:

Interest rate and inflation index risk: This risk arises from the possibility of the Company and its subsidiaries incurring losses due to fluctuations in interest rates and inflation indexes that increase financial expenses related to loans, financing and debentures. The quantification of this risk is presented in Note 30.

Credit risk: The risk arises from the possibility that the subsidiaries may incur losses resulting from the difficulty of receiving amounts billed to their customers. In the generation segment, there are contracts in the regulated environment and bilateral that provide for the presentation of Contracts for the Establishment of Guarantees.

Risk of water scarcity: This risk is associated with the sale of energy produced by hydroelectric plants. A prolonged period of scarcity of rain can result in a reduction in the volume of water in the reservoirs of the plants, compromising the recovery of their volume, which may result in losses due to the increase in costs in the acquisition of energy or reduction of revenues with the implementation of comprehensive conservation programs of electricity or adoption of a new rationing program, such as the one verified in 2001.

In 2019, below-normal rainfall was observed, mainly in the second half, leading to a reduction in storage levels in reservoirs.

Risk of acceleration of debts: The Company has loan, financing and debentures contracts, with restrictive clauses (covenants) normally applicable to these types of operations. These restrictive clauses are monitored and do not limit the ability to conduct the normal course of operations, if they are met in the terms required by contract or if the creditors' prior consent is obtained for non-compliance.

Risk management of financial instruments

The Company and its subsidiaries maintain operational and financial policies and strategies aimed at liquidity, security and profitability of their assets. In this way, they have procedures to control and monitor the transactions and balances of financial instruments, in order to monitor the risks and rates in force in relation to those practiced in the market.

Controls for risk management: For the management of risks inherent to financial instruments and in order to monitor the procedures established by Management, the Company and its subsidiaries use a software system (Luna and Bloomberg), being able to calculate the Mark to Market, Stress Testing and Duration of the instruments, and assess the risks to which the Company and its subsidiaries are exposed. Historically, the financial instruments contracted by the Company and its subsidiaries supported by these tools, have shown adequate results to mitigate risks. It is noteworthy that the Company and its subsidiaries have the practice of contracting derivative instruments, always with the appropriate approvals of levels, only when there is an exposure that Management considers as risk. Additionally, the Company and its subsidiaries do not carry out transactions involving speculative derivatives.

(30) FINANCIAL INSTRUMENTS

The main financial instruments, classified in accordance with the accounting practices adopted by the Company, are as follows:

	Note	Category / Measurement	Level (*)	Parent company 2019 Carrying amount	Parent company 2019 Fair value	Consolidated 2018 Carrying amount	Consolidated 2018 Fair value
Assets							
Cash and cash equivalent	5	(a)	Level 1	57,586	57,586	412,579	412,579
Securities	6	(a)	Level 1	43,881	43,881	449,786	449,786
Total				**101,467**	**101,467**	**862,365**	**862,365**
Liabilities							
Borrowings - principal and interest	16	(b)	Level 2 (**)	790,929	828,234	3,301,454	3,304,686
Debentures - principal and interest	17	(b)	Level 2 (**)	1,603,403	1,637,217	1,703,252	1,711,505
Total				**2,394,332**	**2,465,451**	**5,004,706**	**5,016,191**

(*) Refers to the hierarchy for fair value measurement.
(**) Only for disclosure purposes, in accordance with CPC 40 (R1) / IFRS 7.

Key
(a) - Mensured at fair value through profit or loss
(b) - Measured at amortized cost

The classification of financial assets at amortized cost or at fair value through profit or loss is based on the business model and the cash flow characteristics expected by the Company for each instrument.

The financial instruments for which the carrying amounts approximate the fair values due to their nature, at the date of these financial statements, are:

- Financial assets: (i) consumers, concessionaires and licensees; (ii) loans among associates, subsidiaries and parent company; and (iii) pledges, funds and restricted deposits.
- Financial liabilities: trade payables.

In addition, in 2019 there were no transfers between fair value hierarchy levels.

a) Measurement of financial instruments

As mentioned in Note 4, the fair value of a security corresponds to its maturity value (redemption value) adjusted to present value by the discount factor (relating to the maturity date of the security) obtained from the market interest curve, in Brazilian reais.

The three levels of the fair value hierarchy are:

Level 1: Quoted prices in an active market for identical instruments;

Level 2: Observable inputs other than quoted prices in an active market that are observable for the asset or liability, directly (prices) or indirectly (derived from prices);

Level 3: instruments whose relevant factors are unobservable market inputs.

b) Market risk

Market risk is the risk that changes in market prices (basically by interest rates) will affect the gains of the Company and its subsidiaries or the value of their financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Sensitivity analysis

The Company has performed sensitivity analyses of the main risks to which their financial instruments are exposed, mainly comprising changes in interest rates.

If the risk exposure is considered an asset, the risk to be taken into account is a reduction in the pegged indexes, resulting in a negative impact on the profit or loss of the Company and its subsidiaries. Similarly, if the risk exposure is considered a liability, the risk is of an increase in the pegged indexes and the consequent negative effect on the results. The Company and its subsidiaries therefore quantify the risks in terms of the net exposure of the variables (CDI, IGP-M, IPCA and TLP), as shown below.

Assuming that the net exposure scenario for financial instruments indexed to variable interest rates at December 31, 2019 was maintained, the net financial expense for the next 12 months for each of the three defined scenarios would be:

	Consolidated						
			Income (Expenses) - R$ thousand				
Instruments	Exposure	Risk	Rate in the year	Rate likely scenario (a)	Likely scenario	Raising/Drop index by 25% (b)	Raising/Drop index by 50% (b)
Financial asset instruments	1,413,733				64,183	48,138	32,092
Financial liability instruments	(1,170,040)				(53,120)	(39,840)	(26,560)
	243,693	CDI drop	**5.97%**	**4.54%**	**11,063**	**8,298**	**5,532**
Financial liability instruments	(45,010)				(1,382)	(1,727)	(2,073)
	(45,010)	IGP-M raise	**7.30%**	**3.07%**	**(1,382)**	**(1,727)**	**(2,073)**
Financial liability instruments	(3,154,923)				(160,586)	(200,732)	(240,878)
	(3,154,923)	TJLP raise	**6.30%**	**5.09%**	**(160,586)**	**(200,732)**	**(240,878)**
Financial liability instruments	(306,049)				(13,986)	(17,483)	(20,980)
	(306,049)	IPCA raise	**4.20%**	**4.57%**	**(13,986)**	**(17,483)**	**(20,980)**
Total	**(3,262,289)**				**(164,891)**	**(211,644)**	**(258,399)**
Effects in the accumulated comprehensive income					**-**	**-**	**-**
Effects in the profit (loss) for the year					**(164,891)**	**(211,644)**	**(258,399)**

(a) The indexes considered were obtained from information made available by the market.
(b) As required by CVM Instruction No. 475/2008, the percentages of increase were applied to the indexes in the likely scenario.

In addition, debts with exposure to fixed rate indexes would generate an expense of R$ 34,562.

c) Credit risk

Credit risk is the risk of financial loss to the Company and its subsidiaries if a customer or counterparty to a financial instrument fails to meet their contractual obligations. This risk is mainly derived from Consumers, Concessionaires and Licensees and from financial instruments of the Company. Monthly, the risk is monitored and classified according to the current exposure, considering the limit approved by management.

<u>Consumers, concessionaires and licensees</u>

The history of losses in the Company and its subsidiaries as a result of not receiving energy sales balances is irrelevant. The Company and its subsidiaries are not exposed to a high credit risk, and any defaults are mitigated by financial guarantee agreements signed in the contracting of energy auctions or in the formalization of bilateral agreements. In addition, short-term energy receivables are managed by EETC, which in turn monitors default among sector participants based on regulations issued by ANEEL, which reduces the credit risk on transactions carried out. At December 31, 2019 and 2018, management did not identify any trade receivables that would require an allowance for losses.

<u>Cash, cash equivalents and securities</u>

The Company and its subsidiaries limit their exposure to credit risk by investing in debt securities that have a liquid market and in which the risk of the counterparty (banks and financial institutions) has a rating of at least AA- (Fitch, Moody’s and S&P).

The Company and its subsidiaries consider that restricted investments have low credit risk based on the counterparties' external credit ratings. At December 31, 2019 and 2018, management did not identify any securities with a material impairment loss.

d) Liquidity analysis

The Company manages the liquidity risk through ongoing monitoring of the forecast and actual cash flows, and the combination of the maturity profiles of its financial liabilities. The table below details the contractual maturities for financial liabilities at December 31, 2019, taking into consideration principal and interest, and is based on the undiscounted cash flow, considering the earliest date on which the Company and its subsidiaries should settle their respective obligations.

2019	Note	Consolidated Less than 1 month	1-3 months	3 months to 1 year	1-3 years	4-5 years	More than 5 years	Total
Trade payables	15	136,608	31	78	104,206	-	-	240,923
Borrowings - principal and interest	16	68,924	100,837	483,878	1,188,936	995,229	1,982,035	4,819,839
Debentures - principal and interest	17	8,404	2,352	257,282	1,000,978	504,506	263,101	2,036,623
Other	20	8,176	-	-	-	-	-	8,176
Consumers and concessionaires		8,143	-	-	-	-	-	8,143
EPE / FNDCT / PROCEL		33	-	-	-	-	-	33
Total		**222,112**	**103,220**	**741,238**	**2,294,120**	**1,499,735**	**2,245,136**	**7,105,561**

(31) COMMITMENTS

The commitments of the Company and its subsidiaries regarding long-term agreements at December 31, 2019 are as follows:

Commitments at 2019	Duration	Less than 1 year	1-3 years	4-5 years	More than 5 years	Total
Leases and rentals	6 years	6,911	15,320	17,005	58,998	98,234
Charges for using the distribution and transmission system	29 years	82,140	170,750	172,242	2,383,146	2,808,277
Risk Award - Renegotiation of Hydrological Risk	28 years	9,575	24,100	25,940	199,891	259,506
Total		**98,626**	**210,170**	**215,187**	**2,642,035**	**3,166,017**

31.1 Business acquisition commitments (complementary price)

The Company entered into a commitment with the non-controlling shareholder regarding the additional payment for the acquisition of SPEs Cajueiro Energia S.A., Baixa Verde Energia S.A. and Navegantes Energia S.A., subject to the viability of wind farms for participation in energy auctions for the construction of projects. If the transaction is completed, the Company shall disburse the amount of R$ 7,598 (amount monetarily restated by the IGP-M until December 31, 2019).

(32) NON-CASH TRANSACTIONS

	Parent company		Consolidated	
	2019	2018	2019	2018
Transactions arising from incorporation:				
Consumers, concessionaires and licensees	-	33,405	-	-
Other assets	-	18,131	-	-
Taxes recoverable	-	43,705	-	-
Deferred tax assets	-	10,739	-	-
Deferred tax liabilities	-	(352,369)	-	-
Trade payable	-	(5,623)	-	-
Advances from consumers, concessionaires and licensees	-	(100,453)	-	-
Taxes, fees and contributions	-	(9,852)	-	-
Provision of social and environmental costs in property, plant and equipment	-	(28,440)	-	-
Other payable	-	(1,155)	-	-
Advance for future capital increase	-	(152,720)	-	-
Loans with subsidiaries and parent company	-	(409,973)	-	-
Investments in subsidiaries	-	(754,221)	-	-
Financial investments and securities	-	195,500	-	-
Restricted financial investments	-	87,057	-	-
Additions of property, plant and equipment	-	778,576	-	-
Additions of intangible assets	-	921,120	-	-
Raised of borrowings	-	(364,155)	-	-
Raised of debentures	-	(371,581)	-	-
	-	**(462,309)**	**-**	**-**
Other transactions:				
Capitalized financial charges	-	-	-	10,591
Transfer between property, plant and equipment and intangible assets	71	189	1,366	1,724
Transfer of financial investments to pledges	7,825	-	7,815	-
Transfer between property, plant and equipment and other assets	926	-	926	5,650
Transfer between property, plant and equipment and other taxes payable (noncurrent)	-	-	-	751
Transfer between GSF provision to suppliers	-	-	-	154,694
Dividends deliberated with subsidiaries	316,751	466,765	-	-
Dividends deliberated with minority shareholders	-	-	11,897	13,511
Trade payable of property, plant and equipment	-	-	-	1,467
Provision for losses on investments	290	5	-	-
Capital increase with advance for future capital increase from subsidiaries	4,217	-	-	-
Capital increase with advance for future capital increase from minority shareholders	-	-	111	-
Capital increase with advance for future capital increase	300,012	271,271	300,012	-
Capital increase with CPFL Geração's debt	-	72,497	-	-
Negative goodwill on minority interest in subsidiaries	-	1,096	-	-
Loan payment with dividends from minority shareholders	-	-	81	377
Loan payment with capital reduction from subsidiaries	91,488	-	-	-
Provision of social and environmental costs in property, plant and equipment	28,382	-	83,620	1,684

(33) PRIVATE PENSION PLAN

The Company offers its employees benefits such as life insurance, medical assistance and optional retirement supplementation plan, among others, under the defined contribution regime. These benefits are recognized on an accrual basis and their granting is discontinued at the end of the employment relationship.

In July 2012, the Company signed a Free Benefit Generator Plan with Bradesco Vida e Previdência S.A. The plan consists of Open Collective Private Pension Plans - PGBL, regulated by the Superintendence of Private Insurance - SUSEP. The Free Benefit Generator Plan is structured in the form of parity contribution since the Sponsor is limited to the percentage that it has agreed to contribute to the fund and the amount of post-employment benefit received by the employee is determined by the amount of contributions paid by the sponsor and the employee, plus returns on investments. As a result, the actuarial risk that the benefits are less than expected and the investment risk (risks that the invested assets are insufficient to cover the expected benefits) are assumed by the employee, since the choice of the type of income for the employee's contribution is free for him.

At December 31, 2019 and 2018, there was no contribution balance to be paid by the Company. The expense recorded in the year ended December 31, 2019 was R$ 904 (R$ 816 at December 31, 2018).

(34) EVENTS AFTER THE REPORTING PERIOD

34.1 Borrowings

From January 1, 2020 until the date of approval of these financial statements, the Company's subsidiaries raised funds through loans and financing, with the following conditions and details:

Category Company	Released until march of 2020	Interest paid	Repayment	Resource destinations	Annual financial charge	Annual effective rate	Derivatives effective rate
Foreign currency - Law 4,131							
Dolar							
CPFL Renováveis	120,000	semiannual	Annual from february 2023	Working capital	U$D + 2.07%	U$D + 2.07%	CDI + 0.80%
	120,000						

REPORT OF THE FISCAL COUNCIL

The members of the Fiscal Council of CPFL Energias Renováveis S.A., in performing their legal and statutory attributions, have examined the Management Report, the Financial Statements for the Fiscal Year 2019 and, with the clarifications provided by the Company's Executive Board and considering the examinations made and the unqualified report of the independent auditors, KPMG Auditores Independentes, dated from March 5th, 2020, are of the opinion that these documents are authorized to be analyzed and voted by the Annual General Shareholders' Meeting to be held in April 29th, 2020.

Campinas, March 5, 2020.

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Chenggang Liu

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Ran Zhang

____
Vinicius Nishioka

BOARD OF DIRECTORS

BO WEN
Chairman

GUSTAVO ESTRELLA
Vice-Chairman

KARIN REGINA LUCHESI
YUNWEI LIU
FERNANDO MANO DA SILVA
FUTAO HUANG
JOSÉ ROBERTO DE MATTOS CURAN
Advisers

FISCAL COUNCIL

RAN ZHANG
Chairman

VINICIUS NISHIOKA
CHENGGANG LIU
Advisers

MANAGEMENT

FERNANDO MANO DA SILVA
Chief Executive Officer

Futao Huang
Vice-Chief Executive Officer

Yuehui Pan
Chief Financial and Investor Relations Officer

Kebing Zhou
Deputy Chief Financial Officer

Alberto dos Santos Lopes
Chief Engineering and Construction Officer

Fernando Mano da Silva
Designated New Business Director and
Interim Operation and Maintenance Director

ACCOUNTING

MÁRCIO CÉLIO PORPHIRIO MENDES
Accounting Services Coordinator
CT CRC 1SP251528/O-0

Independent auditors' report on the individual and consolidated financial statements

To the Shareholders of **CPFL Energias Renováveis S.A.**

Campinas – São Paulo

Opinion

We have audited the individual and consolidated financial statements of CPFL Energias Renováveis S.A. (the "Company"), identified as the parent company and consolidated, respectively, which comprise the statement of financial position as of December 31, 2019 and the respective statements of income, comprehensive income, changes in shareholder´s equity and cash flows for the year then ended, and the corresponding notes comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material aspects, the individual and consolidated financial position of CPFL Energias Renováveis S.A. as of December 31, 2019, and of its operations and cash flows for the year then ended, in accordance with the accounting practices adopted in Brazil and in accordance with the International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB).

Basis for opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the individual and consolidated financial statements" section of our report. We are independent of the Company and its subsidiaries in accordance with the ethical requirements of Ethics Standards Boards for Accountants and Professional Standard issued by Federal Accounting Council, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the current period. These matters were addressed in the context of our audit of the individual and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of the deferred tax assets	
Notes 3.13 and 9 to the individual and consolidated financial statements	
Key audit matter	**How this matter has been conducted in our audit**
The individual and consolidated financial statements include tax credits over taxes losses carryforward and temporary differences, for which the realization is supported by estimates of taxable income based on the Company´s judgments and supported in its business plan. Due to the uncertainties that are inherent to the process of determining the future taxable income estimates, which support the recognition of the impairment of the tax credits, and the fact that any change in methodologies and assumptions for the determination of estimates may have a material impact the value of such assets and, consequently, the individual and consolidated financial statements taken as a whole, we considered this matter as significant for our audit.	We evaluated the design, implementation and operational effectiveness of the key internal controls related to the preparation and review of the business plan, budget, technical studies and analyses as to the probability of existence of future taxable income. With the support of our corporate finance specialists, we analyzed the reasonableness and consistency of the data and assumptions and of the methodologies used by the Company for the projection of future taxable income, particularly those related to the projected economic growth, volume, and price of sales of energy, and we compared with the data obtained from external sources and with the history of the Company. With the support of our tax specialists, we evaluated the calculation in which the current tax rates are applied. We also assessed whether the disclosures in the individual and consolidated financial statements consider all relevant information. In the course of our audit work, we identified adjustments that would affect the measurement and disclosure of the deferred tax assets, which were not recorded and disclosed by management, because they were considered immaterial. Based on the evidence obtained from the procedures summarized above, we consider that the net realizable value of deferred tax assets is acceptable in the context of the individual and consolidated financial statements taken as a whole, related to the fiscal year ended on December 31, 2019.

Provision for Assets Retirement Obligation	
Notes 3.6 and 19.2 to the individual and consolidated financial statements	
Key audit matter	**How this matter has been conducted in our audit**
The Company and its wind power subsidiaries entered in leasing contracts related to the land where wind power operates for which an asset retirement obligation exists at the end of the contract. Estimate the cost related to those future activities requires significant judgement in regard to the amount to be disbursed in the decommissioning of the wind power field and the	With the assistance of our environmental risk specialists, we considered management plan to provisioning the decommissioning with the assistance of external experts, observing the reasonableness, consistency and technical assumptions for the provision. We evaluated, with the assistance of our corporate finance specialists, the reasonableness and consistency of the assumptions used in defining the discount rate used in determining the value of the Provision for asset retirement costs and we assessed the proper disclosure for asset retirement obligation. In the course of our audit, we identified

discount rate used to calculate the present value of the provision. Due to the uncertainties inherent in the process of determining the estimates of future expenses, which are the basis for the recognition of the Provision for Asset Retirement Obligation and the level of uncertainty in determining its estimate and determining the discount rate, which may impact the amount of this provision in the individual and consolidated financial statements, we consider this matter to be significant for our audit.	adjustments that, although immaterial, affected the measurement and disclosure of provisions for asset retirement obligation, which were adjusted by management. Based on the evidence obtained through the procedures described above, we consider the balances of the provision for asset retirement obligation acceptable, in the context of the individual and consolidated financial statements taken, for the year ended December 31, 2019.

Other matters – Statements of Value Added

The individual and consolidated statements of value added (DVA) for the year ended December 31, 2019, prepared under the responsibility of the Company's management, and presented as supplementary information for IFRS purposes, were submitted for the auditing procedures jointly with audit of the Company's financial statements. For the purposes of forming our opinion, we evaluate whether these statements are reconciled with the financial statements and accounting records, as applicable, and if their form and content are in accordance with the criteria as defined in Technical Pronouncement CPC 09 - Statement of Added Value. In our opinion, this statement of value added have been properly prepared, in all material respects, in accordance with the criteria defined in this Technical Pronouncement and is consistent with the individual and consolidated financial statements taken as a whole.

Other information that accompanies the individual and consolidated financial statements and the auditor’s report

Management is responsible for the other information, which comprises the Management report.

Our opinion on the individual and consolidated financial statements does not cover the Management report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the individual and consolidated financial statements, our responsibility is to read the Management Report and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this Management Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the individual and consolidated financial statements

Management is responsible for the preparation and fair presentation of the individual and consolidated financial statements in accordance with the accounting practices adopted in Brazil and in accordance with the International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB), and for such internal control as management determines is necessary to enable the preparation of the financial statements are free from material misstatement, due to fraud or error.

In preparing the individual and consolidated financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' responsibilities for the audit of the individual and consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the individual and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Brazilian and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these individual and consolidated financial statements.

As part of an audit in accordance with Brazilian and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

– Identify and assess the risks of material misstatement of the individual and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

– Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

– Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

– Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the individual and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

– Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the individual and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

– Obtain sufficient appropriate audit evidence regarding the financial information of the group entities or business activities within the Company to express an opinion on the individual and consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit, and therefore, responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter, or, when in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Campinas, March 05, 2020
KPMG Auditores Independentes
CRC (Regional Accounting Council) 2SP-027685/F
(Original in Portuguese signed by)
Thiago Rodrigues de Oliveira
Accountant CRC 1SP259468/O-7

STATEMENT

In compliance with the provisions in items V and VI of article 25 of the Brazilian Securities & Exchange Commission (CVM) Instruction No. 480, of December 7, 2009, as amended by CVM Instruction No. 586, of June 8, 2017, the chief executive officers and the officers of CPFL Energia S.A, a publicly traded company, with its registered office at Rua Jorge Figueiredo Corrêa, nº 1.632, Jardim Professora Tarcília, CEP 13087-397 - Campinas - SP - Brazil, enrolled with the National Register of Legal Entities (CNPJ) under No. 02.429.144/0001-93, hereby stated that:

a) they have reviewed and discussed, and agree with, the opinions expressed in the opinion of KPMG Auditores Independentes on the financial statements of **CPFL Energias Renováveis** for the year ended December 31, 2019;

b) they have reviewed and discussed, and agree with, the financial statements of **CPFL Energias Renováveis** for the year ended December 31, 2019;

Fernando Mano da Silva
Chief Executive Officer

Futao Huang
Vice-Chief Executive Officer

Yuehui Pan
Chief Financial and
Investors Relations Officer

Kebing Zhou
Deputy Chief Financial Officer

Alberto dos Santos Lopes
Chief Engineering and Construction Officer

Fernando Mano da Silva
Designated New Business Director and Interim
Operation and Maintenance Director