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Company Data

Capital Composition

Number of Shares	Closing Date
(In units)	06/30/2020
Paid-in capital	
Common	1,152,254,440
Preferred	0
Total	1,152,254,440
Treasury Stock	0
Common	0
Preferred	0
Total	0

Individual Financial Statements

Statement of Financial Position – Assets

(In thousands of Brazilian reais - R\$)

Code	Description	Current Year 06/30/2020	Previous Year 12/31/2019
1	Total assets	15,356,524	13,753,291
1.01	Current assets	2,062,459	909,539
1.01.01	Cash and cash equivalents	137,851	33,909
1.01.06	Taxes recoverable	29,420	59,025
1.01.06.01	Current taxes recoverable	29,420	59,025
1.01.06.01.01	Income tax and social contribution recoverable	78	78
1.01.06.01.02	Other taxes recoverable	29,342	58,947
1.01.08	Other current assets	1,895,188	816,605
1.01.08.03	Other	1,895,188	816,605
1.01.08.03.01	Other receivables	610	400
1.01.08.03.04	Dividends and interest on capital	1,894,578	816,205
1.02	Noncurrent assets	13,294,065	12,843,752
1.02.01	Long-term assets	503,729	514,274
1.02.01.07	Deferred taxes	85,009	85,474
1.02.01.07.02	Deferred tax assets	85,009	85,474
1.02.01.09	Receivables from related parties	414,672	424,387
1.02.01.09.02	Receivables from subsidiaries	414,672	424,387
1.02.01.10	Other noncurrent assets	4,048	4,413
1.02.01.10.04	Escrow Deposits	538	453
1.02.01.10.10	Other receivables	3,510	3,960
1.02.02	Investments	12,787,900	12,327,132
1.02.02.01	Equity interests	12,787,900	12,327,132
1.02.02.01.02	Equity interests in subsidiaries	12,787,900	12,327,132
1.02.03	Property, plant and equipment	2,293	2,226
1.02.03.01	Property, plant and equipment - in service	2,293	2,226
1.02.04	Intangible assets	143	120
1.02.04.01	Intangible assets	143	120

Individual Financial Statements

Statement of Financial Position – Liabilities and Equity

(In thousands of Brazilian reais - R\$)

Code	Description	Current Year 06/30/2020	Previous Year 12/31/2019
2	Total liabilities	15,356,524	13,753,291
2.01	Current liabilities	666,544	738,697
2.01.02	Trade payables	295	4,698
2.01.02.01	Domestic suppliers	295	4,698
2.01.03	Taxes payable	2,109	65,944
2.01.03.01	Federal taxes	2,083	65,894
2.01.03.01.01	Income tax and social contribution payable	-	40,629
2.01.03.01.02	Other taxes	2,083	25,265
2.01.03.03	Municipal taxes	26	50
2.01.03.03.01	Other municipal taxes	26	50
2.01.05	Other liabilities	664,140	668,055
2.01.05.02	Others	664,140	668,055
2.01.05.02.01	Dividends and interest on capital payable	644,785	645,737
2.01.05.02.07	Other payables	19,355	22,318
2.02	Noncurrent liabilities	12,226	20,213
2.02.02	Other liabilities	12,103	20,090
2.02.02.02	Others	12,103	20,090
2.02.02.02.04	Other payables	12,103	20,090
2.02.04	Provisions	123	123
2.02.04.01	Tax, social security, labor and civil provisions	123	123
2.02.04.01.02	Social security and labor provisions	-	20
2.02.04.01.04	Civil provisions	123	103
2.03	Equity	14,677,754	12,994,381
2.03.01	Issued capital	9,388,080	9,388,081
2.03.02	Capital reserves	(1,642,743)	(1,640,962)
2.03.04	Earnings reserves	6,515,725	6,515,725
2.03.04.01	Legal reserve	1,036,125	1,036,125
2.03.04.02	Statutory reserve	4,046,305	4,046,305
2.03.04.08	Additional proposed dividend	1,433,295	1,433,295
2.03.05	Retained earnings	1,354,805	-
2.03.08	Other comprehensive income	(938,113)	(1,268,463)
2.03.08.01	Accumulated comprehensive income	(938,113)	(1,268,463)

Individual Financial Statements

Statement of income

(In thousands of Brazilian reais - R\$)

Code	Description	Current Year - Second Quarter	YTD Current Year	Previous Year - Second Quarter	YTD Previous Year
		04/01/2020 to 06/30/2020	01/01/2020 to 06/30/2020	04/01/2019 to 06/30/2019	01/01/2019 to 06/30/2019
3.01	Net operating revenue	-	(3,983)	-	-
3.03	Gross profit	-	(3,983)	-	-
3.04	Operating income (expenses)	448,720	1,336,876	569,753	1,170,685
3.04.02	General and administrative expenses	(9,255)	(20,514)	(14,163)	(25,008)
3.04.02.01	Depreciation and amortization	(103)	(199)	(53)	(108)
3.04.02.02	Other general and administrative expenses	(9,152)	(20,315)	(14,110)	(24,900)
3.04.06	Share of profit (loss) of investees	457,975	1,357,390	583,916	1,195,693
3.05	Profit before finance income (costs) and taxes	448,720	1,332,893	569,753	1,170,685
3.06	Finance income (costs)	3,758	8,806	11,166	13,628
3.06.01	Finance income	3,767	8,830	11,193	13,663
3.06.02	Financial expenses	(9)	(24)	(27)	(35)
3.07	Profit (loss) before taxes on income	452,478	1,341,699	580,919	1,184,313
3.08	Income tax and social contribution	(1,385)	(565)	(291)	(234)
3.08.01	Current	-	(100)	40	(381)
3.08.02	Deferred	(1,385)	(465)	(331)	147
3.09	Profit (loss) from continuing operations	451,093	1,341,134	580,628	1,184,079
3.11	Profit (loss) for the period	451,093	1,341,134	580,628	1,184,079

Individual Financial Statements

Statement of Comprehensive Income

(In thousands of Brazilian reais - R\$)

Code	Description	Current Year - Second Quarter	YTD Current Year	Previous Year - Second Quarter	YTD Previous Year
		04/01/2020 to 06/30/2020	01/01/2020 to 06/30/2020	04/01/2019 to 06/30/2019	01/01/2019 to 06/30/2019
4.01	Profit for the period	451,093	1,341,134	580,628	1,184,079
4.02	Other comprehensive income	(13,820)	343,185	(9,907)	(7,981)
4.02.01	Comprehensive income for the period of subsidiaries	(13,820)	343,185	(9,907)	(7,981)
4.03	Total comprehensive income for the period	437,273	1,684,319	570,721	1,176,098

Individual Financial Statements

Statement of Cash Flows – Indirect Method

(In thousands of Brazilian reais - R\$)

Code	Description	YTD Current Year	YTD Previous Year
		01/01/2020 to 06/30/2020	01/01/2019 to 06/30/2019
6.01	Net cash from operating activities	123,089	333,426
6.01.01	Cash generated from operations	(23,328)	(11,178)
6.01.01.01	Profit before taxes	1,341,699	1,184,313
6.01.01.02	Depreciation and amortization	199	108
6.01.01.03	Provision for tax, civil and labor risks	47	132
6.01.01.05	Interest on debts, inflation adjustment and exchange rate changes	(7,883)	(38)
6.01.01.07	Equity interests in subsidiaries, associates and joint ventures	(1,357,390)	(1,195,693)
6.01.02	Changes in assets and liabilities	188,735	347,627
6.01.02.01	Dividend and interest on capital received	194,652	347,350
6.01.02.02	Taxes recoverable	32,520	7,316
6.01.02.03	Escrow deposits	(81)	(7)
6.01.02.04	Other operating assets	241	675
6.01.02.05	Trade payables	(4,403)	5,591
6.01.02.06	Other taxes and social contributions	(23,206)	(3,873)
6.01.02.07	Tax, civil and labor risks paid	(39)	(39)
6.01.02.08	Other operating liabilities	(10,949)	(9,386)
6.01.03	Others	(42,318)	(3,023)
6.01.03.02	Income tax and social contribution paid	(42,318)	(3,023)
6.02	Net cash from investing activities	(19,030)	70,485
6.02.01	Acquisition of interest with no change in control	(258)	(988)
6.02.03	Purchases and construction of intangible assets	(32)	-
6.02.06	Advances for future capital increases	(35,000)	-
6.02.07	Intragroup loans to subsidiaries	(46,945)	(876)
6.02.08	Receiving of intragroup loans from subsidiaries	63,205	72,349
6.03	Net cash from financing activities	(117)	3,624,660
6.03.01	Public offering costs	(2)	3,624,689
6.03.08	Dividend and interest on capital paid	(115)	(29)
6.05	Net increase (decrease) in cash and cash equivalents	103,942	4,028,571
6.05.01	Cash and cash equivalents at the beginning of the period	33,909	79,364
6.05.02	Cash and cash equivalents at the end of the period	137,851	4,107,935

Individual Financial Statements

Statement of Changes in Equity – from January 1, 2020 to June 30, 2020

(In thousands of Brazilian reais - R\$)

Code	Description	Issued capital	Capital reserves, stock options and treasury stock	Earnings reserves	Retained earnings/ accumulated losses	Other comprehensive income	Equity
5.01	Opening balances	9,388,081	(1,640,962)	6,515,727	-	(1,268,465)	12,994,381
5.03	Adjusted opening balances	9,388,081	(1,640,962)	6,515,727	-	(1,268,465)	12,994,381
5.04	Capital transactions with shareholders	(1)	(1,782)	-	837	-	(946)
5.04.02	Public offering costs	(1)	-	-	-	-	(1)
5.04.08	Gain (loss) on interest in subsidiaries with no change in control	-	(1,782)	-	-	-	(1,782)
5.04.09	Dividend approved	-	-	-	837	-	837
5.05	Total comprehensive income	-	-	-	1,341,134	343,185	1,684,319
5.05.01	Profit for the period	-	-	-	1,341,134	-	1,341,134
5.05.02	Other comprehensive income	-	-	-	-	343,185	343,185
5.05.02.03	Equity on comprehensive income of subsidiaries	-	-	-	-	343,185	343,185
5.06	Internal changes in equity	-	-	-	(12,834)	12,834	-
5.06.06	Equity on comprehensive income of subsidiaries	-	-	-	(12,834)	12,834	-
5.07	Closing balances	9,388,080	(1,642,744)	6,515,727	1,329,137	(912,446)	14,677,754

Individual Financial Statements

Statement of Changes in Equity – from January 1, 2019 to June 30, 2019

(In thousands of Brazilian reais - R\$)

Code	Description	Issued capital	Capital reserves, stock options and treasury stock	Earnings reserves	Retained earnings/ accumulated losses	Other comprehensive income	Equity
5.01	Opening balances	5,741,284	469,257	4,428,502	-	(376,294)	10,262,749
5.03	Adjusted opening balances	5,741,284	469,257	4,428,502	-	(376,294)	10,262,749
5.04	Capital transactions with shareholders	3,648,374	(75,298)	-	-	-	3,573,076
5.04.01	Capital increase	3,694,342	-	-	-	-	3,694,342
5.04.02	Public offering costs	(45,968)	-	-	-	-	(45,968)
5.04.08	Gain (loss) on interest in subsidiaries with no change in control	-	(75,298)	-	-	-	(75,298)
5.05	Total comprehensive income	-	-	-	1,184,079	(7,981)	1,176,098
5.05.01	Profit for the period	-	-	-	1,184,079	-	1,184,079
5.05.02	Other comprehensive income	-	-	-	-	(7,981)	(7,981)
5.05.02.03	Equity on comprehensive income of subsidiaries	-	-	-	-	(7,981)	(7,981)
5.06	Internal changes in equity	-	-	-	12,518	(12,518)	-
5.06.06	Equity on comprehensive income of subsidiaries	-	-	-	12,518	(12,518)	-
5.07	Closing balances	9,389,658	393,959	4,428,502	1,196,597	(396,793)	15,011,923

Individual Financial Statements

Statement of Value Added

(In thousands of Brazilian reais - R\$)

Code	Description	YTD Current Year	YTD Previous Year
		01/01/2020 to 06/30/2020	01/01/2019 to 06/30/2019
7.01	Revenues	(3,694)	989
7.01.01	Sales of goods and services	(3,983)	-
7.01.03	Revenues related to construction of own assets	289	989
7.02	Inputs purchased from third parties	(6,121)	(13,829)
7.02.02	Materials, energy, third-party services and others	(6,121)	(13,829)
7.03	Gross value added	(9,815)	(12,840)
7.04	Retentions	(199)	(108)
7.04.01	Depreciation, amortization and depletion	(199)	(108)
7.05	Net added value generated	(10,014)	(12,948)
7.06	Added value received in transfer	1,366,651	1,210,023
7.06.01	Share of profit (loss) of investees	1,357,390	1,195,693
7.06.02	Finance income	9,261	14,330
7.07	Added value to be distributed	1,356,637	1,197,075
7.08	Distribution of added value	1,356,637	1,197,075
7.08.01	Personnel and charges	12,166	10,239
7.08.01.01	Salaries and wages	5,965	4,796
7.08.01.02	Benefits	5,285	4,762
7.08.01.03	FGTS (Severance Pay Fund)	916	681
7.08.02	Taxes, fees and contributions	3,182	2,668
7.08.02.01	Federal	3,140	2,652
7.08.02.02	State	42	16
7.08.03	Interest and Rentals	155	89
7.08.03.01	Interest	8	32
7.08.03.02	Rentals	147	57
7.08.04	Interest on capital	1,341,134	1,184,079
7.08.04.03	Retained earnings / Loss for the period	1,341,134	1,184,079

Consolidated Financial Statements

Statement of Financial Position – Assets

(In thousands of Brazilian reais - R\$)

Code	Description	Current Year 06/30/2020	Previous Year 12/31/2019
1	Total assets	51,007,386	44,078,293
1.01	Current assets	16,287,663	10,340,630
1.01.01	Cash and cash equivalents	6,987,631	1,937,163
1.01.02	Short-term financial investments	1,350,434	851,004
1.01.02.01	Financial Investments Measured at Fair Value Through Profit or Loss	1,350,434	851,004
1.01.02.01.02	Securities Designated at Fair Value	1,350,434	851,004
1.01.03	Trade receivables	4,249,692	4,985,578
1.01.03.01	Consumers	4,249,692	4,985,578
1.01.06	Taxes recoverable	513,885	419,126
1.01.06.01	Current taxes recoverable	513,885	419,126
1.01.06.01.01	Income tax and social contribution recoverable	165,303	87,698
1.01.06.01.02	Other taxes recoverable	348,582	331,428
1.01.07	Prepaid expenses	78,537	76,756
1.01.08	Other current assets	3,107,484	2,071,003
1.01.08.03	Others	3,107,484	2,071,003
1.01.08.03.01	Other receivables	732,158	571,405
1.01.08.03.02	Derivatives	1,389,686	281,326
1.01.08.03.04	Dividends and interest on capital	152,063	100,297
1.01.08.03.06	Sector financial asset	808,650	1,093,588
1.01.08.03.07	Contract asset	24,927	24,387
1.02	Noncurrent assets	34,719,723	33,737,663
1.02.01	Long-term assets	15,692,638	14,335,003
1.02.01.04	Trade receivables	742,112	713,068
1.02.01.04.01	Consumers	742,112	713,068
1.02.01.07	Deferred taxes	445,492	1,064,716
1.02.01.07.02	Deferred tax assets	445,492	1,064,716
1.02.01.08	Prepaid expenses	3,203	4,608
1.02.01.10	Other noncurrent assets	14,501,831	12,552,611
1.02.01.10.03	Derivatives	1,533,646	369,767
1.02.01.10.04	Escrow deposits	774,370	757,370
1.02.01.10.05	Income tax and social contribution recoverable	35,467	101,528
1.02.01.10.06	Other taxes recoverable	376,505	370,595
1.02.01.10.08	Concession financial asset	9,417,013	8,779,717
1.02.01.10.09	Investments at cost	116,654	116,654
1.02.01.10.10	Others receivables	718,338	731,410
1.02.01.10.11	Sector financial asset	82,864	2,748
1.02.01.10.12	Contract asset	1,446,974	1,322,822
1.02.02	Investments	1,029,549	997,997
1.02.02.01	Equity interests	1,029,549	997,997
1.02.02.01.04	Equity interests in joint ventures	1,029,549	997,997
1.02.03	Property, plant and equipment	8,880,619	9,083,710
1.02.03.01	Property, plant and equipment - in service	8,555,869	8,757,085
1.02.03.03	Property, plant and equipment - in progress	324,750	326,625
1.02.04	Intangible assets	9,116,917	9,320,953
1.02.04.01	Intangible assets	9,116,917	9,320,953
1.02.04.01.01	Concession contract	9,031,840	9,234,857
1.02.04.01.02	Goodwill	6,115	6,115
1.02.04.01.03	Other intangible assets	78,962	79,981

Consolidated Financial Statements

Statement of Financial Position – Liabilities and Equity

(In thousands of Brazilian reais - R\$)

Code	Description	Current Year 06/30/2020	Current Year 06/30/2019
2	Total liabilities	51,007,386	44,078,293
2.01	Current liabilities	12,990,880	10,065,908
2.01.01	Payroll and related taxes	157,962	125,057
2.01.01.01	Social taxes	36,151	28,149
2.01.01.02	Payroll taxes	121,811	96,908
2.01.02	Trade payables	2,735,037	3,260,180
2.01.02.01	Domestic suppliers	2,735,037	3,260,180
2.01.03	Taxes payable	1,145,692	960,497
2.01.03.01	Federal taxes	753,861	516,266
2.01.03.01.01	Income tax and social contribution	90,139	218,961
2.01.03.01.02	Other taxes	663,722	297,305
2.01.03.02	State taxes	383,106	435,155
2.01.03.03	Municipal taxes	8,725	9,076
2.01.03.03.01	Other municipal taxes	8,725	9,076
2.01.04	Borrowings	6,381,600	3,458,775
2.01.04.01	Borrowings	4,925,936	2,776,193
2.01.04.01.01	In local currency	728,900	768,691
2.01.04.01.02	In foreign currency	4,197,036	2,007,502
2.01.04.02	Debentures	1,455,664	682,582
2.01.05	Other payables	2,570,589	2,261,399
2.01.05.02	Others	2,570,589	2,261,399
2.01.05.02.01	Dividends and interest on capital payable	689,024	668,859
2.01.05.02.04	Derivatives	488	29,400
2.01.05.02.06	Use of public asset	12,573	11,771
2.01.05.02.07	Other payables	1,547,481	1,094,267
2.01.05.02.08	Regulatory charges	179,829	232,251
2.01.05.02.09	Private pension plan	141,194	224,851
2.02	Noncurrent liabilities	23,063,662	20,729,147
2.02.01	Borrowings	17,332,510	15,450,798
2.02.01.01	Borrowings	10,847,458	7,587,102
2.02.01.01.01	In local currency	5,014,937	4,585,552
2.02.01.01.02	In foreign currency	5,832,521	3,001,550
2.02.01.02	Debentures	6,485,052	7,863,696
2.02.02	Other liabilities	4,029,803	3,629,505
2.02.02.01	Related party liabilities	851,088	-
2.02.02.01.03	Intragroup loans	851,088	-
2.02.02.02	Others	3,178,715	3,629,505
2.02.02.02.03	Trade payables	373,831	359,944
2.02.02.02.04	Private pension plan	1,861,490	2,153,327
2.02.02.02.05	Derivatives	-	6,157
2.02.02.02.06	Sector financial liability	58,150	102,561
2.02.02.02.07	Use of public asset	93,994	91,181
2.02.02.02.08	Other payables	632,947	759,332
2.02.02.02.09	Other taxes, fees and contributions	807	805
2.02.02.02.10	Income tax and social contribution	157,496	156,198
2.02.03	Deferred taxes	1,157,619	1,048,069
2.02.03.01	Deferred income tax and social contribution	1,157,619	1,048,069
2.02.03.01.01	Deferred income tax and social contribution	1,143,371	1,037,689
2.02.03.01.02	Other deferred taxes	14,248	10,380
2.02.04	Provisions	543,730	600,775
2.02.04.01	Tax, social security, labor and civil provisions	543,730	600,775
2.02.04.01.01	Tax provisions	54,231	53,825
2.02.04.01.02	Social security and labor provisions	186,724	235,085
2.02.04.01.04	Civil provisions	246,370	245,464
2.02.04.01.05	Others provisions	56,405	66,401
2.03	Consolidated equity	14,952,844	13,283,238
2.03.01	Issued capital	9,388,080	9,388,081
2.03.02	Capital reserves	(1,642,743)	(1,640,962)
2.03.04	Earnings reserves	6,515,725	6,515,725
2.03.04.01	Legal reserve	1,036,125	1,036,125
2.03.04.02	Statutory reserve	4,046,305	4,046,305
2.03.04.08	Additional proposed dividend	1,433,295	1,433,295
2.03.05	Retained earnings	1,354,805	-
2.03.08	Other comprehensive income	(938,113)	(1,268,463)
2.03.08.01	Accumulated comprehensive income	(938,113)	(1,268,463)
2.03.09	Noncontrolling interests	275,090	288,857

Consolidated Financial Statements

Statement of income

(In thousands of Brazilian reais - R\$)

Code	Description	Current Year - Second Quarter	YTD Current Year	Previous Year - Second Quarter	YTD Previous Year
		04/01/2020 to 06/30/2020	01/01/2020 to 06/30/2020	04/01/2019 to 06/30/2019	01/01/2019 to 06/30/2019
3.01	Net operating revenue	6,561,645	13,843,911	7,036,306	14,163,752
3.02	Cost of electric energy services	(5,340,381)	(10,924,604)	(5,505,169)	(11,099,611)
3.02.01	Cost of electric energy	(4,023,190)	(8,364,609)	(4,268,610)	(8,752,373)
3.02.02	Cost of operation - Depreciation and amortization	(330,383)	(659,600)	(318,123)	(632,408)
3.02.03	Cost of operation - Others	(384,904)	(802,314)	(406,198)	(786,697)
3.02.04	Cost of services rendered to third parties	(601,904)	(1,098,081)	(512,238)	(928,133)
3.03	Gross profit	1,221,264	2,919,307	1,531,137	3,064,141
3.04	Operating expenses/income	(445,772)	(874,574)	(434,959)	(841,451)
3.04.01	Selling expenses	(192,718)	(367,110)	(181,128)	(363,468)
3.04.01.01	Depreciation and amortization	(1,705)	(3,628)	(1,283)	(2,563)
3.04.01.02	Allowance for doubtful accounts	(80,128)	(137,972)	(65,236)	(133,850)
3.04.01.03	Other selling expenses	(110,885)	(225,510)	(114,609)	(227,055)
3.04.02	General and administrative expenses	(239,764)	(469,820)	(229,647)	(444,128)
3.04.02.01	Depreciation and amortization	(28,315)	(51,894)	(16,665)	(33,431)
3.04.02.02	Other general and administrative expenses	(211,449)	(417,926)	(212,982)	(410,697)
3.04.05	Other operating expenses	(98,324)	(207,838)	(113,838)	(209,285)
3.04.05.01	Amortization of concession intangible asset	(72,109)	(144,219)	(72,109)	(144,219)
3.04.05.02	Other operating expenses	(26,215)	(63,619)	(41,729)	(65,066)
3.04.06	Share of profit (loss) of investees	85,034	170,194	89,654	175,430
3.05	Profit before finance income (costs) and taxes	775,492	2,044,733	1,096,178	2,222,690
3.06	Finance income (costs)	(72,259)	48,748	(211,324)	(431,364)
3.06.01	Finance income	182,483	620,775	231,337	437,932
3.06.02	Financial expenses	(254,742)	(572,027)	(442,661)	(869,296)
3.07	Profit before taxes	703,233	2,093,481	884,854	1,791,326
3.08	Income tax and social contribution	(241,026)	(727,148)	(311,181)	(647,295)
3.08.01	Current	(84,300)	(139,188)	(312,930)	(633,275)
3.08.02	Deferred	(156,726)	(587,960)	1,749	(14,020)
3.09	Profit from continuing operations	462,207	1,366,333	573,673	1,144,031
3.11	Consolidated profit for the period	462,207	1,366,333	573,673	1,144,031
3.11.01	Attributable to owners of the Company	451,093	1,341,134	580,628	1,184,079
3.11.02	Attributable to noncontrolling interests	11,114	25,199	(6,955)	(40,048)
3.99.01.01	ON	0.39	1.16	0.57	1.16
3.99.02.01	ON	0.39	1.16	0.57	1.16

Consolidated Financial Statements

Statement of Comprehensive Income

(In thousands of Brazilian reais - R\$)

Code	Description	Current Year - Second Quarter	YTD Current Year	Previous Year - Second Quarter	YTD Previous Year
		04/01/2020 to 06/30/2020	01/01/2020 to 06/30/2020	04/01/2019 to 06/30/2019	01/01/2019 to 06/30/2019
4.01	Consolidated profit for the period	462,207	1,366,333	573,673	1,144,031
4.02	Other comprehensive income	(13,820)	343,185	(9,907)	(7,981)
4.02.01	Actuarial gains (losses), net of tax effects	(1,936)	270,660	(1,836)	(3,669)
4.02.02	Credit risk in mark to market of financial liabilities	(11,884)	72,525	(8,071)	(4,312)
4.03	Consolidated comprehensive income for the period	448,387	1,709,518	563,766	1,136,050
4.03.01	Attributable to owners of the Company	437,273	1,684,319	570,721	1,176,099
4.03.02	Attributable to noncontrolling interests	11,114	25,199	(6,955)	(40,049)

Consolidated Financial Statements

Statement of Cash Flows – Indirect Method

(In thousands of Brazilian reais - R\$)

Code	Description	YTD Current Year	YTD Previous Year
		01/01/2020 to 06/30/2020	01/01/2019 to 06/30/2019
6.01	Net cash from operating activities	3,043,155	2,837,861
6.01.01	Cash generated from operations	3,239,010	3,222,830
6.01.01.01	Profit before taxes	2,093,481	1,791,326
6.01.01.02	Depreciation and amortization	859,341	812,621
6.01.01.03	Provision for tax, civil and labor risks	48,203	62,434
6.01.01.04	Allowance for doubtful accounts	137,972	133,850
6.01.01.05	Interest on debts, inflation adjustment and exchange rate changes	119,333	481,038
6.01.01.06	Pension plan expense (income)	88,252	56,302
6.01.01.07	Equity interests in subsidiaries, associates and joint ventures	(170,194)	(175,430)
6.01.01.08	Loss (gain) on disposal of noncurrent assets	58,755	60,902
6.01.01.10	Others	3,867	(213)
6.01.02	Changes in assets and liabilities	579,889	743,881
6.01.02.01	Consumers, concessionaries and licensees	568,940	(121,622)
6.01.02.02	Dividend and interest on capital received	86,877	122,868
6.01.02.03	Taxes recoverable	35,381	(154,688)
6.01.02.05	Escrow deposits	(7,418)	(17,088)
6.01.02.06	Sector financial asset	236,563	281,882
6.01.02.07	Receivables - CDE	6	38,738
6.01.02.10	Other operating assets	(282,911)	2,607
6.01.02.11	Trade payables	(511,256)	325,165
6.01.02.12	Other taxes and social contributions	324,737	(13,318)
6.01.02.13	Other liabilities with private pension plan	(93,500)	(61,938)
6.01.02.14	Regulatory charges	(52,422)	10,627
6.01.02.16	Tax, civil and labor risks paid	(119,648)	(92,980)
6.01.02.17	Sector financial liability	(64,020)	20,943
6.01.02.18	Payables - CDE	(8,733)	23,696
6.01.02.19	Other operating liabilities	467,293	378,989
6.01.03	Others	(775,744)	(1,128,850)
6.01.03.01	Interest paid on debts and debentures	(432,191)	(595,047)
6.01.03.02	Income tax and social contribution paid	(343,553)	(533,803)
6.02	Net cash from investing activities	(1,649,692)	(954,611)
6.02.01	Purchases of property, plant and equipment	(110,746)	(71,669)
6.02.02	Purchases of contract asset	(1,039,143)	(887,835)
6.02.03	Purchases and construction of intangible assets	(13,924)	(6,634)
6.02.04	Securities, pledges and restricted deposits - investment	(1,429,206)	(172,269)
6.02.05	Securities, pledges and restricted deposits - redemption	946,674	183,796
6.02.09	Capital increase of shareholders	(3,347)	-
6.03	Net cash from financing activities	3,657,005	3,206,798
6.03.01	Public offering costs	(2)	3,624,689
6.03.02	Borrowings and debentures raised	4,665,557	4,431,859
6.03.03	Repayment of principal of borrowings and debentures	(2,036,449)	(4,988,656)
6.03.04	Repayment of derivatives	195,893	155,070
6.03.05	Advance for future capital increase	-	12
6.03.06	Dividend and interest on capital paid	(16,364)	(16,176)
6.03.07	Intragroup loans raised	850,000	-
6.03.08	Intragroup loans paid	(1,630)	-
6.05	Increase (decrease) in cash and cash equivalents	5,050,468	5,090,048
6.05.01	Cash and cash equivalents at the beginning of the period	1,937,163	1,891,457
6.05.02	Cash and cash equivalents at the end of the period	6,987,631	6,981,505

Consolidated Financial Statements

Statement of Changes in Equity – from January 1, 2020 to June 30, 2020

(In thousands of Brazilian reais - R\$)

Code	Description	Issued capital	Capital reserves, stock options and treasury stock	Earnings reserves	Retained earnings/accumulated losses	Other comprehensive income	Equity	Noncontrolling interests	Consolidated equity
5.01	Opening balances	9,388,081	(1,640,962)	6,515,727	-	(1,268,465)	12,994,381	288,857	13,283,238
5.03	Adjusted opening balances	9,388,081	(1,640,962)	6,515,727	-	(1,268,465)	12,994,381	288,857	13,283,238
5.04	Capital transactions with shareholders	(1)	(1,782)	-	837	-	(946)	(38,933)	(39,879)
5.04.02	Public offering costs	(1)	-	-	-	-	(1)	-	(1)
5.04.06	Dividends	-	-	-	-	-	-	(37,367)	(37,367)
5.04.08	Gain (loss) on interest in subsidiaries with no change in control	-	(1,782)	-	-	-	(1,782)	(1,566)	(3,348)
5.04.09	Dividend proposal approved	-	-	-	837	-	837	-	837
5.05	Total comprehensive income	-	-	-	1,341,134	343,185	1,684,319	25,199	1,709,518
5.05.01	Profit for the period	-	-	-	1,341,134	-	1,341,134	25,199	1,366,333
5.05.02	Other comprehensive income	-	-	-	-	343,185	343,185	-	343,185
5.05.02.01	Financial instruments adjustment	-	-	-	-	109,886	109,886	-	109,886
5.05.02.02	Tax on financial instruments adjustment	-	-	-	-	(37,361)	(37,361)	-	(37,361)
5.05.02.06	Other comprehensive income - actuarial gains (losses)	-	-	-	-	270,660	270,660	-	270,660
5.06	Internal changes in equity	-	-	-	12,834	(12,834)	-	(33)	(33)
5.06.04	Realization of deemed cost of property, plant and equipment	-	-	-	19,445	(19,445)	-	-	-
5.06.05	Tax effect on realization of deemed cost	-	-	-	(6,611)	6,611	-	-	-
5.06.08	Other changes	-	-	-	-	-	-	(33)	(33)
5.07	Closing balances	9,388,080	(1,642,744)	6,515,727	1,354,805	(938,114)	14,677,754	275,090	14,952,844

Consolidated Financial Statements

Statement of Changes in Equity – from January 1, 2019 to June 30, 2019

(In thousands of Brazilian reais - R\$)

Code	Description	Issued capital	Capital reserves, stock options and treasury stock	Earnings reserves	Retained earnings/accumulated losses	Other comprehensive income	Equity	Noncontrolling interests	Consolidated equity
5.01	Opening balances	5,741,284	469,257	4,428,502	-	(376,294)	10,262,749	2,269,633	12,532,382
5.03	Adjusted opening balances	5,741,284	469,257	4,428,502	-	(376,294)	10,262,749	2,269,633	12,532,382
5.04	Capital transactions with shareholders	3,648,374	(75,298)	-	-	-	3,573,076	59,558	3,632,634
5.04.01	Capital increase (decrease)	3,694,342	-	-	-	-	3,694,342	122	3,694,464
5.04.02	Public offering costs	(45,968)	-	-	-	-	(45,968)	-	(45,968)
5.04.06	Dividends	-	-	-	-	-	-	(15,862)	(15,862)
5.04.08	Gain (loss) on interest in subsidiaries with no change in control	-	(75,298)	-	-	-	(75,298)	75,298	-
5.05	Total comprehensive income	-	-	-	1,184,079	(7,981)	1,176,098	(40,048)	1,136,050
5.05.01	Profit for the period	-	-	-	1,184,079	-	1,184,079	(40,048)	1,144,031
5.05.02	Other comprehensive income	-	-	-	-	(7,981)	(7,981)	-	(7,981)
5.05.02.01	Financial instruments adjustment	-	-	-	-	(6,533)	(6,533)	-	(6,533)
5.05.02.02	Tax on financial instruments adjustment	-	-	-	-	2,221	2,221	-	2,221
5.05.02.06	Other comprehensive income - actuarial gains (losses)	-	-	-	-	(3,669)	(3,669)	-	(3,669)
5.06	Internal changes in equity	-	-	-	12,518	(12,518)	-	(30)	(30)
5.06.04	Realization of deemed cost of property, plant and equipment	-	-	-	18,967	(18,967)	-	-	-
5.06.05	Tax effect on realization of deemed cost	-	-	-	(6,449)	6,449	-	-	-
5.07	Closing balances	9,389,658	393,959	4,428,502	1,196,597	(396,793)	15,011,923	2,289,113	17,301,036

Consolidated Interim Financial Statements

Statement of Value Added

(In thousands of Brazilian reais - R\$)

Code	Description	YTD Current Year	YTD Previous Year
		01/01/2020 to 06/30/2020	01/01/2019 to 06/30/2019
7.01	Revenues	20,704,257	21,579,978
7.01.01	Sales of goods and services	19,625,994	20,665,205
7.01.02	Others revenues	1,099,275	926,581
7.01.02.01	Revenue from infrastructure construction of the concession	1,099,275	926,581
7.01.03	Revenues related to the construction of own assets	116,960	122,042
7.01.04	Allowance for doubtful accounts	(137,972)	(133,850)
7.02	Inputs purchased from third parties	(11,179,763)	(11,400,430)
7.02.01	Cost of sales and services	(9,283,909)	(9,633,882)
7.02.02	Materials, energy, third-party services and others	(1,895,854)	(1,766,548)
7.03	Gross value added	9,524,494	10,179,548
7.04	Retentions	(863,320)	(816,054)
7.04.01	Depreciation, amortization and depletion	(863,320)	(816,054)
7.05	Net added value generated	8,661,174	9,363,494
7.06	Added value received in transfer	808,796	635,477
7.06.01	Share of profit (loss) of investees	170,194	175,430
7.06.02	Finance income	638,602	460,047
7.07	Added value to be distributed	9,469,970	9,998,971
7.08	Distribution of added value	9,469,970	9,998,971
7.08.01	Personnel and charges	746,566	716,581
7.08.01.01	Salaries and wages	407,879	403,515
7.08.01.02	Benefits	307,083	280,430
7.08.01.03	FGTS (Severance Pay Fund)	31,604	32,636
7.08.02	Taxes, fees and contributions	6,719,632	7,220,971
7.08.02.01	Federal	3,404,789	3,793,321
7.08.02.02	State	3,297,738	3,412,197
7.08.02.03	Municipal	17,105	15,453
7.08.03	Interest and Rentals	637,439	917,389
7.08.03.01	Interest	583,033	878,740
7.08.03.02	Rentals	54,406	38,649
7.08.04	Interest on capital	1,366,333	1,144,030
7.08.04.03	Retained earnings / Loss for the period	1,366,333	1,144,030

COMMENTS ON PERFORMANCE

The comments on performance are expressed in thousands of Reais - R\$, unless otherwise stated.

Profit or loss analysis**CPFL Energia (Parent)**

This quarter, the decrease in profit was R\$ 129,536 when compared with the same period of the prior year (R\$ 451,092 in 2020 and R\$ 580,629 in 2019) mainly due to the decrease in profit of investees.

COMMENTS ON THE CONSOLIDATED PERFORMANCE

	Consolidated					
	2nd quarter			1st semester		
	2020	2019	%	2020	2019	%
OPERATING REVENUES	9,846,540	10,804,030	-8.9%	20,725,268	21,591,785	-4.0%
Electricity sales to final consumers (*)	6,597,347	7,527,618	-12.4%	14,747,821	15,537,512	-5.1%
Electricity sales to wholesaler's (*)	1,070,173	1,316,478	-18.7%	2,197,668	2,668,969	-17.7%
Revenue from construction of concession infrastructure	603,471	511,367	18.0%	1,099,275	926,580	18.6%
Other operating revenues (*)	1,284,750	1,427,513	-10.0%	2,853,047	2,761,550	3.3%
Sector financial assets and liabilities	290,800	21,055	1281%	(172,543)	(302,825)	-43.0%
Deductions from operating revenues	(3,284,895)	(3,767,724)	-12.8%	(6,881,357)	(7,428,033)	-7.4%
NET OPERATING REVENUE	6,561,645	7,036,306	-6.7%	13,843,911	14,163,752	-2.3%
COST OF ELECTRIC ENERGY SERVICES	(4,023,190)	(4,268,610)	-5.7%	(8,364,609)	(8,752,373)	-4.4%
Electricity purchased for resale	(3,544,665)	(3,606,485)	-1.7%	(7,248,618)	(7,559,027)	-4.1%
Electricity network usage charges	(478,525)	(662,126)	-27.7%	(1,115,991)	(1,193,346)	-6.5%
OPERATING COST/EXPENSE	(1,847,997)	(1,761,172)	4.9%	(3,604,763)	(3,364,119)	7.2%
Personnel	(357,444)	(365,768)	-2.3%	(711,578)	(713,785)	-0.3%
Employee pension plans	(42,813)	(28,151)	52.1%	(88,252)	(56,302)	56.7%
Materials	(58,786)	(66,140)	-11.1%	(132,894)	(132,997)	-0.1%
Outside Services	(150,919)	(178,448)	-15.4%	(321,705)	(343,458)	-6.3%
Depreciation and Amortization	(360,404)	(336,070)	7.2%	(715,122)	(668,402)	7.0%
Merged Goodwill Amortization	(72,109)	(72,109)	0.0%	(144,219)	(144,219)	0.0%
Costs related to infrastructure construction	(600,507)	(511,323)	17.4%	(1,095,597)	(926,534)	18.2%
Other	(205,015)	(203,162)	0.9%	(395,395)	(378,423)	4.5%
INCOME FROM ELECTRIC ENERGY SERVICE	690,459	1,006,522	-31.4%	1,874,539	2,047,260	-8.4%
FINANCIAL INCOME (EXPENSE)	(72,259)	(211,324)	-65.8%	48,748	(431,364)	-111.3%
Income	182,483	231,337	-21.1%	620,775	437,932	41.8%
Expense	(254,742)	(442,661)	-42.5%	(572,027)	(869,296)	-34.2%
Equity in subsidiaries	85,034	89,654	-5.2%	170,194	175,430	-3.0%
INCOME BEFORE TAXES	703,233	884,854	-20.5%	2,093,481	1,791,326	16.9%
Social Contribution	(65,122)	(84,028)	-22.5%	(195,031)	(174,078)	12.0%
Income Tax	(175,903)	(227,153)	-22.6%	(532,117)	(473,217)	12.4%
NET INCOME	462,207	573,673	-19.4%	1,366,333	1,144,031	19.4%
Net income attributable to the shareholders of the company	451,093	580,629	-22.3%	1,341,134	1,184,079	13.3%
Net income attributable to the non controlling interests	11,115	(6,956)	-259.8%	25,199	(40,049)	-162.9%
EBITDA	1,208,150	1,504,503	-19.7%	2,904,363	3,035,600	-4.3%

Net Income for the Period and Adjusted EBITDA Reconciliation				
NET INCOME FOR THE PERIOD	462,207	573,673	1,366,333	1,144,031
Depreciation and Amortization	432,513	408,180	859,341	812,621
Amortization of fair value adjustment of asset	145	145	290	290
Financial Income (Expense)	72,259	211,324	(48,748)	431,364
Social Contribution	65,122	84,028	195,031	174,078
Income Tax	175,903	227,153	532,117	473,217
Adjusted EBITDA	1,208,150	1,504,502	2,904,364	3,035,601

(*) For purposes of presentation of the comments on performance, the reclassification of revenue from network usage charge - TUSD to captive consumers was not made.

Gross operating revenue

Gross operating revenue for the 2nd quarter of 2020 was R\$ 9,846,540, a decrease of 8.9% (R\$ 957,490) compared with the same period of the prior year.

The main factors of this variation were:

- Decrease of 12.4% (R\$ 930,271) in electricity sales to final consumers, mainly due to reduction in the volume of electricity sales, mainly due by the effects from the restrictive measures adopted by the authorities to control the coronavirus (COVID-19) pandemic;
- Decrease of 18.7% (R\$ 246,305) in electricity sales to wholesalers, mainly due to:
 - Increase of 25.8% (R\$ 38,584) in sales of spot market energy in CCEE (Electric Energy Trading Chamber), mainly due to the increase in volume of energy sold by 151.4% (R\$ 226,852), partially offset by decrease in average tariff of 50.0% (R\$ 188,268);
 - Decrease of 29.2% (R\$ 298,179) in other concessionaires, licensees and authorized, mainly due to the decrease of 27.8% in volume of energy sold (R\$ 283,210);
- Increase of R\$ 269,745 in sector assets and liabilities, mainly due to lower realization of assets in the 2nd quarter of 2020 (R\$ 171,196) and higher recognition of liabilities in the 2nd quarter of 2020 (R\$ 98,549).

➤ Volume of energy sold

In the 2nd quarter of 2020, the amount of energy billed to captive consumers in the period, including other licensees, presented a decrease of 9.1% when compared with the same quarter of the prior year. The poor performance in the 2nd quarter, especially in the commercial, industrial and public administration classes, is a consequence of the sanitary crisis worldwide caused by Covid-19. The social distancing measures to control the pandemic led to the temporary closing of stores and public buildings, as well as a reduction in industrial production. This significantly impacted electricity consumption in the period.

The consumption of the residential class represents 48.4% of the total market supplied by the distributors and recorded an increase of 1.0% in the 2nd quarter of 2020 compared with the same period in the prior year. This increase is due to the increase in the number of consuming units.

The commercial class represents 16.3% of the total market supplied by the distributors and recorded a decrease of 22.7% in the 2nd quarter of 2020 compared with the same period of the prior year.

The industrial class, which represents 9.6% of the total market supplied by the distributors, reported a decrease of 32.7% in the 2nd quarter of 2020 compared with the same period of the prior year.

The other consumption classes (rural, public administration, public utilities and licensees) participate with 25.8% of the total market supplied by the distributors. Such classes reported a decrease of 3.9% in the 2nd quarter of 2020 mainly due to the decrease in the public administration class (of 28.3%).

Regarding the volume of energy sold and transported in the concession area, which impacts both the billed supply (captive market) and the TUSD collection (free market), in the 2nd quarter of 2020 there was a decrease of 10.1% when compared with the same period of the prior year. The variation by class presents an increase of 1.0% in the residential class and decreases of 19.1% in the commercial class and 17.7% in the industrial class. Regarding other classes, there was a drop of 2.9%.

➤ Tariffs

In the 2nd quarter of 2020, energy supply tariffs charged by distribution subsidiaries are as follows:

Distributor	Month	2020		2019	
		RTA / RTP	Effect perceived by consumers (a)	RTA / RTP	Effect perceived by consumers (a)
CPFL Paulista	April (c)	14.90%	6.05%	12.02%	8.66%
CPFL Piratininga	October	(b)	(b)	1.88%	-7.80%
RGE	June (c)	15.74%	6.09%	10.05%	8.63%
RGE Sul (RGE)	June (c)	15.74%	6.09%	10.05%	1.72%
CPFL Santa Cruz	March	10.71%	0.20%	13.70%	13.31%

- (a) Represents the average effect perceived by consumers, as a result of the elimination from the tariff base of financial components that had been added in the prior tariff adjustment.
- (b) The tariff adjustment for 2020 of subsidiary CPFL Piratininga has not occurred yet.
- (c) The tariff adjustments of the two subsidiaries were suspended until June 30, 2020, in the context of the public health emergency worldwide due to the coronavirus pandemic. ANEEL recognized the right of the subsidiaries to the amount referring to the non-collection of the additional tariff revenue in the period, authorizing them to make a deduction in proportion to the period of suspension of collection of the monthly CDE quotas to CCEE.

Deductions from operating revenue

Deductions from operating revenue in the 2nd quarter of 2020 were R\$ 3,284,895, a decrease of 7.4% (R\$ 482,829) in relation to the same quarter of 2019, which mainly occurred due to:

- Decrease of 19.2% (R\$201,327) in CDE;
- Decrease of 9.5% (R\$ 156,075) in ICMS mainly due to the decrease in billed supply;
- Decrease of 9.0% in COFINS (R\$ 68,674) and PIS (R\$14,909) mainly due to the decrease in billed supply;
- Decrease in deductions from Tariff flags (R\$ 34,848).

Cost of electric energy

The cost of electric energy this quarter amounted to R\$ 4,023,190, a decrease of 5.7% (R\$ 245,420) in relation to the same period of the prior year, mainly justified by:

- Decrease of 1.7% (R\$ 61,819) in electric energy purchases for resale, due to:
 - Decrease of 2.8% (R\$ 101,201) in electric energy purchased;
 - Increase of 1.1% (R\$ 39,681) in average price.
- Decrease of 27.7% (R\$ 183,601) in the transmission and distribution system usage charges, mainly due to a decrease in system service charge – ESS net of CONER transfers (R\$ 243,397), partially offset by:
 - (i) reserve energy charge – EER (R\$ 27,001), and (ii) basic network charge (R\$ 15,450).

Operating costs and expenses

Disregarding the cost of construction of the concession infrastructure, operating costs and expenses this quarter amounted to R\$ 1,247,491, a decrease of 0.2% (R\$ 2,360) compared with the same period of the prior year. This variation is mainly due to:

- **Personnel:** decrease of 2.3% (R\$ 8,324) mainly due to the effects of the dismissals;
- **Private pension entity:** increase of 52.1 (R\$ 14,662) due to the recognition of the impact of the actuarial report;
- **Materials:** decrease of 11.1% (R\$ 7,354) mainly due to the decrease in (i) maintenance of lines, networks and machinery and equipment (R\$ 19,758), and (ii) fleet maintenance (R\$ 3,924), partially offset by the increase in cost of products and services provided (R\$ 15,100);
- **Third-party services:** decrease of 15.4% (R\$ 27,529) mainly due to the decrease (i) in outsourced services (ii) maintenance of lines, networks and substations, mainly due to the reduction in the execution of services in 2020 due to the coronavirus (COVID-19) pandemic;
- **Depreciation/amortization:** increase of 7.0% (R\$ 24,333) mainly due to asset purchases in the period;
- **Other expenses:** increase of 0.9% (R\$ 1,853), mainly due to the increase in: (i) allowance for doubtful debts (R\$ 14,892); (ii) donations, contributions and subsidies (R\$ 5,904); and other (R\$ 6,052), partially offset by the decrease in (i) legal, judicial and indemnities (R\$ 12,685) and (iii) loss on disposal and retirement of noncurrent assets (R\$ 16,016).

Financial income (expenses)

Net financial result this quarter presented expenses of R\$ 72,259, compared with R\$ 211,324 in the same period of 2019, a decrease of 65.8% (R\$ 139,064). Such variation is basically due to:

- Decrease in financial income of 21.1% (R\$ 48,855) mainly due to the decrease in: (i) income from CCEE settlements (R\$ 22,181); (ii) monetary adjustment of sector financial assets (R\$ 15,553); (iii) financial investments yield (R\$ 4,962); and (iv) monetary adjustment of judicial deposits (R\$ 4,860);
- Decrease in financial expenses of 42.5% (R\$ 187,919) mainly due to the decrease in: (i) monetary adjustment and exchange rate changes (R\$ 95,816); (ii) decrease in interest on debts (R\$ 68,062); and (iii) expenses from CCEE settlements (R\$ 23,970).

Share of profit (loss) of investees

The variation in share of profit (loss) of investees refers to the effect of the share of profit (loss) of joint ventures as follows:

	<u>2nd quarter 2020</u>	<u>2nd quarter 2019</u>
Epasa	17,131	24,935
Baesa	(7,471)	(3,169)
Enercan	34,547	36,457
Chapecoense	40,972	31,576
Amortization of fair value adjustment of asset	(145)	(145)
Total	85,034	89,654

- **EPASA:** Decrease of R\$ 7,804, mainly related to the decrease in energy generation from 204 Gwh in the 2nd quarter of 2019 to 1 Gwh in the 2nd quarter of 2020.
- **CHAPECOENSE:** Increase of R\$ 9,397 mainly due to the decrease of interest on the debentures and charges for use of public assets.

Social contribution and income tax

Expenses on taxes on profit in the 2nd quarter of 2020 were R\$ 241,025, a decrease of 22.5% (R\$ 70,156) in relation to those recorded in the same quarter of 2019, which reflects mainly the effects of variation in Profit Before Taxes.

Profit for the period and EBITDA

Due to the factors described above, the profit for this quarter was R\$ 462,207, 19.4% (R\$ 573,673) lower than the one of the same period of 2019.

EBITDA (Earnings before the effects of depreciation, amortization, finance income and costs, and income tax and social contribution) for the 2nd quarter of 2020 was R\$ 1,208,150, 19.7% (R\$ 296,352) lower than the one determined in the same period of 2019.

COMMENTS ON THE PERFORMANCE OF SUBSIDIARIES/ASSOCIATES

Subsidiary/Associate: Companhia Paulista de Força e Luz - CPFL

The subsidiary Companhia Paulista de Força e Luz - CPFL is a publicly-held corporation, and the comment on its performance is included in its Quarterly Information - ITR as of June 30, 2020 filed with the Brazilian Securities and Exchange Commission (CVM).

Subsidiary/Associate: CPFL Geração de Energia S.A.

The subsidiary CPFL Geração de Energia S/A is a publicly-held corporation, and the comments on its individual and consolidated performance is included in its Quarterly Information – ITR as of June 30, 2020 filed with the Brazilian Securities and Exchange Commission (CVM).

Subsidiary/Associate: Companhia Piratininga de Força e Luz

The subsidiary Companhia Piratininga de Força e Luz is a publicly-held corporation, and the comments on its performance is included in its Quarterly Information – ITR as of June 30, 2020 filed with the Brazilian Securities and Exchange Commission (CVM).

Subsidiary/Associate: RGE Sul Distribuidora de Energia S.A.

The subsidiary RGE Sul Distribuidora de Energia S.A is a publicly-held corporation, and the comment on its performance is included in its Quarterly Information – ITR as of June 30, 2020 filed with the Brazilian Securities and Exchange Commission (CVM).

Subsidiary: CPFL Comercialização Brasil S.A.

	Consolidated					
	2nd quarter			1st semester		
	2020	2019	%	2020	2019	%
OPERATING REVENUES	807,414	921,645	-12.4%	1,626,320	1,783,498	-8.8%
Electricity sales to final consumers	516,731	532,085	-2.9%	1,061,960	1,029,630	3.1%
Electricity sales to wholesaler's	290,682	388,858	-25.2%	564,185	753,164	-25.1%
Other operating revenues	1	702	-99.8%	175	704	-75.1%
Deductions from operating revenues	(99,054)	(110,311)	-10.2%	(201,481)	(213,054)	-5.4%
NET OPERATING REVENUE	708,360	811,334	-12.7%	1,424,839	1,570,444	-9.3%
COST OF ELECTRIC ENERGY SERVICES	(675,993)	(782,234)	-13.6%	(1,382,859)	(1,501,003)	-7.9%
Electricity purchased for resale	(676,228)	(782,097)	-13.5%	(1,383,092)	(1,500,907)	-7.8%
Electricity network usage charges	235	(137)	-271.1%	233	(96)	-343.3%
OPERATING COST/EXPENSE	(13,764)	(8,981)	53.3%	(25,080)	(20,239)	23.9%
Personnel	(9,114)	(5,680)	60.5%	(17,025)	(13,002)	30.9%
Materials	(22)	(47)	-53.3%	(82)	(85)	-2.8%
Outside Services	(1,728)	(1,942)	-11.1%	(3,543)	(4,018)	-11.8%
Depreciation and Amortization	(480)	(497)	-3.4%	(1,373)	(1,015)	35.2%
Other	(2,421)	(815)	197.2%	(3,057)	(2,120)	44.2%
INCOME FROM ELECTRIC ENERGY SERVICE	18,603	20,118	-7.5%	16,901	49,203	-65.7%
FINANCIAL INCOME (EXPENSE)	1,734	(1,316)	-231.8%	10,763	(9,064)	-218.7%
Income	8,375	14,931	-43.9%	17,976	21,463	-16.2%
Expense	(6,640)	(16,247)	-59.1%	(7,213)	(30,527)	-76.4%
Equity in subsidiaries	4,690	13,610	-65.5%	32,361	31,769	1.9%
INCOME BEFORE TAXES	25,029	32,414	-22.8%	60,024	71,908	-16.5%
Social Contribution	(1,857)	(1,734)	7.1%	(2,542)	(3,696)	-31.2%
Income Tax	(5,379)	(4,899)	9.8%	(7,377)	(10,409)	-29.1%
NET INCOME	17,793	25,779	-31.0%	50,106	57,803	-13.3%
Net income attributable to the shareholders of the company	17,793	25,780	-31.0%	50,106	57,803	-13.3%
EBITDA	24,666	34,657	-28.8%	52,669	83,051	-36.6%
Net Income for the Period and Adjusted EBITDA Reconciliation						
NET INCOME FOR THE PERIOD	17,793	25,779		50,106	57,803	
Depreciation and Amortization	480	497		1,373	1,015	
Amortization of fair value adjustment of asset	892	431		2,035	1,064	
Financial Income (Expense)	(1,734)	1,316		(10,763)	9,064	
Social Contribution	1,857	1,734		2,542	3,696	
Income Tax	5,379	4,899		7,377	10,409	
Adjusted EBITDA	24,666	34,657		52,669	83,051	

Gross operating revenue

Gross operating revenue for the 2nd quarter of 2020 was R\$ 807,414, a decrease of R\$ 114,231 (12.4%) in relation to the same quarter of 2019, mainly due to (i) a decrease in energy supply operations by 25.2% (R\$ 98,176) due to the 15.9% decrease in the volume of energy sold (R\$ 55,947), due to the decrease in the volume of contracts, coupled with the 10.2% reduction in average price (R\$ 39,878); (ii) decrease of 2.9% (R\$ 15,354) in energy supply, due to the decrease in volume by 7% (R\$ 37,570), mainly due to the decrease in the supply of energy to industrial customers, offset by the increase in average price of 4.1% (R\$ 21,597).

Cost of electric energy

The cost of electric energy in the 2nd quarter of 2020 was R\$ 675,993, a decrease of R\$ 106,241 (13.6%) in relation to the same quarter of 2019, mainly due to a reduction in the volume of energy purchased by 11.19% (R\$ 85,180), coupled with an average price reduction of 2.44% (R\$ 19,033).

Operating costs and expenses

Operating costs and expenses in the 2nd quarter of 2020 were R\$ 13,764, an increase of R\$ 4,783 (53.3%) in relation to the same quarter of 2019, basically due to:

- (i) Increase in personnel expenses mainly relating to short and medium-term benefits (R\$ 3,302);
- (ii) Increase in donations due to the Special COVID-19 contribution (R\$ 530); and
- (iii) Increase in the allowance for bad debts, mainly due to the increase in customers' default (R\$ 550).

Financial income (expenses)

Net financial result this quarter presented income of R\$ 1,734, a decrease of 231.8% (R\$ 3,051) compared with the same quarter of 2019.

Financial income: Decrease of 43.9% (R\$ 6,556) mainly due to the decrease in financial investments yield (R\$ 4,999) and the decrease in monetary adjustment of accounts receivable with CCEE (R\$ 2,114).

Financial expenses: Decrease of 59.1% (R\$ 9,607) due to the decrease in interest on debts (R\$ 11,593) mainly due to the decrease in debt monetary adjustment indices, partially offset by the increase in mark-to-market adjustment of derivatives pegged to debts (R\$ 1,660).

The share of profit (loss) of investees in the 2nd quarter of 2020 amounted to profit of R\$ 4,690, mainly due to the effect of the share of profit (loss) of investee RGE Sul.

Profit for the period and EBITDA

The result determined in the 2nd quarter of 2020 was a profit of R\$ 17,793, a decrease of R\$7,987 (31%) when compared with the same quarter of 2019.

EBITDA (Earnings before finance result, income tax and social contribution, depreciation and amortization) for the 2nd quarter of 2020 was R\$ 24,666, a decrease of 28.8% when compared with the same quarter of 2019, which was R\$ 34,657 (information not reviewed by the Independent Auditors).

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CPFL Energia S.A.
Statements of financial position at June 30, 2020 and December 31, 2019
(in thousands of Brazilian Reais)

	Note	Parent company		Consolidated	
		June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
ASSETS					
Current assets					
Cash and cash equivalents	5	137,851	33,909	6,987,631	1,937,163
Marketable securities	6	-	-	1,350,434	851,004
Consumers, concessionaires and licensees	7	-	-	4,249,692	4,985,578
Dividends and interest on capital	13	1,894,578	816,205	152,063	100,297
Income tax and social contribution recoverable	8	78	78	165,303	87,698
Other taxes recoverable	8	29,342	58,947	348,582	331,428
Derivatives	34	-	-	1,389,686	281,326
Sector financial asset	9	-	-	808,650	1,093,588
Contract assets	16	-	-	24,927	24,387
Other assets	12	609	400	810,695	648,161
Total current assets		2,062,459	909,539	16,287,663	10,340,630
Noncurrent assets					
Consumers, concessionaires and licensees	7	-	-	742,112	713,068
Intragroup loans	32	414,672	424,387	-	-
Escrow Deposits	23	538	453	774,370	757,370
Income tax and social contribution recoverable	8	-	-	35,467	101,528
Other taxes recoverable	8	-	-	376,505	370,595
Sector financial assets	9	-	-	82,864	2,748
Derivatives	34	-	-	1,533,646	369,767
Deferred tax assets	10	85,009	85,474	445,492	1,064,716
Concession financial asset	11	-	-	9,417,013	8,779,717
Investments at cost		-	-	116,654	116,654
Other assets	12	3,510	3,960	721,542	736,019
Investments	13	12,787,900	12,327,132	1,029,549	997,997
Property, plant and equipment	14	2,293	2,226	8,880,619	9,083,710
Contract asset	16	-	-	1,446,974	1,322,822
Intangible assets	15	143	120	9,116,917	9,320,953
Total noncurrent assets		13,294,065	12,843,753	34,719,722	33,737,664
Total assets		15,356,524	13,753,291	51,007,386	44,078,293

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



CPFL Energia S.A.

Statements of financial position at June 30, 2020 and December 31, 2019

(in thousands of Brazilian Reais)

LIABILITIES AND EQUITY	Note	Parent company		Consolidated	
		June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
Current liabilities					
Trade payables	17	295	4,698	2,735,037	3,260,180
Borrowings	18	-	-	4,925,936	2,776,193
Debentures	19	-	-	1,455,664	682,582
Private pension plan	20	-	-	141,194	224,851
Regulatory liabilities	21	-	-	179,829	232,251
Income tax and social contribution payable	22	-	40,629	90,139	218,961
Other taxes, fees and contributions	22	2,109	25,315	1,055,553	741,536
Dividends		644,785	645,737	689,024	668,859
Estimated payroll		-	-	157,962	125,057
Derivatives	34	-	-	488	29,400
Use of public asset		-	-	12,573	11,771
Other payables	24	19,355	22,318	1,547,481	1,094,269
Total current liabilities		666,544	738,697	12,990,880	10,065,908
Noncurrent liabilities					
Trade payables	17	-	-	373,831	359,944
Borrowings	18	-	-	10,847,458	7,587,102
Debentures	19	-	-	6,485,052	7,863,696
Private pension plan	20	-	-	1,861,490	2,153,327
Income tax and social contribution payable	22	-	-	157,496	156,198
Other taxes, fees and contributions	22	-	-	807	805
Deferred tax liabilities	10	-	-	1,157,619	1,048,069
Provision for tax, civil and labor risks	23	123	123	543,730	600,775
Intragroup loans	32	-	-	851,088	-
Derivatives	34	-	-	-	6,157
Sector financial liability	9	-	-	58,150	102,561
Use of public asset		-	-	93,994	91,181
Other payables	24	12,103	20,090	632,948	759,331
Total noncurrent liabilities		12,226	20,213	23,063,662	20,729,147
Equity	25				
Issued capital		9,388,080	9,388,081	9,388,080	9,388,081
Capital reserves		(1,642,743)	(1,640,962)	(1,642,743)	(1,640,962)
Legal reserve		1,036,125	1,036,125	1,036,125	1,036,125
Statutory reserve - working capital improvement		4,046,305	4,046,305	4,046,305	4,046,305
Dividend		1,433,295	1,433,295	1,433,295	1,433,295
Accumulated comprehensive income		(938,114)	(1,268,465)	(938,114)	(1,268,465)
Retained earnings		1,354,805	-	1,354,805	-
		14,677,754	12,994,381	14,677,754	12,994,381
Equity attributable to noncontrolling interests		-	-	275,090	288,857
Total equity		14,677,754	12,994,381	14,952,844	13,283,238
Total liabilities and equity		15,356,524	13,753,291	51,007,386	44,078,293

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



CPFL Energia S.A.

Statements of income for the periods ended June 30, 2020 and 2019
(in thousands of Brazilian Reals, except for Earnings per share)

	Note	Parent company				Consolidated			
		2020		2019		2020		2019	
		2nd quarter	6 months	2nd quarter	6 months	2nd quarter	6 months	2nd quarter	6 months
Net operating revenue	27	-	(3,983)	-	-	6,561,645	13,843,911	7,036,306	14,163,752
Cost of services									
Cost of electric energy	28	-	-	-	-	(4,023,190)	(8,364,609)	(4,268,610)	(8,752,373)
Cost of operation		-	-	-	-	(715,287)	(1,461,914)	(724,321)	(1,419,104)
Depreciation and amortization		-	-	-	-	(330,383)	(659,600)	(318,123)	(632,408)
Other cost of operation	29	-	-	-	-	(384,904)	(802,314)	(406,198)	(786,696)
Cost of services rendered to third parties	29	-	-	-	-	(601,904)	(1,098,081)	(512,238)	(928,133)
Gross profit		-	(3,983)	-	-	1,221,264	2,919,307	1,531,137	3,064,141
Operating expenses									
Selling expenses		-	-	-	-	(192,718)	(367,110)	(181,128)	(363,467)
Depreciation and amortization		-	-	-	-	(1,705)	(3,628)	(1,283)	(2,563)
Allowance for doubtful accounts		-	-	-	-	(80,128)	(137,972)	(65,236)	(133,850)
Other selling expenses	29	-	-	-	-	(110,885)	(225,510)	(114,609)	(227,054)
General and administrative expenses		(9,256)	(20,514)	(14,163)	(25,008)	(239,764)	(469,820)	(229,647)	(444,128)
Depreciation and amortization		(103)	(199)	(53)	(108)	(28,315)	(51,894)	(16,665)	(33,431)
Other general and administrative expenses	29	(9,153)	(20,315)	(14,110)	(24,900)	(211,449)	(417,926)	(212,982)	(410,697)
Other operating expenses		-	-	-	-	(98,324)	(207,839)	(113,838)	(209,286)
Amortization of concession intangible asset		-	-	-	-	(72,109)	(144,219)	(72,109)	(144,219)
Other operating expenses	29	-	-	-	-	(26,215)	(63,620)	(41,729)	(65,067)
Income from electric energy services		(9,255)	(24,497)	(14,163)	(25,008)	690,458	1,874,539	1,006,524	2,047,260
Equity interests in subsidiaries, associates and joint ventures	13	457,975	1,357,390	583,916	1,195,693	85,034	170,194	89,654	175,430
		448,720	1,332,893	569,753	1,170,685	775,492	2,044,733	1,096,178	2,222,690
Financial income (expenses)	30								
Financial income		3,767	8,830	11,193	13,663	182,483	620,775	231,337	437,932
Financial expenses		(9)	(25)	(27)	(35)	(254,742)	(572,027)	(442,661)	(869,296)
		3,758	8,806	11,166	13,628	(72,259)	48,748	(211,324)	(431,364)
Profit before taxes		452,478	1,341,699	580,919	1,184,313	703,233	2,093,481	884,854	1,791,326
Social contribution	10	98	766	286	971	(65,122)	(195,031)	(84,028)	(174,078)
Income tax	10	(1,483)	(1,332)	(577)	(1,206)	(175,903)	(532,117)	(227,153)	(473,217)
		(1,385)	(565)	(291)	(235)	(241,025)	(727,148)	(311,181)	(647,295)
Profit for the period		451,093	1,341,134	580,628	1,184,079	462,207	1,366,333	573,673	1,144,031
Profit (loss) for the period attributable to owners of the Company						451,093	1,341,134	580,628	1,184,079
Profit (loss) for the period attributable to noncontrolling interests						11,114	25,199	(6,955)	(40,049)
Basic earnings per share attributable to owners of the Company (R\$):	26					0.39	1.16	0.57	1.16
Diluted earnings per share attributable to owners of the Company (R\$):	26					0.39	1.16	0.57	1.16

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



CPFL Energia S.A.

Statements of comprehensive income for the periods ended June 30, 2020 and 2019
(in thousands of Brazilian Reais)

	2020		Parent company	
			2019	
	2nd quarter	6 months	2nd quarter	6 months
Profit for the period	451,093	1,341,134	580,628	1,184,079
Other comprehensive income				
Items that will not be reclassified subsequently to profit or loss				
Comprehensive income for the period of subsidiaries	(13,820)	343,185	(9,907)	(7,981)
Total comprehensive income for the period	437,273	1,684,319	570,721	1,176,099

	2020		Consolidated	
			2019	
	2nd quarter	6 months	2nd quarter	6 months
Profit for the period	462,207	1,366,333	573,673	1,144,031
Other comprehensive income				
Items that will not be reclassified subsequently to profit or loss				
- Actuarial gains (losses), net of tax effects	(1,936)	270,660	(1,836)	(3,669)
- Credit risk in fair value measurement of financial liabilities	(11,884)	72,525	(8,071)	(4,312)
Total comprehensive income for the period	448,387	1,709,518	563,766	1,136,050
Attributable to owners of the Company	437,273	1,684,319	570,721	1,176,099
Attributable to noncontrolling interests	11,114	25,199	(6,955)	(40,049)

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



CPFL Energia S.A.
Statements of changes in the shareholder equity for the periods ended June 30, 2020 and 2019
(in thousands of Brazilian Reals)

	Earnings reserves					Accumulated comprehensive income				Noncontrolling interests		
				Statutory reserve / Working capital improvement	Dividend		Private pension plan / Credit risk in fair value measurement	Retained earnings	Total	Accumulated comprehensive income	Other equity components	Total equity
	Issued capital	Capital reserve	Legal reserve			Deemed cost						
Balance at December 31, 2018	5,741,284	469,257	900,992	3,527,510		380,721	(757,016)	-	10,262,749	10,055	2,259,578	12,532,383
Total comprehensive income	-	-	-	-	-	-	(7,981)	1,184,079	1,176,098	-	(40,048)	1,136,050
Profit for the period	-	-	-	-	-	-	-	1,184,079	1,184,079	-	(40,048)	1,144,031
Other comprehensive income - credit risk in fair value measurement	-	-	-	-	-	-	(4,312)	-	(4,312)	-	-	(4,312)
Other comprehensive income - actuarial gains (losses)	-	-	-	-	-	-	(3,669)	-	(3,669)	-	-	(3,669)
Internal changes in equity	-	-	-	-	-	(12,518)	-	12,518	-	(889)	859	(30)
Realization of deemed cost of property, plant and equipment	-	-	-	-	-	(18,967)	-	18,967	-	(1,347)	1,347	-
Tax effect on realization of deemed cost	-	-	-	-	-	6,449	-	(6,449)	-	458	(458)	-
Other changes in noncontrolling interests	-	-	-	-	-	-	-	-	-	-	(30)	(30)
Capital transactions with owners	3,648,374	(75,298)	-	-	-	-	-	-	3,573,076	-	59,556	3,632,632
Capital increase (decrease)	3,694,342	-	-	-	-	-	-	-	3,694,342	-	122	3,694,464
Public offering costs	(45,968)	-	-	-	-	-	-	-	(45,968)	-	-	(45,968)
Gain (loss) on interest in subsidiaries with no change in control	-	(75,298)	-	-	-	-	-	-	(75,298)	-	75,298	-
Dividend proposal approved	-	-	-	-	-	-	-	-	-	-	(15,864)	(15,864)
Balance at June 30, 2019	9,389,657	393,959	900,992	3,527,510	-	368,203	(764,997)	1,196,597	15,011,923	9,166	2,279,945	17,301,036
Balance at December 31, 2019	9,388,081	(1,640,962)	1,036,125	4,046,305	1,433,295	355,049	(1,623,514)	-	12,994,381	8,278	280,578	13,283,238
Total comprehensive income	-	-	-	-	-	-	343,185	1,341,134	1,684,319	-	25,199	1,709,518
Profit for the period	-	-	-	-	-	-	-	1,341,134	1,341,134	-	25,199	1,366,333
Other comprehensive income - credit risk in fair value measurement	-	-	-	-	-	-	72,525	-	72,525	-	-	72,525
Other comprehensive income - actuarial gains (losses)	-	-	-	-	-	-	270,660	-	270,660	-	-	270,660
Internal changes in equity	-	-	-	-	-	(12,834)	-	12,834	-	(889)	856	(33)
Realization of deemed cost of property, plant and equipment	-	-	-	-	-	(19,445)	-	19,445	-	(1,347)	1,347	-
Tax effect on realization of deemed cost	-	-	-	-	-	6,611	-	(6,611)	-	458	(458)	-
Other changes in noncontrolling interests	-	-	-	-	-	-	-	-	-	-	(33)	(33)
Capital transactions with owners	(1)	(1,782)	-	-	-	-	-	837	(946)	-	(38,933)	(39,879)
Public offering costs	(1)	-	-	-	-	-	-	-	(1)	-	-	(1)
Gain (loss) on interest in subsidiaries with no change in control	-	(1,782)	-	-	-	-	-	-	(1,782)	-	(1,566)	(3,348)
Additional proposed dividend	-	-	-	-	-	-	-	-	-	-	(37,367)	(37,367)
Dividend approved	-	-	-	-	-	-	-	837	837	-	-	837
Balance at June 30, 2020	9,388,080	(1,642,743)	1,036,125	4,046,305	1,433,295	342,215	(1,280,329)	1,354,805	14,677,754	7,389	267,700	14,952,844

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



CPFL Energia S.A.

Statements of cash flow for the periods ended June 30, 2020 and 2019
(in thousands of Brazilian Reais)

	Parent company		Consolidated	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
Profit before taxes	1,341,699	1,184,313	2,093,481	1,791,326
Adjustment to reconcile profit to cash from operating activities				
Depreciation and amortization	199	108	859,341	812,621
Provision for tax, civil and labor risks	47	132	48,203	62,434
Allowance for doubtful accounts	-	-	137,972	133,850
Interest on debts, monetary adjustment and exchange rate changes	(7,883)	(39)	119,333	481,037
Pension plan expense (income)	-	-	88,252	56,302
Equity interests in subsidiaries, associates and joint ventures	(1,357,390)	(1,195,693)	(170,194)	(175,430)
Loss (gain) on disposal of noncurrent assets	-	-	58,755	60,902
Others	-	-	3,868	(213)
	(23,328)	(11,178)	3,239,010	3,222,830
Decrease (increase) in operating assets				
Consumers, concessionaires and licensees	-	-	568,940	(121,622)
Dividend and interest on capital received	194,652	347,350	86,877	122,868
Taxes recoverable	32,520	7,316	35,381	(154,688)
Escrow deposits	(81)	(7)	(7,418)	(17,088)
Sector financial asset	-	-	236,563	281,882
Receivables - CDE	-	-	6	38,738
Other operating assets	241	675	(282,911)	2,607
Increase (decrease) in operating liabilities				
Trade payables	(4,403)	5,591	(511,256)	325,165
Other taxes and social contributions	(23,206)	(3,873)	324,737	(13,318)
Other liabilities with private pension plan	-	-	(93,500)	(61,938)
Regulatory charges	-	-	(52,422)	10,627
Tax, civil and labor risks paid	(39)	(39)	(119,648)	(92,980)
Sector financial liability	-	-	(64,020)	20,943
Payables - CDE	-	-	(8,733)	23,696
Other operating liabilities	(10,950)	(9,386)	467,294	378,989
Cash flows provided (used) by operations	165,406	336,449	3,818,900	3,966,711
Interest paid on debts and debentures	-	-	(432,191)	(595,047)
Income tax and social contribution paid	(42,318)	(3,023)	(343,553)	(533,803)
Cash flows provided (used) by operations activities	123,088	333,426	3,043,155	2,837,861
Investing activities				
Capital increase of shareholders	-	-	(3,348)	-
Purchases of property, plant and equipment	(258)	(988)	(110,745)	(71,669)
Purchases of contract asset	-	-	(1,039,143)	(887,835)
Purchases and construction of intangible assets	(32)	-	(13,924)	(6,634)
Securities, pledges and restricted deposits - investment	-	-	(1,429,206)	(172,269)
Securities, pledges and restricted deposits - redemption	-	-	946,674	183,797
Advances for future capital increases	(35,000)	-	-	-
Intragroup loans to subsidiaries	(46,945)	(876)	-	-
Receiving of intragroup loans from subsidiaries	63,205	72,349	-	-
Net cash generated by (used) in investing activities	(19,030)	70,485	(1,649,693)	(954,611)
Financing activities				
Public offering costs	(1)	3,624,689	(1)	3,624,689
Borrowings and debentures raised	-	-	4,665,557	4,431,859
Repayment of principal of borrowings and debentures	-	-	(2,036,449)	(4,988,656)
Repayment of derivatives	-	-	195,893	155,070
Advance for future capital increase	-	-	-	12
Dividend and interest on capital paid	(115)	(29)	(16,364)	(16,176)
Intragroup loans raised	-	-	850,000	-
Intragroup loans paid	-	-	(1,630)	-
Net cash generated by (used in) financing activities	(116)	3,624,660	3,657,006	3,206,799
Net increase (decrease) in cash and cash equivalents	103,942	4,028,571	5,050,469	5,090,048
Cash and cash equivalents at the beginning of the period	33,909	79,364	1,937,163	1,891,457
Cash and cash equivalents at the end of the period	137,851	4,107,935	6,987,631	6,981,505

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



CPFL Energia S.A.

Statements of value added for the periods ended June 30, 2020 and 2019

(in thousands of Brazilian Reais)

	Parent company		Consolidated	
	2020	2019	2020	2019
	6 months	6 months	6 months	6 months
1. Revenues	(3,693)	989	20,704,257	21,579,978
1.1 Operating revenues	(3,983)	-	19,625,994	20,665,205
1.2 Revenues related to the construction of own assets	289	988	116,960	122,042
1.3 Revenue from infrastructure construction of the concession	-	-	1,099,275	926,580
1.4 Allowance for doubtful accounts	-	-	(137,972)	(133,850)
2. (-) Inputs	(6,121)	(13,829)	(11,179,762)	(11,400,429)
2.1 Electricity Purchased for Resale	-	-	(9,283,909)	(9,633,882)
2.2 Material	(302)	(1,079)	(775,757)	(693,232)
2.3 Outsourced Services	(3,682)	(11,344)	(796,840)	(749,707)
2.4 Other	(2,137)	(1,405)	(323,257)	(323,608)
3. Gross added value (1 + 2)	(9,815)	(12,840)	9,524,494	10,179,548
4. Retentions	(199)	(108)	(863,320)	(816,054)
4.1 Depreciation and amortization	(199)	(108)	(719,101)	(671,834)
4.2 Amortization of intangible assets of the concession	-	-	(144,219)	(144,218)
5. Net added value generated (3 + 4)	(10,014)	(12,948)	8,661,173	9,363,494
6. Added value received in transfer	1,366,651	1,210,022	808,797	635,477
6.1 Financial Income	9,261	14,330	638,602	460,047
6.2 Equity interests in subsidiaries, associates and joint ventures	1,357,390	1,195,693	170,194	175,430
7. Added value to be distributed (5 + 6)	1,356,637	1,197,075	9,469,970	9,998,971
8. Distribution of added value				
8.1 Personnel and Charges	12,166	10,239	746,566	716,582
8.1.1 Direct Remuneration	5,965	4,796	407,879	403,516
8.1.2 Benefits	5,285	4,762	307,083	280,430
8.1.3 Government severance indemnity fund for employees - F.G.T.S.	916	681	31,604	32,636
8.2 Taxes, Fees and Contributions	3,182	2,668	6,719,632	7,220,971
8.2.1 Federal	3,140	2,652	3,404,789	3,793,321
8.2.2 Estate	42	16	3,297,738	3,412,197
8.2.3 Municipal	-	-	17,105	15,453
8.3 Interest and Rentals	155	89	637,439	917,390
8.3.1 Interest	8	32	583,033	878,741
8.3.2 Rental	147	58	54,406	38,649
8.4 Interest on capital	1,341,134	1,184,079	1,366,333	1,144,031
8.4.1 Retained Earnings	1,341,134	1,184,079	1,366,333	1,144,031
	1,356,637	1,197,075	9,469,970	9,998,971

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

CPFL ENERGIA S.A.
NOTES TO THE INTERIM FINANCIAL STATEMENTS
AT JUNE 30, 2020

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

(1) OPERATIONS

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

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

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

Energy distribution	Company type	Equity interest	Location (state)	Number of municipalities	Approximate number of consumers (in thousands)	Concession period	End of the concession
Companhia Paulista de Força e Luz (“CPFL Paulista”)	Publicly-held corporation	Direct 100%	Interior of São Paulo	234	4,615	30 years	November 2027
Companhia Piratininga de Força e Luz (“CPFL Piratininga”)	Publicly-held corporation	Direct 100%	Interior and coast of São Paulo	27	1,801	30 years	October 2028
RGE Sul Distribuidora de Energia S.A. (“RGE”)	Publicly-held corporation	Direct and Indirect 100%	Interior of Rio Grande do Sul	381	2,935	30 years	November 2027
Companhia Jaguarí de Energia (“CPFL Santa Cruz”)	Privately-held corporation	Direct 100%	Interior of São Paulo, Paraná and Minas Gerais	45	470	30 years	July 2045

Energy generation (conventional and renewable sources) and Energy transmission	Company type	Equity interest	Location (state)	Number of plants / type of energy	Installed power (MW)	
					Total	CPFL share
CPFL Geração de Energia S.A. (“CPFL Geração”)	Publicly-held corporation	Direct 100%	São Paulo e Goiás	3 Hydropower (a)	1295	678
CERAN - Companhia Energética Rio das Antas (“CERAN”)	Privately-held corporation	Indirect 65%	Rio Grande do Sul	3 Hydropower	360	234
Foz do Chapecó Energia S.A. (“Foz do Chapecó”)	Privately-held corporation	Indirect 51% (d)	Santa Catarina e Rio Grande do Sul	1 Hydropower	855	436
Campos Novos Energia S.A. (“ENERCAN”)	Privately-held corporation	Indirect 48.72%	Santa Catarina	1 Hydropower	880	429
BAESA - Energética Barra Grande S.A. (“BAESA”)	Publicly-held corporation	Indirect 25.01%	Santa Catarina e Rio Grande do Sul	1 Hydropower	690	173
Centrais Elétricas da Paraíba S.A. (“EPASA”)	Privately-held corporation	Indirect 53.34%	Paraíba	2 Thermal	342	182
Paulista Lajeado Energia S.A. (“Paulista Lajeado”)	Privately-held corporation	Indirect 59.93% (b)	Tocantins	1 Hydropower	903	38
CPFL Energias Renováveis S.A. (“CPFL Renováveis”)	Publicly-held corporation	Direct and Indirect 99.94%	(c)	(c)	(c)	(c)
CPFL Centrais Geradoras Ltda (“CPFL Centrais Geradoras”)	Limited liability company	Direct 100%	São Paulo e Minas Gerais	6 SHPs	4	4
CPFL Transmissão Piracicaba S.A. (“CPFL Transmissão Piracicaba”)	Privately-held corporation	Indirect 100%	São Paulo	n/a	n/a	n/a
CPFL Transmissão Morro Agudo S.A. (“CPFL Transmissão Morro Agudo”)	Privately-held corporation	Indirect 100%	São Paulo	n/a	n/a	n/a
CPFL Transmissão Maracanaú S.A. (“CPFL Maracanaú”) (e)	Privately-held corporation	Indirect 100%	Ceará	n/a	n/a	n/a
CPFL Transmissão Sul I S.A. (“CPFL Sul I”)	Privately-held corporation	Indirect 100%	Santa Catarina	n/a	n/a	n/a
CPFL Transmissão Sul II S.A. (“CPFL Sul II”)	Privately-held corporation	Indirect 100%	Rio Grande do Sul	n/a	n/a	n/a

Energy commercialization	Company type	Core activity	Equity interest
CPFL Comercialização Brasil S.A. ("CPFL Brasil")	Privately-held corporation	Energy commercialization	Direct 100%
Clion Assessoria e Comercialização de Energia Elétrica Ltda ("CPFL Meridional")	Limited liability company	Commercialization and provision of energy services	Indirect 100%
CPFL Comercialização de Energia Cone Sul Ltda ("CPFL Cone Sul")	Limited liability company	Energy commercialization and equity interest in other companies	Indirect 100%
CPFL Planalto Ltda ("CPFL Planalto")	Limited liability company	Energy commercialization	Direct 100%
CPFL Brasil Varejista de Energia Ltda ("CPFL Brasil Varejista")	Limited liability company	Energy commercialization	Indirect 100%
Provision of services	Company type	Core activity	Equity interest
CPFL Serviços, Equipamentos, Indústria e Comércio S.A. ("CPFL Serviços")	Privately-held corporation	Manufacturing, commercialization, rental and maintenance of electro-mechanical equipment and service provision	Direct 100%
Nect Serviços Administrativos de Infraestrutura Ltda ("CPFL Infra")	Limited liability company	Provision of infrastructure and fleet services	Direct 100%
Nect Serviços Administrativos de Recursos Humanos Ltda ("CPFL Pessoas")	Limited liability company	Provision of human resources services	Direct 100%
Nect Serviços Administrativos Financeiros Ltda ("CPFL Finanças")	Limited liability company	Provision of financial services	Direct 100%
Nect Serviços Adm de Suprimentos E Logística Ltda ("CPFL Supre")	Limited liability company	Supply and logistics services	Direct 100%
CPFL Atende Centro de Contatos e Atendimento Ltda ("CPFL Atende")	Limited liability company	Provision of call center services	Direct 100%
CPFL Total Serviços Administrativos Ltda ("CPFL Total")	Limited liability company	Collection services	Direct 100%
CPFL Eficiência Energética Ltda ("CPFL Eficiência")	Limited liability company	Energy efficiency management	Direct 100%
TI Nect Serviços de Informática Ltda ("Authi")	Limited liability company	Provision of IT services	Direct 100%
CPFL Geração Distribuída de Energia Ltda ("CPFL GD")	Limited liability company	Commercialization and provision of maintenance services for energy generation companies	Indirect 100%
Others	Company type	Core activity	Equity interest
CPFL Jaguarí de Geração de Energia Ltda ("Jaguarí Geração")	Limited liability company	Holding company	Direct 100%
Chapecoense Geração S.A. ("Chapecoense")	Privately-held corporation	Holding company	Indirect 51%
Sul Geradora Participações S.A. ("Sul Geradora")	Privately-held corporation	Holding company	Indirect 99.95%
CPFL Telecomunicações Ltda ("CPFL Telecom")	Limited liability company	Telecommunication services	Direct 100%

- a) CPFL Geração has 51.54% of the assured energy and power of the Serra da Mesa hydropower plant, which concession is owned by Furnas.
- b) Paulista Lajeado holds a 7% interest in the installed power of Investco S.A. (5.94% interest in total capital).
- c) CPFL Renováveis has operations in the states of São Paulo, Minas Gerais, Mato Grosso, Santa Catarina, Ceará, Rio Grande do Norte, Paraná and Rio Grande do Sul and its main activities are: (i) holding investments in companies of the renewable energy segment; (ii) identification, development, and exploration of generation potentials; and (iii) sale of electric energy. At June 30, 2020, CPFL Renováveis had a portfolio of 107 projects of 2,446.3 MW of installed capacity (2,132.7 MW in operation):
- Hydropower generation: 41 SHP's (481.1 MW) with 40 SHPs in operation (453.1 MW) and 1 SHP under construction/development (28 MW);
 - Wind power generation: 57 projects (1,594.1 MW) with 45 projects in operation (1,308.5 MW) and 12 projects under construction/development (285.6 MW);
 - Biomass power generation: 8 plants in operation (370 MW);
 - Solar power generation: 1 solar plant in operation (1.1 MW).
- d) The joint venture Chapecoense has as its direct subsidiary Foz do Chapecó and fully consolidates its financial statements.

1.1 - New York Stock Exchange delisting

On December 18, 2019, the Company's Board of Directors Meeting approved the Company's intention to: (i) terminate the Second Amended and Restated Deposit Agreement ("Deposit Agreement") with Citibank N.A. ("Citibank") with respect to its American Depositary Receipts ("ADRs"); (ii) delist its American Depositary Shares ("ADSs") from the New York Stock Exchange ("NYSE"); and (iii) once the Company complies with the applicable requirements, cancel its registration with the U.S. Securities and Exchange Commission ("SEC"). The Company believes that the economic rationale for maintaining a listing on the NYSE has decreased partly due to: (i) increases in the volume of Brazilian shares traded on B3 S.A. – Bolsa, Brasil, Balcão ("B3") in Brazil by foreign investors due to the internationalization of the Brazilian financial and capital markets, as well as the narrowing of the differences between the Brazilian and the US international financial reporting standards; and (ii) a downward trend in recent years in the trading volume of the Company's ADSs on the NYSE.

On February 10, 2020, the Company, through a Notice to the Market, informed that the delisting of its NYSE ADSs, mentioned in item (ii) above, will be effective as of this date.

On May 8, 2020, the Company, through a Notice to the Market, informed that, regarding the delisting of its NYSE ADSs, on that date it filed its post-effective Amendment to Form F-3 with SEC USA, under the terms of the U.S. Securities Exchange Act of 1934 ("Exchange Act") to cancel the registration of registered and non-traded securities based on such Form F-3.

On June 15, 2020, the Company, through a Notice to the Market, informed that, for compliance with the applicable criteria, on that date it filed with SEC a Form 15F to cancel its registration and end its financial disclosure obligations under the Exchange Act. With the protocol of this Form 15F, CPFL Energia's legal obligations to make financial disclosures under the Exchange Act are suspended and the cancellation of registration is expected to become effective within 90 days.

1.2 - Impacts of COVID-19

On March 11, 2020, the World Health Organization (WHO) declared the coronavirus (COVID-19) to be a pandemic. The outbreak triggered significant decisions from governments and private sector entities that added to the potential impact of the outbreak, increased the degree of uncertainty for economic agents and may impact financial statements. The World's main economies and the main economic blocs are assessing significant stimulus packages to overcome the potential economic recession that the measures to mitigate the spread of COVID-19 may cause.

In Brazil, the executive and legislative branches of the government edited various acts to prevent and contain the pandemic, particularly Legislative Decree No. 6, edited on March 20, 2020, which declared a state of public calamity. The state and municipal governments also edited various acts seeking to restrict the free movement of people and commercial and service activities, in addition to making emergency investments in the healthcare sector available.

Management has constantly assessed the impact of the outbreak on the operations and the equity and financial position of the Group, in order to implement the appropriate measures to mitigate the impact to operations. Up until the authorization date for the issuance of this interim financial information, the following measures have been taken and the primary matters that are constantly being monitored are listed below:

- Implementing temporary measures for employees, such as home office plans, adapting collective spaces to avoid agglomerations of people, and other applicable measures relating to health;
- Negotiating with suppliers of equipment to evaluate delivery deadlines in light of the new scenario, without, until now, any indications of significant risks of delay that could impact operations;
- Evaluating contractual terms with financial institutions relating to loans and financing as well as supplier payments to mitigate any potential liquidity risks;
- Monitoring the variations of market indexes that may affect loans, financing and debentures;
- Evaluating potential renegotiations with customers, due to macroeconomic downturn. Management's initial expectation is that such renegotiations will be mostly directed towards temporary shifts in contracted quantities;
- Monitoring of any reduction in the billed market due to the closure of commercial and industrial establishments resulting from measures to combat the pandemic;

- Monitoring over-contracting of the Group's distributors due to load reductions and consequent energy surpluses exceeding the 5% provided for in the regulatory requirements;
- Monitoring of default faced by the Group's distributors, especially in light of the initial suspension for 90 days, as from March 25, 2020, and its extension until July 31, 2020, of the power supply cuts for default on the part of certain power consumers (residential and services considered essential, according to specific rule established by ANEEL). Management's expectation is that most of this impact will be temporary, until the power supply cuts policy is reestablished and/or new possible government subsidy actions are implemented.

Due to the significance of the potential impacts mentioned, the authorities of the Brazilian Electricity Sector, in particular the Ministry of Mines and Energy (MME) and the ANEEL adopted some measures during the period, as follows:

- Exemption for low-income power consumers with monthly consumption of up to 220 kilowatt-hours (kWh/month) from payment of the electric energy bill, in the period from April 1 to June 30, 2020, as provided for in Provisional Measure No. 950, of April 8, 2020, allowed by funding through Federal Government contributions to the CDE sector fund, as provided for in Provisional Measure No. 949, of April 8, 2020.
- Recognition of energy surpluses resulting from the load reduction of distributors, resulting from the effects of the COVID-19 pandemic, as an involuntary contractual exposure, to be regulated by ANEEL, as provided for in Provisional Measure No. 950, of April 8, 2020, and in Decree No. 10,350, of May 18, 2020.
- Creation of the COVID Account through Provisional Measure No. 950, of April 8, 2020 and regulated by Decree No. 10,350, of May 18, 2020, and Normative Resolution No. 885, of June 23, 2020.

The COVID Account is intended to receive funds to cover deficits or advance revenues, whether in whole or in part, to the concessionaires and licensees of electric energy distribution, related to: i) the effects of over-contracting from April to December 2020; ii) the creation of the Account for Compensation of "Parcel A" Variations - CVA between the date of approval of the last tariff process and December 2020; iii) the neutrality of sector charges from April to December 2020; iv) the postponement until June 30, 2020 of the results of the tariff processes of energy distributors approved until the same date, while the effects of the postponement persist; v) CVA balance recognized and deferrals recognized or reversed in the last tariff process, which have not been fully amortized; and vi) advance on of the regulatory asset related to "Parcel B".

The availability of such funds (except for item "iv" presented above) is limited to the effects of the pandemic estimated by ANEEL for each distributor, being: i) reduction in sales and collection, until December 2020, resulting from the effects of the state of public calamity; and ii) estimated amounts of deferrals and installments of overdue and falling due obligations related to the billing of contracted demand for Group A consumer units.

CCEE will contract a credit operation to contribute funds to the COVID Account and later pass them on to distributors until January 2021, according to the need declared by them individually, limited to the amounts to be approved by ANEEL. Payment of funds from the credit operation will be made through a charge, called CDE COVID, to be approved by ANEEL and charged to consumers based on the 2021 tariff processes during the time necessary to settle such operation.

In July 2020, the Group's distributors declared their needs by means of a digital protocol together with the Acceptance Document contained in Annex I of Normative Resolution No. 885, of June 23, 2020, considering items "i" to "iii" mentioned above, of which the maximum amount corresponded to the sum of the billing and collection reductions resulting from the effects of the prevailing declared public calamity, until December 2020, estimated by ANEEL and included in Annex II of said Resolution. Such amounts were approved by ANEEL, pursuant to Note 36 on Events After the Reporting Period and will be passed on to the distributors by CCEE after contracting the operation with financial institutions, within the maximum term of up to January 2021.

Considering all the analyses carried out on the aspects related to the possible impacts of COVID-19 on its businesses and those of its subsidiaries, as well as the regulatory updates made in the period, for the six-month period ended June 30, 2020, the Company concluded that the main effects on its interim financial information are in Parcel A, Parcel B and allowance for doubtful accounts.

The financial and economic effect for the Group and its subsidiaries during the year 2020 will depend on the outcome of the crisis and its macroeconomic impacts, especially with regard to the retraction in economic activity, as well as the extent of social distancing. The Group will continue to regularly monitor the effects of the crisis and the impacts on their operations and financial statements.

Economic and Financial Rebalancing

Due to the effects of the restrictive measures adopted by government to contain the advance of the pandemic caused by the Coronavirus outbreak (COVID-19), the Company and its subsidiaries, as well as other energy distribution concessionaires in the country, suffered some extraordinary and immediate impacts, such as a fall in revenue due to the retraction of the consumer market and a reduction in revenue due to the increase in defaults.

Considering the effects of the pandemic and, based on the concession contract between the Group's Distributors and the Granting Authority, through ANEEL, as well as articles 9 and 10 of Law No. 8,987, of February 13, 1995, among others applicable legal provisions, the Group's Distributors have the right to economic and financial rebalancing of the concession contract, so that, in a situation in which the burden generated by events outside the management of the risks inherent to the operation, such as, but not limited to, , events categorized as act of God or force majeure, or even determinations from the Granting Authority that impact the Company and its subsidiaries, must be reimbursed to the Company and its subsidiaries to rebalance the economic and financial health of the concession contract.

Decree nº 10.350, of May 18, 2020, which regulates Provisional Measure nº 950, of April 8, 2020, provides for ANEEL's analysis, in a specific administrative process, of the need to restore the economic and financial balance of the concessionaires of distribution of electricity, upon request from interested parties, noting further that under the terms of ANEEL Normative Resolution No. 885, of June 23, 2020, the Agency, after a Public Consultation to be established within sixty days from the date of publication of the referred rule, it will regulate said recomposition of the economic-financial balance of concession contracts and permission of the public electricity distribution service.

Considering the impacts related to the drop in revenue due to the contraction of the consumer market and the reduction in revenue due to the increase in defaults, to be perceived at least between April and December 2020, the Company and its subsidiaries continue to evaluate the form of an eventual claim. Recomposition for such impacts, as well as accompanying, in parallel, the discussions on the definition of this specific regulation to be established by ANEEL after the aforementioned Public Consultation. Any impacts will be measured according to the progress of the public consultation and concluded after the definition of the methodology by ANEEL.

(2) PRESENTATION OF THE INTERIM FINANCIAL STATEMENTS

2.1 Basis of preparation

This interim individual (Parent Company) and consolidated financial statement has been prepared and is being presented in accordance with the International Accounting Standard IAS 34 - Interim Financial Reporting, issued by the International Accounting Standard Board – IASB, and also based on standards issued by the Brazilian Securities and Exchange Commission (CVM), applicable to the preparation of Quarterly Financial Information (ITR), in accordance with Technical Pronouncement CPC 21 (R1) - Interim Financial Reporting.

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

The accounting practices and criteria adopted in preparing these individual and consolidated interim financial statements are consistent with those adopted in preparing the financial statements at December 31, 2019, and therefore should be read together.

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

The interim financial statements were authorized for issue by Management and on August 10, 2020.

2.2 Basis of measurement

The interim financial statements has 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 34 – Financial Instruments.

2.3 Use of estimates and judgments

The preparation of the interim 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 review the estimates and assumptions on an ongoing basis, based on previous experience and other relevant factors. Adjustments resulting from revisions to accounting estimates are recognized in the period in which the estimates are revised and applied on a prospective basis.

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

- Note 7 – Consumers, concessionaires and licensees (Allowance for doubtful accounts: key assumptions regarding to the expected credit loss – ECL and premises for measuring the supply and Tariff for use of the distribution system (“TUSD”) not invoiced);
- Note 9 – Sector financial asset and liability (Regulatory discretion and judgement over certain items);
- Note 10 – Deferred tax assets and liabilities (recognition of assets: availability of future taxable profit against which the tax losses can be utilized);
- Note 11 – Concession financial asset (assumptions for fair value measurement, based on significant unobservable inputs, see note 34);
- Note 12 – Other assets (allowance for doubtful accounts: key assumptions regarding to the expected credit loss - ECL);
- Note 14 – Property, plant and equipment (definition of useful lives and key assumptions regarding recoverable amounts);
- Note 15 – Intangible assets (key assumptions regarding recoverable amounts);
- Note 18 – Borrowings (key assumptions used in the fair value measurement);
- Note 19 – Debentures (key assumptions used in the fair value measurement);
- Note 16 – Contract Asset (key assumptions regarding recoverable amounts);
- Note 20 – Private pension plan (key actuarial assumptions used in the measurement of defined benefit obligations);
- Note 23 – Provision for tax, civil and labor risks and escrow deposits (recognition and measurement: key assumptions on the probability and magnitude of outflow of resources); and
- Note 34 - Financial instruments – derivatives (key assumptions used in the fair value measurement).

2.4 Functional currency and presentation currency

The Group's functional currency is the Brazilian Real, and the individual and consolidated interim financial statements is being presented in thousands of reais. Figures are rounded only after 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) that engages in operating activities from which it earns revenues and incurs expenses, (ii) whose operating results are regularly reviewed by Management to

make decisions about resources to be allocated and assess the segment's performance, and (iii) for which individual financial information is available.

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

2.6 Information on equity interests

The Company's equity interests in direct and indirect subsidiaries and joint ventures are described in note 1. Except for (i) the companies ENERCAN, BAESA, Chapecoense and EPASA, which use the equity method of accounting, and (ii) the non-controlling interest in the investment stated at cost by the subsidiary Paulista Lajeado in Investco S.A., all other entities are fully consolidated.

At June 30, 2020 and December 31, 2019 and for the quarters and semesters ended June 30, 2020 and 2019 the noncontrolling interests in the consolidated balances refer to interests held by third parties in subsidiaries CERAN, Paulista Lajeado and CPFL Renováveis.

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 interim financial statements in accordance with accounting practices adopted in Brazil and as supplementary information to the interim financial statements in accordance with IFRS, as this statement is neither provided for nor required by IFRS.

(3) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Except for the changes noted below these interim financial information of the Group was prepared based on the same accounting policies described in notes 3.1 to 3.17 disclosed in the financial statements for the year ended December 31, 2019. Effects of the changes in accounting policies on the group's consolidated financial statements for the year ended December 31, 2020 are also expected.

Nature and effect of changes: financial instruments – financial liabilities measured at fair value through profit or loss

Financial liabilities are initially recognized on the date in which they are originated or on the trade date in which the Company or its subsidiaries become a party to the contractual provisions of the instrument and may be measured at fair value through profit or loss or at amortized cost. For debts contracted from the first quarter of 2020, due to characteristics at the time of contracting, the Group recognized gains or losses arising from borrowings in foreign currency designated at fair value (including the effects of changes in credit risk) in the profit or loss. See note 18.

(4) FAIR VALUE MEASUREMENT

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

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

- Property, plant and equipment, intangible assets and contract asset

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

- Financial instruments

Financial instruments measured at fair value are valued based on quoted prices in an active market, or, if such prices are not available, they are assessed using pricing models, applied individually to each transaction, taking into consideration future cash flows, based on the contractual conditions, discounted to present value at rates obtained from market interest curves, having as a basis, whenever available, information obtained from the websites of B3 S.A. and “Associação Brasileira das Entidades dos Mercados Financeiro e de Capitais – ANBIMA” (note 34) and also includes the debtor's credit risk rate.

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

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

(5) CASH AND CASH EQUIVALENTS

	Parent Company		Consolidated	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
Bank balances	210	2,195	206,088	450,622
Short-term financial investments	137,641	31,714	6,781,543	1,486,541
Private credit notes (a)	137,641	31,714	5,881,839	1,279,740
Investment funds (b)	-	-	899,704	206,801
Total	137,851	33,909	6,987,631	1,937,163

- a) Short-term investments in: (i) Bank Certificates of Deposit (CDB) amounting to R\$ 5,773,406 (R\$ 994,521 in December 31, 2019, (ii) secured debentures amounting to R\$ 108,433 (R\$ 284,863 in December 31, 2019 and (iii) leasing notes amounting to R\$ 356 in December 31, 2019. All with major financial institutions that operate in the Brazilian financial market, with daily liquidity, short term maturity, low credit risk and interest equivalent, on average, to 99.22% of the CDI (94.13% of the CDI in December 31, 2019).
- b) Investments funds, with high liquidity and interest equivalent, on average, to 99.9% of the CDI, subject to floating rates tied to the CDI (92.26% of the CDI in December 31, 2019). linked to federal government bonds, CDBs, financial bills and secured debentures of major financial institutions, with low credit risk and short term maturity.

(6) MARKETABLE SECURITIES

Marketable securities	Consolidated	
	June 30, 2020	December 31, 2019
Through investment funds (a)	10	449,786
Direct investment (b)	1,350,424	401,218
Total	1,350,434	851,004

- (a) At December 31, 2019, it represents amounts invested in government securities, Financial Bills (“LF”) and Financial Treasury Bills (“LFT”), through investment fund quotas, yielding on average 99.87% of CDI.
- (b) This refers to amounts invested in government securities and LFT, yielding on average 100% of CDI.

(7) CONSUMERS, CONCESSIONAIRES AND LICENSEES

The consolidated balance includes mainly activities from the supply of electric energy, broken down as follows at June 30, 2020 and December 31, 2019:

	Amounts not due	Consolidated		Total	
		Past due		June 30, 2020	December 31, 2019
		until 90 days	> 90 days		
Current					
Consumer classes					
Residential	683,948	550,572	126,324	1,360,843	1,560,630
Industrial	247,119	69,574	96,992	413,686	504,078
Commercial	224,550	76,988	42,097	343,634	498,499
Rural	88,133	32,205	16,509	136,847	149,864
Public administration	55,881	18,492	10,999	85,372	119,389
Public lighting	62,262	6,555	5,790	74,608	79,373
Public utilities	93,341	14,494	9,662	117,497	124,655
Billed	1,455,234	768,880	308,373	2,532,487	3,036,488
Unbilled	1,184,847	-	-	1,184,847	1,230,883
Financing of consumers' debts	195,794	40,160	40,020	275,974	247,431
CCEE transactions	197,410	2,861	32,519	232,790	350,354
Concessionaires and licensees	307,196	3,555	9,922	320,673	403,628
Others	54,371	-	-	54,371	50,191
	3,394,852	815,456	390,834	4,601,142	5,318,975
Allowance for doubtful accounts				(351,450)	(333,396)
Total				4,249,692	4,985,578
Noncurrent					
Financing of consumers' debts	170,254	-	-	170,254	179,045
Energia livre	6,858	-	-	6,858	6,739
CCEE transactions	251,698	313,302	-	565,000	527,284
Total	428,810	313,302	-	742,112	713,068
				742,112	713,068

Allowance for doubtful accounts

The allowance for doubtful debts is set up based on the expected credit loss (ECL), adopting the simplified method of recognizing, based on the history and future probability of default. The allowance methodology is detailed in note 34.f.

Movements in the allowance for doubtful accounts are shown below:

	Consumers, concessionaires and licensees	Other assets (note 12)	Total
At December 31, 2019	(333,396)	(29,019)	(362,415)
Allowance - reversal (recognition) net	(222,428)	(100)	(222,528)
Recovery of revenue	84,526	30	84,556
Write-off of accrued receivables	119,848	(30)	119,818
At June 30, 2020	(351,450)	(29,119)	(380,569)

The effects and disclosures in these interim financial statements, resulting from the pandemic caused by Covid-19, are described in note 1.2.

(8) TAXES RECOVERABLE

	Parent Company		Consolidated	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
Current				
Prepayments of social contribution – CSLL	-	-	20,458	5,088
Prepayments of income tax - IRPJ	-	-	56,465	12,522
Income tax and social contribution to be offset	78	78	88,380	70,088
Income tax and social contribution to be offset	78	78	165,303	87,698
Withholding income tax - IRRF on interest on capital	8,958	40,099	8,958	40,432
Withholding income tax - IRRF	20,384	18,847	111,561	80,499
State VAT - ICMS to be offset	-	-	152,678	144,415
Social Integration Program - PIS	-	-	12,323	10,958
Contribution for Social Security Funding - COFINS	-	-	57,446	51,084
Others	-	-	5,616	4,039
Other taxes to be offset	29,342	58,947	348,582	331,428
Total current	29,421	59,025	513,885	419,126
Noncurrent				
Social contribution to be offset - CSLL	-	-	695	65,589
Income tax to be offset - IRPJ	-	-	34,773	35,939
Income tax and social contribution to be offset	-	-	35,467	101,528
State VAT - ICMS to be offset	-	-	196,193	191,523
Social Integration Program - PIS	-	-	31,334	30,987
Contribution for Social Security Funding - COFINS	-	-	144,379	142,779
Others	-	-	4,598	5,306
Other taxes to be offset	-	-	376,505	370,595
Total noncurrent	-	-	411,972	472,123

Exclusion of ICMS from the PIS and COFINS tax base

A number of subsidiaries of the Group are parties to several pending legal proceedings involving the Brazilian federal government that address the exclusion of ICMS amounts from the PIS and COFINS tax base, and right to receive refunds of other amounts previously paid. In 2019, CPFL Santa Cruz (related to the original lawsuit presented by four merged companies - CPFL Leste Paulista, CPFL Sul Paulista, CPFL Jaguari and CPFL Mococa) received a favorable final judicial decision on these matters, which is not subject to further appeal. As a result, CPFL Santa Cruz recognized a tax credit of R\$ 166,870 using the calculation method in accordance with the “Federal Revenue Orientation 13/2018”. On 2019, CPFL Santa Cruz recognized a liability related to tax credits that need to be refunded to the relevant consumers for the maximum period of 10 years.

(9) SECTOR FINANCIAL ASSET AND LIABILITY

The breakdown of the balances of sector financial asset and liability and the movement for the period are as follows:

Consolidated									
	At December 31, 2019			Operating income (note 27)		Financial income or expenses (note 30)	At June 30, 2020		
	Deferred	Approved	Total	Constitution	Through billing		Deferred	Approved	Total
Parcel "A"	891,247	497,977	1,389,225	271,841	(527,687)	13,912	639,450	507,842	1,147,291
CVA (*)									
CDE (**)	1,277	118,083	119,360	184,923	(133,109)	1,151	(13,544)	185,870	172,325
Electric energy cost	294,291	180,446	474,737	(872,359)	(174,407)	2,002	(377,830)	(192,197)	(570,027)
ESS and EER (***)	(341,381)	(301,275)	(642,656)	(352,548)	308,560	(10,846)	(275,339)	(422,151)	(697,490)
Proinfra	881	23,361	24,242	(39,397)	(14,317)	(250)	(12,062)	(17,661)	(29,723)
Basic network charges	180,686	7,967	188,654	70,162	(39,095)	2,950	52,448	170,222	222,670
Pass-through from Itaipu	848,587	542,747	1,391,334	818,944	(567,674)	22,688	827,396	837,895	1,665,291
Transmission from Itaipu	29,275	18,763	48,038	17,132	(20,039)	716	14,767	31,080	45,847
Neutrality of sector charges	9,636	(34,324)	(24,688)	105,286	33,315	(1,186)	109,301	3,426	112,727
Overcontracting	(132,005)	(57,791)	(189,796)	339,699	79,080	(3,312)	314,313	(88,642)	225,671
Other financial components	(285,566)	(109,885)	(395,451)	79,225	4,077	(1,779)	(200,556)	(113,372)	(313,928)
Total	605,681	388,092	993,775	351,067	(523,610)	12,133	438,894	394,470	833,364
Current assets			1,093,588						808,650
Noncurrent assets			2,748						82,864
Noncurrent liabilities			(102,561)						(58,150)

(*) Deferred tariff costs and gains variations from Parcel "A" items

(**) Energy Development Account – CDE

(***) System Service Charge (ESS) and Reserve Energy Charge (EER)

The details of the nature of each sector financial asset and liability are provided in Note 9 to the financial statements at December 31, 2019.

The effects and disclosures in these interim financial statements, resulting from the pandemic caused by Covid-19, are described in note 1.2.

(10) DEFERRED TAX ASSETS AND LIABILITIES

10.1 Breakdown of tax assets and liabilities

	Parent Company		Consolidated	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
<u>Social contribution credit/(debit)</u>				
Tax losses carryforwards	23,879	22,174	198,996	124,852
Tax benefit of merged intangible	-	-	85,622	89,511
Temporarily nondeductible/taxable differences	(385)	553	(480,758)	(218,616)
Subtotal	23,494	22,727	(196,141)	(4,254)
<u>Income tax credit / (debit)</u>				
Tax losses carryforwards	62,586	61,209	548,862	345,462
Tax benefit of merged intangible	-	-	275,537	288,754
Temporarily nondeductible/taxable differences	(1,071)	1,537	(1,326,137)	(602,934)
Subtotal	61,516	62,747	(501,738)	31,282
<u>PIS and COFINS credit/(debit)</u>				
Temporarily nondeductible/taxable differences	-	-	(14,248)	(10,380)
Total	85,009	85,474	(712,127)	16,647
Total tax credit	85,009	85,474	445,492	1,064,716
Total tax debit	-	-	(1,157,619)	(1,048,069)

The expected recovery of the deferred tax assets arising from nondeductible temporary differences, tax benefit of merged intangible and income tax and social contribution losses, is based on the projections of future profits, approved by the Board of Directors and reviewed by the Fiscal Council.

10.2 Tax benefit of merged intangible asset

Refers to the tax benefit calculated on the intangible assets derived from the acquisition of subsidiaries, as shown in the following table, which were merged and are recognized in accordance with the concepts of CVM Instructions No. 319/1999 and No. 349/2001 and ICPC 09 (R2) - Individual Financial Statements, Separate Financial Statements, Consolidated financial statements and Application of the Equity Method. The benefit is being realized in proportion to the tax amortization of the merged intangible assets that originated them as per CPC 27 and CPC 04 (R1) - Clarification of acceptable methods of depreciation and amortization, over the remaining concession period, as shown in note 15.

	Consolidated			
	June 30, 2020		December 31, 2019	
	Social Contribution	Income tax	Social Contribution	Income tax
CPFL Paulista	34,307	95,298	36,620	101,723
CPFL Piratininga	8,627	29,608	9,145	31,385
RGE	42,687	140,508	43,746	144,878
CPFL Geração	-	10,123	-	10,769
Total	85,622	275,537	89,511	288,754

10.3 Accumulated balances on nondeductible temporary / taxable differences

	Consolidated					
	June 30, 2020			December 31, 2019		
	Social Contribution	Income tax	PIS/COFINS	Social Contribution	Income tax	PIS/COFINS
Temporarily nondeductible/ taxable differences						
Provision for tax, civil and labor risks	36,602	101,674	-	41,817	116,158	-
Private pension fund	5,131	14,252	-	4,006	11,127	-
Allowance for doubtful accounts	34,884	96,901	-	33,288	92,466	-
Free energy supply	9,777	27,160	-	9,632	26,756	-
Research and development and energy efficiency programs	31,584	87,733	-	33,289	92,468	-
Personnel-related provisions	4,160	11,556	-	6,225	17,293	-
Depreciation rate difference	3,753	10,425	-	4,097	11,380	-
Derivatives	(241,837)	(671,769)	-	(46,344)	(128,733)	-
Recognition of concession - adjustment of intangible asset	(4,982)	(13,838)	-	(5,352)	(14,867)	-
Recognition of concession - adjustment of financial asset	(178,561)	(496,002)	-	(171,599)	(476,664)	-
Actuarial losses	24,141	67,058	-	25,567	71,020	-
Fair value measurement - Derivatives	(17,066)	(47,406)	-	(8,670)	(24,082)	-
Fair value measurement - Debts	(4,298)	(11,938)	-	9,440	26,222	-
Other	(31,180)	(84,731)	(14,248)	(28,477)	(77,238)	(10,380)
Temporarily nondeductible differences - accumulated comprehensive income:						
Property, plant and equipment - adjustment of deemed cost	(43,951)	(122,087)	-	(45,568)	(126,578)	-
Actuarial losses	112,960	313,777	-	137,853	382,925	-
Fair value measurement - Derivatives	(4,779)	(13,275)	-	(318)	(883)	-
Fair value measurement - Debts	(15,896)	(44,156)	-	(6,638)	(18,439)	-
Temporarily nondeductible differences - business combination						
Deferred taxes - asset:						
Provision for tax, civil and labor risks	10,599	29,442	-	10,748	29,855	-
Fair value of property, plant and equipment (negative value added of assets)	17,606	48,907	-	18,344	50,955	-
Deferred taxes - liability:						
Value added derived from determination of deemed cost	(18,551)	(51,532)	-	(19,177)	(53,270)	-
Intangible asset - exploration right/authorization in indirect subsidiaries acquired	(205,266)	(570,182)	-	(216,651)	(601,809)	-
Other temporary differences	(5,589)	(8,108)	-	(4,128)	(8,995)	-
Total	(480,758)	(1,326,137)	(14,248)	(218,616)	(602,934)	(10,380)

10.4 Reconciliation of the income tax and social contribution amounts recognized in the statements of profit or loss for the quarters and three-month period ended by June 30, 2020 and 2019:

	Parent Company				Consolidated			
	Social Contribution				Social Contribution			
	2020		2019		2020		2019	
	2nd quarter	Six months	2nd quarter	Six months	2nd quarter	Six months	2nd quarter	Six months
Profit before taxes	452,478	1,341,699	580,919	1,184,313	703,233	2,093,481	884,854	1,791,326
Reconciliation to reflect effective rate:								
Equity in subsidiaries	(457,975)	(1,357,390)	(583,916)	(1,195,693)	(85,034)	(170,194)	(89,654)	(175,430)
Amortization of intangible asset acquired	(3,382)	(6,764)	(3,382)	(6,764)	12,162	24,324	12,162	24,324
Effect of presumed profit system	-	-	-	-	(47,248)	(125,529)	(102,901)	(148,197)
Adjustment of revenue from excess demand and excess reactive	-	-	-	-	25,291	68,674	41,834	87,221
Other permanent additions (exclusions), net	7,790	13,940	3,202	7,355	52,293	124,200	21,158	38,705
Tax base	(1,089)	(8,515)	(3,177)	(10,789)	660,697	2,014,956	767,453	1,617,949
Statutory rate	9%	9%	9%	9%	9%	9%	9%	9%
Tax credit/(debit)	98	766	286	971	(59,463)	(181,346)	(69,071)	(145,615)
Recorded (unrecognized) tax credit, net	-	-	-	-	(5,260)	(13,260)	(14,957)	(28,463)
Provision for tax risks	-	-	-	-	(401)	(427)	-	-
Total	98	766	286	971	(65,122)	(195,031)	(84,028)	(174,078)
Current	-	-	-	(1)	(23,707)	(39,394)	(85,150)	(171,870)
Deferred	98	766	286	972	(41,415)	(155,637)	1,122	(2,209)

	Parent Company				Consolidated			
	Income tax				Income tax			
	2020		2019		2020		2019	
	2nd quarter	Six months	2nd quarter	Six months	2nd quarter	Six months	2nd quarter	Six months
Profit before taxes	452,478	1,341,699	580,919	1,184,313	703,233	2,093,481	884,854	1,791,326
Reconciliation to reflect effective rate:								
Resultado de participações societárias	(457,975)	(1,357,390)	(583,916)	(1,195,693)	(85,034)	(170,194)	(89,654)	(175,430)
Amortization of intangible asset acquired	-	-	-	-	15,689	31,378	15,689	31,378
Effect of presumed profit system	-	-	-	-	(62,143)	(157,213)	(113,108)	(165,754)
Adjustment of revenue from excess demand and excess reactive	-	-	-	-	25,291	68,674	41,834	87,221
Other permanent additions (exclusions), net	11,428	21,017	5,304	16,201	58,510	135,262	10,076	22,588
Tax base	5,931	5,326	2,307	4,821	655,546	2,001,388	749,691	1,591,329
Statutory rate	25%	25%	25%	25%	25%	25%	25%	25%
Crédito (Débito) fiscal apurado	(1,483)	(1,332)	(577)	(1,205)	(163,887)	(500,347)	(187,423)	(397,832)
Recorded (unrecognized) tax credit, net	-	-	-	-	(12,017)	(31,598)	(39,731)	(75,385)
Provision for tax risks	-	-	-	-	-	(172)	-	-
Total	(1,483)	(1,332)	(577)	(1,206)	(175,903)	(532,117)	(227,153)	(473,217)
Current	-	(100)	40	(380)	(60,592)	(99,794)	(227,781)	(461,406)
Deferred	(1,483)	(1,232)	(617)	(826)	(115,311)	(432,323)	627	(11,811)

The effects and disclosures in these interim financial statements, resulting from the pandemic caused by Covid-19, are described in note 1.2.

(11) CONCESSION FINANCIAL ASSET

	Consolidated
At December 31, 2019	8,779,717
Noncurrent	8,779,717
Transfer - contract asset	571,243
Transfer - intangible asset	(304)
Fair value adjustment	84,414
Disposals	(18,057)
At June 31, 2020	9,417,013
Noncurrent	9,417,013

The amount refers to the financial asset corresponding to the right established in the concession agreements of the energy distributors to receive cash by compensation upon the return of the assets to the granting authority at the end of the concession, measured at fair value.

According to the current tariff model, the remuneration for this asset is recognized in profit or loss upon billing to consumers and the realization occurs upon receipt of the electric energy bills. Moreover, the difference to adjust the balance at fair value (new replacement value) is recognized as a balancing item to the operating income account (note 27) in the statement of profit or loss for the period.

In the first semester of 2020, the balance of write-offs of R\$ 18,057 (R\$ 14,437 in the first semester of 2019) refers to the write-off of the adjustment related to the asset in the amount of R\$ 7,063 (R\$ 6,765 in the first semester of 2019) and the write-off of the asset of R\$ 10,994 (R\$ 7,672 in the first semester of 2019).

(12) OTHER ASSETS

	Consolidated			
	Current		Noncurrent	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
Advances - Fundação CESP	6,224	13,562	6,797	6,797
Advances to suppliers	63,328	43,587	-	-
Pledges, funds and restricted deposits	1,364	1,431	557,404	569,733
Orders in progress	212,004	130,954	10,123	9,448
Services rendered to third parties	21,232	23,388	-	-
Energy pre-purchase agreements	-	-	10,019	10,432
Prepaid expenses	78,537	76,756	3,203	4,608
GSF renegotiation	130	6,488	-	-
Receivables - CDE	147,464	147,470	-	-
Advances to employees	39,506	20,640	-	-
Others	270,027	212,904	133,996	135,000
(-) Allowance for doubtful debts (note 7)	(29,119)	(29,019)	-	-
Total	810,695	648,161	721,542	736,019

Receivables – CDE: refer to: (i) low-income subsidies amounting to R\$ 31,314 (R\$ 16,944 at December 31, 2019), (ii) other tariff discounts granted to consumers amounting to R\$ 116,133 (R\$ 130,516 at December 31, 2019), and (iii) tariff discounts – court injunctions amounting and tariff flag reimbursement to R\$ 18 (R\$ 9 at December 31, 2019)

(13) INVESTMENTS

	Parent company		Consolidated	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
Equity method				
By equity method of the subsidiary and joint venture	12,249,213	11,741,300	1,020,357	988,516
Advances for future capital increases	5,000	14,160	-	-
Subtotal	12,254,213	11,755,460	1,020,357	988,516
Fair value of assets, net	527,634	565,617	9,191	9,481
Goodwill	6,054	6,054	-	-
Total	12,787,900	12,327,132	1,029,549	997,997

13.1 Equity interests – equity method

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

	June 30, 2020				June 30, 2020	December 31, 2019	Six months 2020	Six months 2019
Investment	Total assets	Issued capital	Equity	Profit or loss for the period	Share of equity of investees	Share of profit (loss) of investees		
CPFL Paulista	13,800,462	1,325,848	1,606,078	465,593	1,606,078	1,522,421	465,593	376,319
CPFL Piratininga	4,713,358	253,909	644,077	178,545	644,077	564,024	178,545	118,839
CPFL Santa Cruz	1,802,088	170,413	517,682	48,789	517,682	465,625	48,789	62,723
RGE	12,296,127	2,820,677	3,921,509	304,344	3,427,172	3,489,745	278,610	265,936
CPFL Geração	5,875,853	1,043,922	3,432,487	359,004	3,432,487	3,068,752	359,004	297,144
CPFL Renováveis	9,028,554	3,698,060	4,467,110	(77,324)	2,088,865	2,125,023	(36,158)	-
CPFL Jaguarí Geração	63,767	40,108	52,704	4,242	52,704	58,310	4,242	3,871
CPFL Brasil	1,578,070	3,000	88,311	50,106	88,311	86,651	50,106	57,803
CPFL Planalto	5,045	630	4,663	2,220	4,663	6,466	2,220	1,953
CPFL Serviços	273,899	150,929	171,141	9,960	171,141	131,181	9,960	4,086
CPFL Atende	25,687	13,991	18,923	4,931	18,923	24,296	4,931	6,109
CPFL Infra	20,566	38	418	373	418	14,025	373	12,577
CPFL Pessoas	8,479	811	5,416	4,443	5,416	4,517	4,443	-
CPFL Finanças	11,236	385	7,248	6,786	7,248	5,566	6,786	-
CPFL Supre	6,012	826	3,539	2,548	3,539	3,267	2,548	-
CPFL Total	27,378	9,005	23,833	14,150	23,833	35,348	14,150	12,629
CPFL Telecom	4,409	1,928	4,210	22	4,210	4,188	22	65
CPFL Centrais Geradoras	22,470	16,020	16,093	73	16,093	16,020	73	(159)
CPFL Eficiência	139,553	90,234	128,982	614	128,982	118,189	614	(1,632)
AUTHI	23,305	10	12,369	523	12,369	11,846	523	12,251
Subtotal - by subsidiary's equity					12,254,213	11,755,460	1,395,374	1,230,514
Amortization of fair value adjustment of assets					-	-	(37,984)	(34,821)
Total					12,254,213	11,755,460	1,357,390	1,195,693
Investment					12,249,213	11,741,300		
Advances for future capital increases					5,000	14,160		

Asset surplus (value added) of net assets acquired in business combinations are classified in the parent's statement of profit or loss in the group of Investments. In the parent company's statement of profit or loss, the amortization of the asset surplus (value added) of net assets of R\$ 37,984 (R\$ 34,824 in the first semester of 2019) is classified in line item "share of profit (loss) of investees", in conformity with ICPC 09 (R2).

The movements, in the parent company, of the balances of investments in subsidiaries for the period are as follows:

Investment	Investment at December 31, 2019	Capital increase /payment of capital	Share of profit (loss) of investees	Other comprehensive income	Dividend and Interest on capital	Advances for future capital increases	Investment at June 30, 2020
CPFL Paulista	1,522,421	-	465,593	194,399	(576,334)	-	1,606,078
CPFL Piratininga	564,024	-	178,545	97,565	(196,057)	-	644,077
CPFL Santa Cruz	465,625	-	48,789	3,268	-	-	517,682
RGE	3,489,745	-	278,610	36,489	(377,670)	-	3,427,172
CPFL Geração	3,068,752	-	359,004	4,731	-	-	3,432,487
CPFL Renováveis	2,125,023	-	(36,158)	-	-	-	2,088,865
CPFL Jaguarí Geração	58,310	-	4,242	-	(9,848)	-	52,704
CPFL Brasil	86,651	-	50,106	4,951	(53,397)	-	88,311
CPFL Planalto	6,466	-	2,220	-	(4,022)	-	4,663
CPFL Serviços	131,181	30,000	9,960	-	-	-	171,141
CPFL Atende	24,296	-	4,931	-	(10,304)	-	18,923
CPFL Infra	14,025	-	373	-	(13,980)	-	418
CPFL Pessoas	4,517	-	4,443	-	(3,544)	-	5,416
CPFL Finanças	5,566	-	6,786	-	(5,105)	-	7,248
CPFL Supre	3,267	-	2,548	-	(2,276)	-	3,539
CPFL Total	35,348	-	14,150	-	(25,665)	-	23,833
CPFL Telecom	4,188	-	22	-	-	-	4,210
CPFL Centrais Geradoras	16,020	-	73	-	-	-	16,093
CPFL Eficiência	118,189	14,160	614	-	5,179	(9,160)	128,982
AUTHI	11,846	-	523	-	-	-	12,369
	11,755,460	44,160	1,395,374	341,403	(1,273,023)	(9,160)	12,254,213

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

	June 30, 2020	December 31, 2019	Six months 2020	Six months 2019
Investments in joint ventures	Share of equity	Share of equity	Share of profit (loss)	Share of profit (loss)
Baesa	125,859	156,185	(7,778)	297
Enercan	185,360	207,868	69,118	66,940
Chapecoense	455,387	381,219	74,168	61,576
EPASA	253,751	243,244	34,976	46,906
Fair value adjustments of assets, net	9,191	9,481	(290)	(290)
	1,029,549	997,997	170,194	175,430

13.2 Fair value adjustments and goodwill

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

In the interim financial statements, these amounts are classified as Intangible Assets (note 15).

13.3 Dividends and interest on capital receivable

At June 30, 2020 and December 31, 2019, the Company has the following amounts receivable from the subsidiaries below, relating to dividends and interest on capital:

Subsidiary	Dividend		Parent Company Interest on capital		Total	
	December		December		June 30, 2020	
	June 30, 2020	31, 2019	June 30, 2020	31, 2019	2020	31, 2019
CPFL Paulista	951,124	504,789	115,928	115,928	1,067,052	620,717
CPFL Piratininga	228,229	32,172	35,254	35,254	263,483	67,426
CPFL Santa Cruz	3,473	3,473	39,728	39,728	43,201	43,201
RGE	377,671	-	-	-	377,671	-
CPFL Geração	-	-	53,937	53,937	53,937	53,937
CPFL Centrais Geradoras	815	815	-	-	815	815
Jaguari de Geração	11,042	10,194	-	-	11,042	10,194
CPFL Brasil	53,397	-	-	1,200	53,397	1,200
CPFL Serviços	-	3,193	-	-	-	3,193
CPFL Atende	-	-	-	343	-	343
CPFL Infra	13,980	-	-	-	13,980	-
CPFL Eficiência	-	2,630	-	2,550	-	5,179
AUTHI	10,000	10,000	-	-	10,000	10,000
	1,649,731	567,266	244,847	248,940	1,894,578	816,205

The consolidated balance includes dividends and interest on capital receivable amounting to R\$ 152,063 at June 30, 2020 and R\$ 100,297 at December 31, 2019 related basically to joint ventures.

13.4 Noncontrolling interests and joint ventures

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

13.4.1 Movements in noncontrolling interests

	CERAN	CPFL Renováveis	Paulista Lajeado	Total
At December 31, 2019	104,134	104,532	80,191	288,857
Equity interest and voting capital	35.00%	0.06%	40.07%	
Equity attributable to noncontrolling interests	16,824	5,053	3,322	25,199
Gain (loss) on interest in subsidiaries with no change in control	-	(1,566)	-	(1,566)
Dividends	(27,686)	(9,681)	-	(37,367)
Other movements	-	-	(33)	(33)
At June 30, 2020	93,272	98,338	83,480	275,090
Equity interest and voting capital	35.00%	0.02%	40.07%	

13.4.2 Summarized financial information on subsidiaries that have noncontrolling interests

The summarized financial information on subsidiaries that have noncontrolling interests at June 30, 2020 and December 31, 2019 and the semesters ended at June 30, 2020 and 2019, is as follows:

BALANCE SHEET

	June 30, 2020			December 31, 2019		
	CERAN	CPFL Renováveis	Paulista Lajeado	CERAN	CPFL Renováveis	Paulista Lajeado
Current assets	117,789	1,525,689	21,705	78,836	1,312,372	19,734
Cash and cash equivalents	88,178	1,048,560	16,049	33,140	412,579	9,564
Noncurrent assets	728,446	10,299,631	146,808	751,546	10,496,351	141,185
Current liabilities	253,690	1,660,083	35,502	215,198	1,545,741	35,374
Borrowings and debentures	105,890	516,393	-	106,128	617,030	-
Intragroup loan	-	389,290	-	-	422,082	-
Other financial liabilities	13,145	9,481	387	13,256	8,175	250
Noncurrent liabilities	326,053	5,600,728	789	317,660	5,616,562	782
Borrowings and debentures	211,285	3,535,472	-	211,051	4,387,676	-
Intragroup loan	-	851,088	-	-	422,082	-
Other financial liabilities	93,994	-	-	91,181	-	-
Equity	266,492	4,564,510	132,223	297,523	4,646,421	124,763
Equity attributable to owners of the Company	266,492	4,467,110	132,223	297,523	4,544,434	124,763
Equity attributable to noncontrolling interests	-	97,400	-	-	101,987	-

PROFIT OF LOSS

	Six months 2020			Six months 2019		
	CERAN	CPFL Renováveis	Paulista Lajeado	CERAN	CPFL Renováveis	Paulista Lajeado
Net operating revenue	150,041	713,831	18,444	158,456	745,486	20,372
Operational costs and expenses	(41,098)	(288,444)	(10,479)	(39,094)	(302,561)	(13,130)
Depreciation and amortization	(21,845)	(325,361)	(1)	(21,853)	(322,192)	(2)
Interest income	989	24,902	207	1,711	39,648	360
Interest expense	(15,685)	(165,098)	-	(20,890)	(244,644)	-
Income tax expense	(24,629)	(20,147)	(1,129)	(26,356)	(29,373)	(1,062)
Profit (loss) for the year	48,069	(72,230)	8,289	51,575	(131,521)	7,667
Attributable to owners of the Company	48,069	(77,324)	8,289	51,575	(136,596)	7,667
Attributable to noncontrolling interests	-	5,094	-	-	5,075	-

13.4.3 Joint ventures

The summarized financial information on joint ventures at June 30, 2020 and December 31, 2019 and the semesters ended at June 30, 2020 and 2019, is as follows:

BALANCE SHEET

	June 30, 2020				December 31, 2019			
	Enercan	Baesa	Chapecoense	Epasa	Enercan	Baesa	Chapecoense	Epasa
Current assets	263,107	42,591	501,255	329,875	219,117	66,863	379,359	294,877
Cash and cash equivalents	121,666	18,924	374,191	150,331	18,315	240,645	96,130	96,130
Noncurrent assets	951,981	887,634	2,415,384	454,284	982,032	915,379	2,472,085	470,864
Current liabilities	440,746	130,137	425,464	101,209	390,817	72,383	451,803	93,512
Borrowings and debentures	131,509	-	138,297	35,594	133,548	-	138,759	35,660
Other financial liabilities	5,296	32,483	73,071	5,997	7,131	35,944	75,668	1,416
Noncurrent liabilities	393,906	296,773	1,598,259	207,257	383,699	285,269	1,652,152	216,233
Borrowings and debentures	255,826	-	845,655	98,296	255,756	-	913,308	115,842
Other financial liabilities	26,415	281,391	736,222	-	25,513	271,267	731,113	-
Equity	380,437	503,315	892,916	475,693	426,632	624,591	747,489	455,996

PROFIT OR LOSS

	Six months 2020				Six months 2019			
	Enercan	Baesa	Chapecoense	Epasa	Enercan	Baesa	Chapecoense	Epasa
Net operating revenue	335,505	95,266	458,955	135,488	320,542	112,945	429,919	404,049
Operational costs and expenses	(87,103)	(74,941)	(102,953)	(34,443)	(71,242)	(71,998)	(103,092)	(271,917)
Depreciation and amortization	(24,857)	(25,349)	(62,371)	(17,400)	(24,179)	(25,392)	(61,814)	(17,405)
Interest income	1,711	581	5,292	2,437	2,721	1,159	8,034	1,465
Interest expense	(9,772)	(26,188)	(78,462)	(5,521)	(18,376)	(15,003)	(87,477)	(7,490)
Income tax expense	(72,977)	(451)	(75,281)	(14,626)	(70,754)	(278)	(61,428)	(20,779)
Profit (loss) for the year	141,860	(31,103)	145,427	65,567	137,389	1,189	120,737	87,931
Equity interests and voting capital	48.72%	25.01%	51.00%	53.34%	48.72%	25.01%	51.00%	53.34%

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

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

13.4.4 Joint operation

Through its wholly-owned subsidiary CPFL Geração, the Company holds part of the assets of the Serra da Mesa hydropower plant, located on the Tocantins River, in Goiás State. The concession and the right to operate the hydropower plant are held by Furnas Centrais Elétricas S.A. In order to maintain these assets operating jointly with Furnas (jointly operation), CPFL Geração was assured 51.54% of the installed power of 1,275 MW (657 MW) and the assured energy of mean 637.5 MW (mean 328.57 MW) until 2028.

(14) PROPERTY, PLANT AND EQUIPMENT

	Consolidated							
	Land	Reservoirs, dams and water mains	Buildings, construction and improvement s	Machinery and equipment	Vehicles	Furniture and fittings	In progress	Total
At December 31, 2019	167,228	1,314,749	940,779	6,281,123	46,136	7,070	326,625	9,083,710
Historical cost	224,053	2,226,232	1,599,104	9,999,155	105,863	23,447	326,625	14,504,478
Accumulated depreciation	(56,825)	(911,483)	(658,325)	(3,718,031)	(59,727)	(16,377)	-	(5,420,768)
Additions	-	-	-	-	-	-	113,013	113,013
Disposals	-	(2,342)	(8)	(1,371)	(15)	-	(1,513)	(5,249)
Transfers	852	1,483	70,723	33,597	6,570	166	(113,391)	-
Transfers from/to other assets - cost	-	-	(23)	(750)	-	-	18	(755)
Depreciation	(4,468)	(42,192)	(32,035)	(224,989)	(7,385)	(426)	-	(311,495)
Write-off of depreciation	-	885	6	496	10	-	-	1,397
At June 30, 2020	163,613	1,272,584	979,442	6,088,104	45,317	6,809	324,750	8,880,619
Historical cost	224,905	2,225,373	1,669,796	10,034,072	112,418	23,612	324,750	14,614,927
Accumulated depreciation	(61,293)	(952,789)	(690,354)	(3,945,968)	(67,101)	(16,804)	-	(5,734,309)
Average depreciation rate	3.86%	3.88%	3.91%	4.57%	13.65%	5.75%		

The effects and disclosures in these interim financial statements, resulting from the pandemic caused by Covid-19, are described in note 1.2.

(15) INTANGIBLE ASSETS

	Consolidated					
	Concession right				Other intangible assets	Total
	Goodwill	Acquired in business combinations	Distribution infrastructure - operational	Public utilities		
At December 31, 2019	6,115	3,483,750	5,728,040	23,065	79,981	9,320,953
Historical cost	6,152	7,495,458	12,814,937	35,840	238,352	20,590,739
Accumulated amortization	(37)	(4,011,708)	(7,086,896)	(12,774)	(158,372)	(11,269,787)
Additions	-	-	-	-	13,924	13,924
Amortization	-	(144,219)	(400,902)	(710)	(5,970)	(551,801)
Transfer - contract assets	-	-	364,283	-	-	364,283
Transfer - financial asset	-	-	304	-	-	304
Disposal and transfer - other assets	-	-	(21,772)	-	(8,976)	(30,748)
At June 30, 2020	6,115	3,339,531	5,669,953	22,356	78,961	9,116,917
Historical cost	6,152	7,495,458	13,157,751	35,840	243,303	20,938,504
Accumulated amortization	(37)	(4,155,927)	(7,487,798)	(13,484)	(164,341)	(11,821,587)

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

15.1 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					
	June 30, 2020			December 31, 2019	Annual amortization rate	
	Historic cost	Accumulated amortization	Net value	Net value	2020	2019
Intangible asset - acquired in business combinations						
Intangible asset acquired and not merged						
CPFL Paulista	304,861	(231,966)	72,895	77,888	3.28%	3.28%
CPFL Piratininga	39,065	(28,277)	10,788	11,435	3.31%	3.31%
RGE	3,768	(2,457)	1,311	1,399	4.67%	4.68%
CPFL Geração	54,555	(40,101)	14,454	15,376	3.38%	3.38%
Jaguari Geração	7,896	(4,526)	3,370	3,505	3.41%	3.41%
CPFL Renováveis	3,653,906	(1,290,122)	2,363,784	2,443,397	4.36%	4.36%
Subtotal	4,064,052	(1,597,450)	2,466,602	2,553,000		
Intangible asset acquired and merged						
RGE	1,433,007	(1,049,296)	383,711	409,739	3.63%	3.63%
CPFL Geração	426,450	(348,379)	78,070	83,053	2.34%	2.34%
Subtotal	1,859,457	(1,397,676)	461,780	492,792		
Intangible asset acquired and merged – reassembled						
CPFL Paulista	1,074,026	(835,177)	238,850	254,952	3.00%	3.00%
CPFL Piratininga	115,762	(83,793)	31,969	33,887	3.31%	3.31%
Jaguari Geração	15,275	(9,526)	5,748	5,978	3.01%	3.01%
RGE	366,887	(232,304)	134,583	143,141	4.67%	4.67%
Subtotal	1,571,949	(1,160,801)	411,149	437,958		
Total	7,495,458	(4,155,927)	3,339,531	3,483,750		

The effects and disclosures in these interim financial statements, resulting from the pandemic caused by Covid-19, are described in note 1.2.

(16) CONTRACT ASSET

	<u>Distribution</u>	<u>Transmission</u>	<u>Consolidated</u>
At December 31, 2019	<u>1,068,207</u>	<u>279,003</u>	<u>1,347,210</u>
Current	-	24,387	24,387
Noncurrent	1,068,207	254,616	1,322,822
 Additions	 1,014,520	 39,872	 1,054,393
Transfer - intangible assets in service	(364,283)	-	(364,283)
Transfer - financial assets	(571,243)	-	(571,243)
Monetary adjustment	-	17,811	17,811
Cash inputs - RAP	-	(11,985)	(11,985)
 At June 30, 2020	 <u>1,147,201</u>	 <u>324,701</u>	 <u>1,471,902</u>
Current	-	24,927	24,927
Noncurrent	1,147,201	299,773	1,446,974

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

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

The effects and disclosures in these interim financial statements, resulting from the pandemic caused by Covid-19, are described in note 1.2.

(17) TRADE PAYABLES

	<u>Consolidated</u>	
	<u>June 30, 2020</u>	<u>December 31, 2019</u>
<u>Current</u>		
System service charges	4,537	2,707
Energy purchased	1,926,672	2,288,441
Electricity network usage charges	281,817	250,600
Materials and services	355,650	554,940
Free market energy	166,360	163,492
Total	<u>2,735,037</u>	<u>3,260,180</u>
 <u>Noncurrent</u>		
Energy purchased	373,831	359,944

(18) BORROWINGS

The movement in borrowings are as follows:

Category	Consolidated						At June 30, 2020
	At December 31, 2019	Raised	Repayment	Interest, monetary adjustment and fair value measurement	Exchange rates variation	Interest paid	
Measured at cost							
Local currency							
Pre fixed	711,398	-	(463,374)	19,264	-	(21,206)	246,082
TJLP	2,744,331	3,000	(240,342)	92,388	-	(93,741)	2,505,636
IPCA	1,609,038	1,250,000	(54,249)	60,159	-	(36,685)	2,828,263
Selic	83,073	-	(22,224)	2,263	-	(967)	62,145
CDI	180,012	-	(48,547)	2,968	-	(4,007)	130,426
IGP-M	42,605	-	(5,873)	3,755	-	(1,722)	38,765
UMBNDDES	1,694	-	(1,796)	121	-	(19)	-
Others	39,777	-	(39,671)	996	-	(1,102)	-
Total at cost	5,411,928	1,253,000	(876,076)	181,913	-	(159,449)	5,811,316
Borrowing costs (*)	(57,684)	(17,432)	-	7,636	-	-	(67,479)
Measured at fair value							
Foreign currency							
Dollar	4,178,417	1,909,349	(567,709)	95,923	1,829,239	(80,873)	7,364,346
Euro	846,692	1,520,640	-	6,760	553,412	(6,027)	2,921,477
Fair value measurement	(16,056)	-	-	(240,210)	-	-	(256,266)
Total at fair value	5,009,052	3,429,989	(567,709)	(137,526)	2,382,651	(86,900)	10,029,557
Total	10,363,296	4,665,557	(1,443,785)	52,024	2,382,651	(246,349)	15,773,394
Current	2,776,193						4,925,936
Noncurrent	7,587,102						10,847,458

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

The detail on borrowings are as follows:

Category	Annual interest		Consolidated		Maturity range	Collateral
			June 30, 2020	December 31, 2019		
Measured at cost - Local Currency						
Pre fixed						
FINEM	Fixed rate from 2.5% to 6%	(a)	218,201	264,093	2013 to 2024	(i) Liens on equipment; (ii) Pledge and liens on credit rights; (iii) Reserve, centralizing and receivables accounts; (iv) Pledge of emergent rights of the authorizations; (v) Pledge of shares; (vi) CPFL Renováveis, CPFL Energia e State Grid guarantee
FINAME	Fixed rate from 2.5% to 10%	(a)	27,881	54,328	2012 to 2025	(i) Liens on equipment; (ii) Pledge and liens on credit rights; (iii) Reserve, centralizing and receivables accounts; (iv) CPFL Renováveis, CPFL Energia e State Grid Brazil Power guarantee
FINEP	Fixed rate from 3.5% to 5%		-	944	2013 to 2020	Bank guarantee
BNB	Fixed rate from 9.5% to 10.14%		-	392,033	2027 to 2037	(i) Liens on equipment; (ii) Pledge of revenue; (iii) Pledge of shares; (iv)Pledge of emergents rights authorized; (v) Reseve account; (vi) Bank guarantee; (vii) CPFL Renováveis guarantee
			246,082	711,398		
Post Fixed						
TJLP						
FINEM	TJLP and TJLP + from 1.72% to 5.5%	(b)	2,502,226	2,721,358	2012 to 2039	(i) Pledge and liens on equipment; (ii) Pledge and liens on credit rights (iii) Reserve, centralizing and receivables accounts; (iv) Pledge of shares (v) Pledge of emergents rights authorized by ANEEL; (vi) Pledge of beneficiary shares; (vii) CPFL Renováveis, CPFL Energia and State Grid Brazil Power guarantee; (viii) Bank guarantee
FINAME	TJLP + 2.2% to 4.2%	(b)	211	14,853	2017 to 2027	CPFL Energia guarantee and Liens on equipment and receivables
FINEP	TJLP + 5% to 6%		3,199	4,284	2017 to 2022	Bank guarantee
Bank loans	TJLP + 3.1%		-	3,837	2014 to 2020	CPFL Energia guarantee
			2,505,636	2,744,331		
IPCA						
FINEM	IPCA + 4.27% to 4.80%		2,828,263	1,609,038	2020 to 2040	CPFL Energia guarantee and receivables
			2,828,263	1,609,038		
SELIC						
FINEM	SELIC + 2.19% to 2.66%	(c)	62,139	79,131	2015 to 2022	State Grid Brazil Power and CPFL Energia guarantee and Receivables
FINAME	SELIC + 2.70% to 3.90%		6	3,943	2016 to 2022	CPFL Energia guarantee and Liens on equipment
			62,145	83,073		
CDI						
Bank loans	(i) 105% of CDI (ii) CDI from - 1.25% to + 1.90%	(c)	130,426	180,012	2012 to 2023	(i) CPFL Energia guarantee; (ii) Structure of redeemable preferred shares and (iii) CPFL Renováveis CPFL Energia guarantee
			130,426	180,012		
UMBDES						
Bank loans	UMBDES + from 1.99% to 2.10%		-	1,694	2014 to 2023	CPFL Energia guarantee
IGPM						
Bank loans	IGPM + 8.63%		38,765	42,605	2023	(i) Liens on equipment and receivables (ii) Pledge of shares of SPE and rights authorized by ANEEL and receivables of operation contracts
Other						
Other	RGR 6%		-	39,777	2010 to 2023	Receivables, Promissory notes and Bank guarantee
Total - Local currency			5,811,316	5,411,928		
Borrowing costs (*)			(67,479)	(57,684)		
Measured at fair value - Foreign Currency						
Dollar						
Bank loans (Law 4.131)	US\$ + Libor 3 months + from 0.87% to 1.55%		1,198,462	975,333	2019 to 2025	CPFL Energia guarantee and Promissory notes
Bank loans (Law 4.131)	US\$ + from 1.83% to 4.32%		6,165,884	3,203,083	2018 to 2025	CPFL Energia guarantee and Promissory notes
			7,364,346	4,178,416		
Euro						
Bank loans (Law 4.131)	Euro + from 0.43% to 0.82%		2,921,477	846,692	2021 to 2025	CPFL Energia guarantee and Promissory notes
Fair value measurement			(256,266)	(16,056)		
Total in foreign currency			10,029,557	5,009,052		
Total			15,773,394	10,363,296		

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

The subsidiaries hold swaps converting the operating cost of currency variation to interest tax variation in reais. For further information about the considered rates, see note 32.

Effective rate:

(a) 30% to 70% of CDI

(b) 60% to 110% of CDI

(c) 100% to 130% of CDI

As segregated in the tables above, in conformity with CPC 48 and IFRS 9, the Group classified their debts as (i) financial liabilities measured at amortized cost, and (ii) financial liabilities measured at fair value through profit or loss.

The objective of the classification as financial liabilities of borrowings measured at fair value is to reduce the effects of the recognition of gains and losses derived from fair valuing debt-related derivatives in order to obtain more relevant and consistent accounting information, reducing the accounting mismatch.

Changes in the fair values of these debts are recognized in the Group's financial result, except for the change in fair value due to credit risk, which, depending on the characteristics of the debts at the time of contracting, may be recorded in other comprehensive income or in the result of the period. At June 30, 2020, the unrealized accumulated gains obtained from the fair value measurement of these debts were R\$ 256,266 (accumulated gains of R\$ 16,056 at December 31, 2019) plus the unrealized gains obtained from the fair value measurement of derivative financial instruments of R\$ 119,699 (gains of R\$ 24,178 at December 31, 2019), contracted as a hedge against exchange rate variation (Note 34.b), generated total net unrealized gain of R\$ 375,965 (R\$ 40,234 at December 31, 2019).

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

Maturity	Consolidated
From July 1st, 2021	728,012
2022	1,625,726
2023	2,844,062
2024	1,203,827
2025	2,076,792
2026 to 2030	1,680,898
2031 to 2035	730,692
2036 to 2040	181,922
2041 to 2045	26,723
Subtotal	11,098,654
Fair value measurement	(251,196)
Total	10,847,458

Main borrowings in the period:

Category Subsidiary	Released (R\$ thousand)			Interest	Repayment	Utilization	Annual rate	Effective annual rate
	Total approved	Released in 2020	Net of fundraising costs					
Local currency								
TJLP - BNDES								
Boa Vista 2	144,500	3,000	3,000	Monthly	Monthly from December 2019	Investment plan	TJLP + 2.52%	TJLP + 3.27%
IPCA - BNDES								
CPFL Paulista	312,596	114,297	112,724	Quarterly	Monthly from July 2023	Investment plan	IPCA + 4.27%	IPCA + 4.34%
CPFL Paulista	1,002,912	366,703	361,679	Quarterly	Bullet in June 2027	Investment plan	IPCA + 4.27%	IPCA + 4.34%
CPFL Piratininga	126,086	37,723	37,083	Quarterly	Monthly from July 2023	Investment plan	IPCA + 4.27%	IPCA + 4.34%
CPFL Piratininga	298,402	89,277	87,776	Quarterly	Bullet in June 2028	Investment plan	IPCA + 4.27%	IPCA + 4.34%
CPFL Santa Cruz	244,385	115,000	113,758	Quarterly	Monthly from July 2023	Investment plan	IPCA + 4.27%	IPCA + 4.34%
RGE	353,019	125,228	123,451.07	Quarterly	Monthly from July 2023	Investment plan	IPCA + 4.27%	IPCA + 4.34%
RGE	1,132,601	401,772	396,097.71	Quarterly	Bullet in June 2027	Investment plan	IPCA + 4.27%	IPCA + 4.34%
Foreign Currency								
Law 4,131								
CPFL Brasil	107,000	107,000	107,000	Semiannually	Bullet in February 2023	Working capital	USD + 1.83%	USD + 1.83%
CPFL Santa Cruz	108,000	108,000	108,000	Semiannually	Annually from February 2023	Working capital	USD + 2.07%	USD + 2.07%
CPFL Paulista	196,567	196,567	196,567	Quarterly	Bullet in February 2025	Working capital	USD + 2.40%	USD + 2.40%
CPFL Paulista	174,960	174,960	174,960	Quarterly	Annually from February 2023	Working capital	USD + 2.39%	USD + 2.39%
CPFL Paulista	274,046	274,046	274,046	Quarterly	Annually from February 2023	Working capital	USD + Libor 3M + 0.99%	USD + Libor 3M + 0.99%
CPFL Paulista	534,880	534,880	534,880	Quarterly	Bullet in February 2023	Working capital	EUR + 0.43%	EUR + 0.43%
RGE	100,000	100,000	100,000	Semiannually	Bullet in January 2025	Working capital	USD + 2.64%	USD + 2.64%
RGE	418,280	418,280	418,280	Semiannually	Annually from February 2023	Working capital	USD + 2.07%	USD + 2.07%
RGE	185,000	185,000	185,000	Quarterly	Annually from February 2023	Working capital	USD + Libor 3M + 0.87%	USD + Libor 3M + 0.87%
RGE	225,497	225,497	225,497	Quarterly	Annually from February 2023	Working capital	USD + 1.84% (1.94% on March 2021)	USD + 1.84% (1.94% on March 2021)
CPFL Piratininga	419,760	419,760	419,760	Quarterly	Bullet in March 2025	Working capital	EURO + 0.70%	EURO + 0.70%
CPFL Renováveis	120,000	120,000	120,000	Semiannually	Annually from February 2023	Working capital	USD + 2.07%	USD + 2.07%
CPFL Paulista	566,000	566,000	566,000	Quarterly	Bullet in March 2023	Working capital	EUR + 0.57%	EUR + 0.57%
	7,044,489	4,682,989	4,665,557					

Pre-payment

In the first semester of 2020, R\$ 501,564 of borrowings were paid in advance, whose due dates were from until July 2038.

Covenants

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

For borrowings raised or with funds released in 2020, certain have restrictive clauses related to financial ratios, as follows:

Ratios required for the consolidated financial statements of CPFL Energia

- Debt indebtedness divided by EBITDA smaller than or equal of 3.75

- EBITDA divided by the finance income/expense results greater than or equal of 2.25

Ratios required in the individual financial statements of the subsidiary of CPFL Renováveis, holder of the contract

- Debt Service Coverage Ratio (DSCR) greater than or equal to 1.2.
- Company Capitalization Ratio greater than or equal to 30%.

Ratios required in the individual financial statements of distribution subsidiaries, holder of the contract

- Debt Service Coverage Ratio (DSCR) greater than or equal to 3.75.
- Net debt divided by net debt + equity less than or equal of 0.9.

For other borrowings, the details of the covenants are presented in note 18 to the financial statements as of December 31, 2019.

The Group's management monitors these ratios on a systematic and constant basis, so that all conditions are met. At June 30, 2020, all covenants, financial and non-financial clauses are properly complied, in the opinion of the Group's Management.

The effects and disclosures in these interim financial statements, resulting from the pandemic caused by Covid-19, are described in note 1.2.

(19) DEBENTURES

The movement in debentures are as follows:

Category	At December 31, 2019	Repayment	Interest, monetary adjustment and fair value measurement	Interest paid	At June 30, 2020
Post fixed					
TJLP	438,990	(448,249)	12,003	(2,744)	-
CDI	6,336,467	(144,415)	117,290	(139,183)	6,170,160
IPCA	1,320,909	-	39,540	(31,056)	1,329,393
Total at cost	8,096,368	(592,664)	168,831	(172,983)	7,499,552
Borrowing costs (*)	(42,215)	-	11,776	-	(30,439)
Measured at fair value - Post fixed					
IPCA	444,939	-	14,911	(12,859)	446,991
Fair value measurement	47,186	-	(22,574)	-	24,612
Total at fair value	492,125	-	(7,664)	(12,859)	471,601
Total	8,546,278	(592,664)	172,944	(185,842)	7,940,716
Current	682,582				1,455,664
Noncurrent	7,863,696				6,485,052

The detail on debentures are as follows :

Category	Annual Interest		Consolidated		Maturity range	Collateral
			June 30, 2020	December 31, 2019		
Measured at cost - Post fixed						
TJLP	TJLP + 1%	(c)	-	438,990	2009 to 2029	Liens
CDI	(i) From 103.6% to 109.75% of CDI	(a)	5,175,791	5,339,824	2018 to 2025	CPFL Energia guarantee
	(ii) CDI + 0.75% to 0.83%					
	From 104.75% to 110% of CDI	(a)	994,368	996,644	2015 to 2022	No guarantee
IPCA	IPCA + from 4.42% to 5.8%	(b)	1,329,393	1,320,909	2021 to 2027	CPFL Energia guarantee
			7,499,552	8,096,367		
	Borrowing costs (*)		(30,439)	(42,215)		
Measured at fair value - Post fixed						
IPCA	IPCA + 5.80%	(b)	446,991	444,939	2024 to 2026	CPFL Energia guarantee
	Fair value measurement		24,612	47,186		
	Total		7,940,716	8,546,277		

Certain debentures have swap exchanging the variation based on IPCA for variation based on CDI.

For further information on the rates considered, see note 34.

Effective rate

(a) 104.68% to 110.77% of the CDI | CDI + 0.76% to 0.89%

(b) IPCA + 4.84% to 6.31%

(c) TJLP + 3.48%

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

As shown in the table above, the Group classifies its debentures as (i) financial liabilities measured at amortized cost; and (ii) financial liabilities measured at fair value through profit or loss.

The classification of debentures measured at fair value as financial liabilities is aimed at reducing the accounting mismatching of the effects of the recognition of gains and losses derived from the fair value measurement of hedging derivatives linked to such debentures, in order to obtain a more relevant and consistent accounting information.

The changes in the fair values of these debentures are recognized in the Group finance income (expense), except for the fair value changes in credit risk, which is recognized in other comprehensive income. At June 30, 2020, the unrealized accumulated losses obtained from the fair value measurement of such debentures amounted to R\$ 24,612 (R\$ 47,136 at December 31, 2019) which, reduced to the unrealized gains obtained from the fair value measurement of the derivative instruments of R\$ 82,698 (R\$ 70,517 at December 31, 2019), undertaken to hedge the interest rate changes (note 34.b), generated a total net unrealized gain of R\$ 58,085 (R\$ 23,331 at December 31, 2019).

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

Maturity	Consolidated
From July 1st, 2021	161,200
2022	1,682,559
2023	2,265,083
2024	1,887,080
2025	371,966
2026 to 2030	92,553
Subtotal	6,460,441
Fair value measurement	24,612
Total	6,485,052

Pre-payment

In the first semester of 2020, R\$ 423,474 of debentures were paid in advance, whose due dates were from until November 2028.

RESTRICTIVE COVENANTS

The debenture agreements are subject to certain restrictive covenants, including covenants that require the Company and its subsidiaries to maintain certain financial ratios within pre-established parameters.

The details of the restrictive conditions for other debentures are presented in note 19 to the Financial Statements of December 31, 2019.

The Group's management monitors these ratios on a systematic and constant basis, so that all conditions are met. At June 30, 2020, all covenants, financial and non-financial clauses are properly complied, in the opinion of the Group's Management.

The effects and disclosures in these interim financial statements, resulting from the pandemic caused by Covid-19, are described in note 1.2.

(20) PRIVATE PENSION PLAN

The subsidiaries sponsor supplementary retirement and pension plans for their employees, the characteristics of which are described in note 20 to the financial statements for the year ended December 31, 2019.

Movements in the defined benefit plans

The movements in net liability occurred in the period are as follows:

	CPFL Paulista	CPFL Piratininga	CPFL Geração	RGE		Total
				Plan 1	Plan 2	
Net actuarial liability at December 31, 2019	1,721,619	420,039	46,340	-	177,496	2,365,494
Expenses (income) recognized in the statement of profit or loss	61,683	17,709	1,573	(200)	7,487	88,252
Sponsors' contributions transferred during the period	(62,225)	(19,177)	(1,117)	(3,729)	(3,091)	(89,339)
Actuarial loss (gain): effect of changes in financial assumptions	(469,316)	(175,080)	(12,525)	(42,872)	(70,055)	(769,848)
Actuarial loss (gain): return on plan assets	216,341	72,672	(748)	47,658	47,724	383,647
Effect of asset ceiling	16,123	-	-	(156)	-	15,967
Net actuarial liability at June 30, 2020	1,484,225	316,163	33,523	701	159,561	1,994,172
Other contributions						8,511
Total liability						2,002,684
Current						141,194
Noncurrent						1,861,490

At March, 2020, owing to the change occurred in the macroeconomic scenario prevailing in Brazil when compared to that as of December 31, 2019, especially related to the impacts of social isolation due to the new coronavirus (see note 1.2), the actuarial reports were updated to the reporting date March 31, 2020 and the corresponding liability and other comprehensive income balances were adjusted reflecting a reduction in the amount of R\$ 372,171.

The income and expenses recognized as cost of the operation are shown below:

	Six months 2020 actual					
	CPFL Paulista	CPFL Piratininga	CPFL Geração	RGE		Total
				Plan 1	Plan 2	
Service cost	703	4,044	57	(59)	998	5,743
Interest on actuarial obligations	226,244	64,954	5,577	17,002	24,910	338,687
Expected return on plan assets	(168,611)	(51,290)	(4,060)	(17,180)	(18,422)	(259,563)
Effect of asset ceiling	3,346	-	-	38	-	3,384
Total expense (income)	61,683	17,709	1,573	(200)	7,487	88,252

	Six months 2019 actual					
	CPFL Paulista	CPFL Piratininga	CPFL Geração	RGE		Total
				Plan 1	Plan 2	
Service cost	462	2,724	42	93	1,176	4,497
Interest on actuarial obligations	224,586	62,530	5,254	17,171	24,398	333,939
Expected return on plan assets	(186,060)	(53,898)	(4,350)	(18,750)	(20,474)	(283,532)
Effect of asset ceiling	-	-	-	1,398	-	1,398
Total expense (income)	38,989	11,356	946	(88)	5,100	56,302

As a result of the change in the macroeconomic scenario, the effect estimate for the 2020 result was also changed (see note 1.2). The new actuarial estimate for expenses and / or revenues to be recognized in the remainder of 2020 is presented below:

	Six months 2020 estimated					
	CPFL Paulista	CPFL Piratininga	CPFL Geração	RGE		Total
				Plan 1	Plan 2	
Service cost	641	3,521	51	35	875	5,123
Interest on actuarial obligations	231,597	65,894	5,697	17,287	25,225	345,699
Expected return on plan assets	(175,258)	(53,385)	(4,339)	(17,418)	(18,707)	(269,107)
Effect of asset ceiling	3,911	-	-	-	-	3,911
Total expense (income)	60,891	16,029	1,409	(96)	7,392	85,625

Main Actuarial Assumptions

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

	CPFL Paulista, CPFL Geração and CPFL Piratininga			RGE (Plans 1 and 2)		
	March 31, 2020	December 31, 2019	December 31, 2018	March 31, 2020	December 31, 2019	December 31, 2018
Nominal discount rate for actuarial liabilities:	8.47% p.a.	7.43% p.a.	9.10% p.a.	8.47% p.a.	7.43% p.a.	9.10% p.a. (*)
Nominal return rate on plan assets:	8.47% p.a.	7.43% p.a.	9.10% p.a.	8.47% p.a.	7.43% p.a.	9.10% p.a. (*)
Estimated rate of nominal salary increase:	5.56% p.a. (**)	5.56% p.a. (**)	5.56% p.a. (**)	5.97% p.a. (***)	5.97% p.a. (***)	5.97% p.a. (***)
Estimated rate of nominal benefits increase:	4.00% p.a.	4.00% p.a.	4.00% p.a.	4.00% p.a.	4.00% p.a.	4.00% p.a.
Estimated long-term inflation rate (basis for the nominal rates above)	4.00% p.a.	4.00% p.a.	4.00% p.a.	4.00% p.a.	4.00% p.a.	4.00% p.a.
General biometric mortality table:	AT-2000 (-10)	AT-2000 (-10)	AT-2000 (-10)	BR-EMS sb v.2015	BR-EMS sb v.2015	BR-EMS sb v.2015
Biometric table for the onset of disability:	Low Light (-30)	Low Light (-30)	Low Light	Medium Light	Medium Light	Medium Light
Expected turnover rate:	ExpR_2012	ExpR_2012	ExpR_2012	Null	Null	Null
Likelihood of reaching retirement age:	After 15 years of filiation and 35 years of service time for men and 30 years of service time for women	After 15 years of filiation and 35 years of service time for men and 30 years of service time for women	After 15 years of filiation and 35 years of service time for men and 30 years of service time for women	100% when a beneficiary first becomes eligible for a full benefit	100% when a beneficiary first becomes eligible for a full benefit	100% when a beneficiary first becomes eligible for a full benefit

(*) The nominal discount rate for actuarial liabilities and the nominal return rate on plan assets was 9.30% for RGE (Plan 1) at December 31, 2018

(**) The estimated rate of nominal salary increase for CPFL Piratininga was 6.39% at March 31, 2020, and at December 31, 2019 and 2018

(***) The estimated rate of nominal salary increase for RGE (Plan 1) was 5.15% at March 31, 2020, and at December 31, 2019 and 2018

The effects and disclosures in these interim financial statements, resulting from the pandemic caused by Covid-19, are described in note 1.2.

(21) REGULATORY LIABILITIES

	Consolidated	
	June 30, 2020	December 31, 2019
Financial compensation for the use of water resources - CFURH	587	1,265
Global reversal reserve - RGR	17,319	17,260
ANEEL inspection fee - TFSEE	7,379	7,375
Energy development account - CDE	154,400	-
Tariff flags and others	144	206,352
Total	179,829	232,251

(22) TAXES, FEES AND CONTRIBUTIONS

	Consolidated	
	June 30, 2020	December 31, 2019
<u>Current</u>		
IRPJ (corporate income tax)	66,492	156,240
CSLL (social contribution on net income)	23,646	62,721
Income tax and social contribution	90,139	218,961
ICMS (State VAT)	383,106	435,155
PIS (tax on revenue)	107,022	36,657
COFINS (tax on revenue)	493,942	168,195
PIS/COFINS payment	4,706	9,323
Income tax withholding on interest on capital	-	40,099
Other taxes	66,777	52,105
Other taxes	1,055,553	741,536
Total current	1,145,691	960,497
<u>Noncurrent</u>		
Prepayments of income tax - IRPJ	157,496	156,198
ICMS (State VAT)	807	805
Other taxes	807	805
Total noncurrent	158,303	157,003

PIS and COFINS: The subsidiaries adhered to the PIS and COFINS maturity extension plan, for March, April and May 2020, pursuant to Federal Government Ordinances No. 139 and 254 of 2020, which are due in the second half of 2020.

Corporate Income tax – IRPJ: in noncurrent, due to the initial application of IFRIC 23 / ICPC 22 - Uncertainty Over Income Tax Treatments, this refers to the reclassification of provision for tax risks related to income tax payable. The case refers to the Writ of Mandamus filed by the subsidiary CPFL Piratininga, which discussed the possibility of excluding the Social Contribution on Profit (CSLL) from its own calculation base, as well as from the calculation base of the Corporate Income Tax (IRPJ); for such case, it is more probable that the Tax Authorities will not accept the procedure.

The Group has some uncertain income tax treatments for which Management concluded that it is more probable than not that they will be accepted by the tax authority and for which the effect of potential contingencies is disclosed in note 23 – Provisions for tax, civil and labor risks and escrow deposits.

(23) PROVISION FOR TAX, CIVIL AND LABOR RISKS AND ESCROW DEPOSITS

	Consolidated			
	June 30, 2020		December 31, 2019	
	Provision for tax, civil ad labor risks	Escrow deposits	Provision for tax, civil ad labor risks	Escrow deposits
Labor	186,724	103,962	235,085	96,094
Civil	246,370	67,720	245,464	66,243
Tax				
Income Tax and tax contribution	7,400	422,695	7,571	417,664
Others	46,830	179,993	46,255	177,369
	<u>54,231</u>	<u>602,687</u>	<u>53,825</u>	<u>595,033</u>
Others	56,405	-	66,401	1
Total	<u><u>543,730</u></u>	<u><u>774,370</u></u>	<u><u>600,775</u></u>	<u><u>757,370</u></u>

The movements in the provision for tax, civil, labor and other risks are shown below:

	Consolidated					At June 30, 2020
	At December 31, 2019	Additions	Reversals	Payments	Monetary adjustment	
Labor	235,085	28,020	(20,944)	(66,255)	10,817	186,724
Civil	245,464	43,154	(12,605)	(41,511)	11,869	246,370
Tax	53,825	2,773	(2,338)	(1,743)	1,713	54,231
Others	66,401	-	-	(10,139)	143	56,405
Total	<u><u>600,775</u></u>	<u><u>73,948</u></u>	<u><u>(35,888)</u></u>	<u><u>(119,648)</u></u>	<u><u>24,542</u></u>	<u><u>543,730</u></u>

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

The details of the nature of the provision for tax, civil, labor and other risks and escrow deposits are presented in the note 23 of the financial statements at December 31, 2019.

Possible losses

The Group is part to other lawsuits in which Management, supported by its external legal counselors, believes that the chances of a successful outcome are possible due to a solid defensive position in these cases, therefore no provision was recognized. It is not yet possible to predict the outcome of the courts' decisions or any other decisions in similar proceedings considered probable or remote.

The claims relating to possible losses at June 30, 2020 and December 31, 2019 were as follows:

	Consolidated		
	June 30, 2020	December 31, 2019	
Labor	581,928	583,348	Work accidents, risk premium for dangerousness at workplace and overtime
Civil	2,164,576	1,815,143	Compensation claims, electrical damages, overfed tariffs, review of contracts and charges for occupation of the right-of-way.
Tax	4,794,739	4,350,740	Income tax and social contribution (note 23)
Tax - others	2,378,443	2,654,331	INSS, ICMS, FINSOCIAL, PIS and COFINS
Regulatory	77,522	76,404	Technical, commercial and economic-financial supervisions
Total	9,997,208	9,479,966	

Tax – One of the main cases refers to litigation about deductibility for income tax purposes of expenses recognized in 1997 relating to novation of debt in connection with the pension plan of employees of subsidiary CPFL Paulista to Fundação CESP (“Vivest”) in the estimated amount of 1,489,422, with escrow deposits in the amount of R\$ 22,673 and financial guarantees (insurance and letters of guarantee) in the total amount of R \$ 1,870,532, under the terms required by the relevant procedural law. In addition, the litigation includes interest that was levied on the escrow deposit withdrawn by the Company, in the amount of R\$ 252,655 and that is deposited in court. On May 23, June 6 and September 17, 2019, the special appeal of the main proceeding was judged by the Second Panel of the Higher Court of Justice (STJ), which handed down a decision unfavorable to the subsidiary, fully published on June 26, 2020, on which applicable appeals will be lodged. These rulings have not yet been fully published, and the subsidiary, when it has access to the decision, may evaluate the applicable appeals still at the level of the STJ. Additionally, the subsidiary has an extraordinary appeal in the initial stage at the Federal Supreme Court (STF). Consequently, based on the current stage of the appeal, both at the STJ and at the STF, and based on the opinion of its legal advisors, the subsidiary remains confident in the legal grounds consubstantiating the appeal and will continue to defend its arguments before the judiciary branch, assessing the chances of loss as not probable, there is a new opportunity for the analysis of the case at the Federal Supreme Court (STF), with a constitutional approach with solid bases, indicating possible success in the extraordinary appeals, and will continue to try to avoid possible cash outflows should it be required to replace existing judicial guarantees with cash deposits.

Labor - As regards labor contingencies, there is a discussion in progress about the possibility of changing the inflation adjustment index adopted by the Labor Court. Currently, there is a STF decision that suspends the change ruled by the Higher Labor Court (TST), which intended to replace the index currently adopted by the Labor Court (“TR”) by the IPCA-E. Considering the possibility of conflicting decisions, and that it is the Supreme Court's prerogative to decide on constitutional matters, the STF granted suspension of the proceedings dealing with the divergence in the scope of the Labor Court. In view of such a decision, and until there is a definitive decision published by STF, the Group's Management considers the risk of losses as possible, and, since this matter still requires definition by the Courts, it is not possible to reasonably estimate the amounts involved. In addition, in accordance with Law No. 13,467 of November 11, 2017, the TR has been the inflation adjustment index adopted by the Labor Court since the law came into effect.

Based on the opinion of their outside legal counselors, the Group's management believes that the amounts provided for reflect the current best estimate.

(24) OTHER PAYABLES

	Consolidated			
	Current		Noncurrent	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
Consumers and concessionaires	159,651	114,610	53,585	183,938
Energy efficiency program - PEE	297,794	230,451	50,732	89,522
Research & Development - P&D	198,479	93,658	40,125	125,111
EPE / FNDCT / PROCEL (*)	60,773	49,275	-	-
Reversion fund	1,712	1,712	11,760	12,615
Advances	508,798	234,556	44,260	43,263
Tariff discounts - CDE	67,899	76,632	-	-
Provision for socio environmental costs	24,428	24,485	210,408	203,844
Payroll	13,587	18,004	-	-
Profit sharing	59,879	98,713	17,315	29,631
Collection agreements	84,167	93,740	-	-
Business acquisition	8,290	7,901	-	-
Others	62,024	50,533	204,763	71,406
Total	1,547,481	1,094,269	632,948	759,331

(*) EPE - Energy Research Company, FNDCT - National Fund for Scientific and Technology Development, PROCEL - National Electric Energy Conservation Program

Advances: refer mainly to advances from customers in relation to advance billing by the subsidiary CPFL Renováveis, before the energy or service has actually been provided or delivered.

Provision for socio environmental costs and asset retirement: Refer mainly to provisions recognized by the subsidiary CPFL Renováveis in relation to socio environmental licenses as a result of events that have already occurred and asset retirement obligations arising from contractual and legal requirements relating to lease of land on which the wind farms are located. These costs are accrued 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 decommissioning and removal at the end of the authorization period for these plants. These costs may differ from those that 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 that at the end of the authorizations.

(25) EQUITY

The shareholders' interest in the Company's equity at June 30, 2020 and December 31, 2019 is shown below:

Shareholders	Number of shares			
	June 30, 2020		December 31, 2019	
	Common shares	Interest %	Common shares	Interest %
State Grid Brazil Power Participações S.A.	730,435,698	63.39%	730,435,698	63.39%
ESC Energia S.A.	234,086,204	20.32%	234,086,204	20.32%
Members of the Executive Board	18,289	0.00%	189	0.00%
Other shareholders	187,714,249	16.29%	187,732,349	16.29%
Total	1,152,254,440	100.00%	1,152,254,440	100.00%

The details of the items included in equity are described in the financial statements for the year ended December 31, 2019.

25.1 Public Offering of Shares – CPFL Renováveis

On December 19, 2019, the Company's Board of Directors and the Executive Board of CPFL Geração approved the holding of a public tender offer of the common shares issued by CPFL Energias Renováveis,

outstanding in the market, for the purpose of converting its registration as a publicly-held company category “A” into category “B” (“OPA Conversion of Registration”) and/or exit from the New Market (“OPA Exit from the New Market”, and, together with the OPA Conversion of Registration, “OPA”), to be carried out by CPFL Geração, direct controlling shareholder of CPFL Renováveis. The holding of the OPA is subject to its registration by the CVM and its authorization by B3 and will be intended for the acquisition of up to 291,550 common shares issued by CPFL Renováveis outstanding in the market, which represent, on that date, 0.056% equity interest in CPFL Renováveis (“Outstanding Shares”).

On April 27, 2020, the Company received approval from the CVM related to the OPA Conversion of Registry request as well as to the OPA Exit from the New Market. The Public Offering Notice, containing all the terms and conditions of the OPA, was released by CPFL Geração on May 6, 2020.

On May 21, 2020, the Company, by means of a Material News Release, informed that, on that date, its Board of Directors expressed its agreement with acceptance of the OPA by the Company's shareholders, pursuant to the opinion approved at the meeting held on that date.

On June 5, 2020, CPFL Geração, through a Material News Release, informed that the definitive acquisition price for the OPA auction, after the adjustments provided for in item 4.5 of the Notice, was R\$ 18.24 per common share, to be fully paid in cash on the financial settlement date (June 15, 2020) of the OPA auction.

On June 10, 2020, CPFL Renováveis, by means of a Material News Release, informed the result of the public offering auction of the Company's common shares outstanding in the market, unifying the modalities for the purpose of converting its registration as a publicly-held company category “A” into category “B” (“OPA Conversion of Registration”) and leaving the New Market (“OPA Exit from the New Market”), and, together with OPA Conversion of Registration, “OPA” and “Auction”, respectively) carried out on that date on B3 S.A. – Brasil, Bolsa, Balcão (“B3”). As a result of the Auction, CPFL Geração (“the Offering Party”) acquired 183,539 common shares issued by the Company outstanding in the market, representing 0.035% of its issued capital. The shares were acquired at the unit price of R\$ 18.24, totaling R\$ 3,347,751.36. With the financial settlement of the acquisitions made at the Auction, which took place on June 15, 2020, the remaining outstanding shares now represent 0.021% of the Company's share capital. Considering that the number of shares acquired by the Offering Party at the Auction exceeded the minimum amount necessary for the conversion of its registration as a publicly-held company category “A” into category “B” with the CVM, of 2/3rd of the shares offered at the Auction, the Company proceeded with the necessary acts for the conversion. The Company's shares immediately ceased to be part of B3's New Market segment, moving on to B3's basic segment until CVM issues a statement regarding the category conversion.

On June 19, 2020, CPFL Renováveis, through a Material News Release, informed that the Board of Directors approved, on that date, the call for the Extraordinary General Meeting (“EGM”) of the Company's shareholders, to be held on July 7, 2020, to decide about the redemption of all common shares issued by the Company that remained outstanding after the OPA auction. The EGM took place on that date and the share redemption was approved. The redemption price is R\$ 18.28 per share, equivalent to the price of the OPA, adjusted by the variation of the SELIC rate from June 15, 2020, the settlement date of the OPA, until the date of deposit of the redemption amount (July 22, 2020).

(26) EARNINGS PER SHARE

Earnings per share – basic and diluted

The calculation of the basic and diluted earnings per share for the quarters and semesters ended at June 30, 2020 and 2019 was based on the profit of the period attributable to controlling shareholder and the weighted average number of common shares outstanding in the period.

	2nd quarter 2020	Six months 2020	2nd quarter 2019	Six months 2019
Numerator				
Profit attributable to controlling shareholders	451,093	1,341,134	580,628	1,184,079
Denominator				
Weighted average number of shares held by shareholders	1,152,254,440	1,152,254,440	1,026,805,827 ^(*)	1,022,360,287
Earnings per share - basic and diluted	0.39	1.16	0.57	1.16

(**) Considers the events occurred on June 12, 2019 and June 28, 2019, related to the Company's IPO process (note 24.1)

For the quarters and semesters ended at June 30, 2020 and 2019, the calculation of earnings per share was not impacted by the effects of debentures convertible into shares of the subsidiary of CPFL Renováveis, due to the fact that they presented antidilutive effects.

(27) NET OPERATING REVENUE

	Consolidated			
	2020		2019	
	2nd quarter	Six months	2nd quarter	Six months
Revenue from Eletric Energy Operations				
Consumer class				
Residential	3,431,161	7,473,291	3,575,012	7,580,352
Industrial	1,008,037	2,178,712	1,301,395	2,515,780
Commercial	1,260,531	2,979,321	1,601,723	3,310,896
Rural	335,796	757,812	322,925	691,882
Public administration	171,407	403,053	235,519	463,318
Public lighting	198,174	400,771	206,057	393,901
Public services	295,559	597,600	301,242	590,092
Billed	6,700,666	14,790,560	7,543,872	15,546,221
Unbilled (net)	(103,320)	(42,739)	(16,255)	(8,709)
(-) Reclassificacão to Network Usage Charge - TUSD - Captive Consumers	(2,946,912)	(6,452,549)	(3,043,628)	(6,216,864)
Electricity sales to final consumers	3,650,435	8,295,272	4,483,990	9,320,648
Electricity sales to wholesalers				
Furnas Centrais Elétricas S.A.	160,298	307,306	147,008	281,356
Other concessionaires and licensees	721,499	1,405,531	1,019,678	1,907,680
(-) Reclassificacão to Network Usage Charge - TUSD - Captive Consumers	(27,742)	(61,053)	(33,047)	(68,455)
Spot market energy	188,376	484,831	149,792	479,933
Electricity sales to wholesalers	1,042,431	2,136,615	1,283,431	2,600,514
Revenue due to Network Usage Charge - TUSD - Captive Consumers	2,974,654	6,513,602	3,076,675	6,285,319
Revenue due to Network Usage Charge - TUSD - Free Consumers	831,566	1,759,717	857,832	1,599,282
(-) Compensation paid for failure to comply with the limits of continuity	(17,544)	(49,845)	(17,345)	(48,904)
Revenue from construction of concession infrastructure	603,471	1,099,275	511,367	926,580
Sector financial asset and liability (Note 8)	290,800	(172,543)	21,055	(302,825)
Concession financial asset - fair value adjustment (Note 10)	(61,221)	77,351	108,297	172,787
Energy development account - CDE - Low-income, Tariff discounts - judicial injunctions ,and other tariff discounts	384,075	759,576	338,325	767,008
Other revenues and income	147,874	306,248	140,403	271,377
Other operating revenues	5,153,675	10,293,381	5,036,609	9,670,624
Total gross operating revenue	9,846,540	20,725,268	10,804,030	21,591,785
Deductions from operating revenues				
ICMS	(1,486,943)	(3,294,523)	(1,643,018)	(3,409,607)
PIS	(150,742)	(316,133)	(165,651)	(327,493)
COFINS	(694,355)	(1,456,183)	(763,029)	(1,507,981)
ISS	(6,017)	(11,070)	(5,209)	(9,736)
Energy development account - CDE	(845,172)	(1,785,920)	(1,046,499)	(2,044,210)
Research and development and energy efficiency programs	(49,866)	(105,951)	(52,658)	(109,005)
PROINFA	(41,625)	(88,651)	(44,063)	(82,888)
Tariff flags and others	68	198,115	(34,780)	87,563
Financial compensation for the use of water resources - CFURH	(906)	(2,242)	(3,088)	(5,485)
Others	(9,338)	(18,798)	(9,730)	(19,193)
	(3,284,895)	(6,881,357)	(3,767,724)	(7,428,033)
Net operating revenue	6,561,645	13,843,911	7,036,306	14,163,752

	2020		2019	
	2nd quarter	Six months	2nd quarter	Six months
Revenue from Eletric Energy Operations - in GWh				
Consumer class				
Residential	4,849	10,293	4,801	10,404
Industrial	2,665	5,692	3,309	6,455
Commercial	2,128	4,965	2,583	5,458
Rural	735	1,695	726	1,674
Public administration	265	627	364	746
Public lighting	505	1,011	514	1,014
Public services	565	1,134	577	1,166
Others				
Billed	11,713	25,418	12,874	26,918
Own consumption	8	18	9	18
Electricity sales to final consumers	11,721	25,436	12,883	26,937
Electricity sales to wholesalers				
Furnas Centrais Elétricas S.A.	717	1,433	717	1,426
Other concessionaires and licensees	3,471	6,201	4,805	8,689
Spot market energy	2,887	4,648	1,148	2,401
Electricity sales to wholesalers	7,074	12,283	6,670	12,516

Number of consumers	Consolidated	
	June 30, 2020	June 30, 2019
Consumer class		
Residential	8,790,276	8,640,659
Industrial	56,001	57,925
Commercial	524,438	531,043
Rural	363,801	362,688
Public administration	62,531	61,218
Public lighting	11,968	11,859
Public services	10,631	10,361
Total	9,819,646	9,675,753

27.1 Adjustment of revenues from excess demand and excess reactive power

The information related to accounting and historical are described in note 27.1 of financial statements of December 31, 2019.

27.2 Periodic tariff review ("RTP") and Annual tariff adjustment ("RTA")

Distributor	Month	2020		2019	
		RTA / RTP	Effect perceived by consumers (a)	RTA / RTP	Effect perceived by consumers (a)
CPFL Paulista	April (c)	14.90%	6.05%	12.02%	8.66%
CPFL Piratininga	October	(b)	(b)	1.88%	-7.80%
RGE	June (c)	15.74%	6.09%	10.05%	8.63%
RGE Sul (RGE)	June (c)	15.74%	6.09%	10.05%	1.72%
CPFL Santa Cruz	March	10.71%	0.20%	13.70%	13.31%

- (a) Represents the average effect perceived by the consumer, as a result of the elimination from the tariff base of financial components that had been added in the prior tariff adjustment.
- (b) The adjustments for 2020 to subsidiary CPFL Piratininga have not yet occurred.
- (c) The tariff adjustments for the two subsidiaries were suspended until June 30, 2020, in the context of a public health emergency of international importance due to the coronavirus pandemic (note 1.2). ANEEL recognized the subsidiaries' right to the amount referring to the non-collection of additional tariff revenue in the period, authorizing them to deduct in proportion to the period of suspension of the payment of monthly quotas from CDE to CCEE.

27.3 Energy Development Account (CDE) – Low income, other tariff subsidies and tariff discounts - injunctions

The details on the CDE contribution are disclosed in notes 27.3 to the financial statements as of December 31, 2019.

In the first semester of 2020, revenue of R\$ 759,576 was recognized (R\$ 767,008 in the first semester of 2019), considering (i) R\$ 124,793 for low-income subsidy (R\$ 36,736 in the first semester of 2019), (ii) R\$ 596,049 for other tariff discounts (R\$ 654,165 in the first semester of 2019), and (iii) R\$ 38,734 for tariff discounts – CCRBT injunctions and subsidy (R\$ 76,108 in the first semester of 2019). These items were recognized against other assets in the line item Receivables – CDE (note 12) and other payables in line item Tariff discounts – CDE (note 24).

27.4 Energy development account (“CDE”)

Details on the CDE are disclosed in note 27.4 to the financial statements of December 31, 2019.

ANEEL, through the Homologatory Resolution (“REH”) No. 2,664, of December 17, 2019, established the definitive annual quotas of CDE - USAGE current for the year 2020.

(28) COST OF ELECTRIC ENERGY

	Consolidated			
	2020		2019	
	2nd quarter	Six months	2nd quarter	Six months
Electricity Purchased for Resale				
Itaipu Binacional	1,019,063	1,929,085	692,898	1,350,197
PROINFA	75,055	144,157	99,044	203,859
Energy purchased through auction in the regulated market, bilateral contracts and spot market	2,803,321	5,885,912	3,103,716	6,675,925
PIS and COFINS credit	(352,775)	(710,538)	(289,173)	(670,953)
Subtotal	3,544,665	7,248,618	3,606,485	7,559,027
Electricity network usage charge				
Basic network charges	503,957	1,066,618	488,507	986,794
Transmission from Itaipu	73,366	143,140	69,980	136,534
Connection charges	41,814	82,235	45,943	93,367
Charges for use of the distribution system	10,765	21,421	11,545	24,510
System service charges - ESS net of CONER pass through (*)	(224,549)	(206,941)	18,848	(22,231)
Reserve energy charges - EER	120,593	120,593	93,592	93,592
PIS and COFINS credit	(47,421)	(111,075)	(66,289)	(119,220)
Subtotal	478,525	1,115,991	662,126	1,193,346
Total	4,023,190	8,364,609	4,268,610	8,752,373

(*) Energy reserve account.

	Consolidated			
	2020		2019	
	2nd quarter	Six months	2nd quarter	Six months
Electricity Purchased for Resale in GWh				
Itaipu Binacional	2,714	5,436	2,745	5,466
PROINFA	260	512	266	523
Energy purchased through auction in the regulated market, bilateral contracts and spot market	15,178	31,624	15,666	32,582
Total	18,152	37,572	18,678	38,570

(29) OTHER OPERATING COSTS AND EXPENSES

	2nd quarter											
	Consolidated											
	Cost of Services Rendered to				Operating expenses							
	Cost of operation		Third Parties		Selling expenses		General and administrative		Other operating expenses		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Personnel	233,706	242,731	-	1	41,163	43,285	82,575	79,751	-	-	357,444	365,768
Private Pension Plans	42,813	28,151	-	-	-	-	-	-	-	-	42,813	28,151
Materials	50,114	60,695	447	266	4,638	2,312	3,587	2,867	-	-	58,786	66,140
Third party services	35,225	58,082	940	649	41,516	44,257	73,238	75,460	-	-	150,919	178,448
Costs of infrastructure construction	-	-	600,507	511,323	-	-	-	-	-	-	600,507	511,323
Others	23,046	16,539	11	(1)	23,567	24,756	52,050	54,905	26,215	41,728	124,890	137,927
Collection fees	-	-	-	-	23,237	24,299	-	-	-	-	23,237	24,299
Leases and rentals	16,185	12,590	-	-	-	-	5,414	5,234	-	-	21,599	17,824
Publicity and advertising	88	3	-	-	-	-	5,794	4,438	-	-	5,882	4,441
Legal, judicial and indemnities	-	(26)	-	-	-	12	26,252	38,951	-	-	26,252	38,937
Donations, contributions and subsidies	(39)	176	-	-	-	-	7,047	928	-	-	7,008	1,104
Gain (loss) on disposal, retirement and other noncurrent assets	-	-	-	-	-	-	-	-	23,721	39,737	23,721	39,737
Others	6,813	3,795	11	(1)	330	445	7,543	5,353	2,494	1,991	17,191	11,584
Total	384,904	406,198	601,904	512,238	110,885	114,609	211,449	212,982	26,215	41,729	1,335,357	1,287,756

	Six months 2											
	Cost of Services Rendered to				Despesas Operacionais						Total	
	Cost of operation		Third Parties		Selling expenses		General and administrative		Other operating expenses			
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Personnel	460,844	468,704	-	1	82,780	85,801	167,954	159,281	-	-	711,578	713,787
Private Pension Plans	88,252	56,302	-	-	-	-	-	-	-	-	88,252	56,302
Materials	113,063	124,236	712	440	8,106	4,850	11,013	3,471	-	-	132,894	132,997
Third party services	97,660	106,867	1,761	1,160	86,181	86,415	136,103	149,016	-	-	321,705	343,458
Costs of infrastructure construction	-	-	1,095,597	926,534	-	-	-	-	-	-	1,095,597	926,534
Others	42,496	30,588	10	(2)	48,443	49,988	102,857	98,929	63,620	65,067	257,426	244,569
Collection fees	-	-	-	-	47,723	49,116	-	-	-	-	47,723	49,116
Leases and rentals	28,881	25,153	-	-	-	-	10,815	10,514	-	-	39,696	35,667
Publicity and advertising	88	4	-	-	-	-	9,122	8,329	-	-	9,210	8,333
Legal, judicial and indemnities	-	-	-	-	-	21	63,763	70,953	-	-	63,763	70,974
Donations, contributions and subsidies	-	176	-	-	-	-	8,041	1,859	-	-	8,041	2,035
Gain (loss) on disposal, retirement and other noncurrent assets	-	-	-	-	-	-	-	-	58,755	60,902	58,755	60,902
Others	13,527	5,254	10	(2)	720	851	11,116	7,274	4,865	4,165	30,238	17,542
Total	802,314	786,696	1,098,081	928,133	225,510	227,054	417,926	410,697	63,620	65,067	2,607,451	2,417,647

(30) FINANCIAL INCOME (EXPENSES)

	Consolidated			
	2020		2019	
	2nd quarter	Six months	2nd quarter	Six months
Financial income				
Income from financial investments	54,379	90,420	59,341	107,911
Late payment interest and fines	73,172	153,751	75,330	150,643
Adjustment for inflation of tax credits	1,661	5,878	2,036	3,263
Adjustment for inflation of escrow deposits	3,989	9,605	8,848	17,747
Adjustment for inflation and exchange rate changes	21,544	296,713	23,397	31,642
Discount on purchase of ICMS credit	3,258	6,822	3,249	10,120
Adjustments to the sector financial asset (note 9)	4,396	12,133	19,950	47,484
PIS and COFINS on other financial income	(8,659)	(17,828)	(11,737)	(22,115)
Other	28,744	63,281	50,923	91,235
Total	182,483	620,775	231,337	437,932
Financial expenses				
Interest on debts	(228,408)	(457,933)	(296,470)	(591,755)
Adjustment for inflation and exchange rate changes	3,652	(48,630)	(92,164)	(177,534)
(-) Capitalized interest	7,479	13,341	6,029	11,618
Adjustments to the sector financial liability (note 9)	141	-	-	-
Use of public asset	(4,789)	(9,635)	(4,897)	(6,825)
Other	(32,817)	(69,170)	(55,159)	(104,801)
Total	(254,742)	(572,027)	(442,661)	(869,296)
Financial income (expenses), net	(72,259)	48,748	(211,324)	(431,364)

In line item of monetary adjustment and exchange rate changes, the expense includes the net effects of gains of R\$ 2,400,257 in the first semester of 2020 (R\$ 89,023 in the first semester of 2019) on derivative instruments (note 34.b).

(31) SEGMENT INFORMATION

	Distribution	Generation (conventional source)	Generation (renewable source)	Commercialization	Services	Subtotal	Other (*)	Elimination	Total
Six months 2020									
Net operating revenue	11,491,361	386,224	489,921	1,427,337	53,040	13,847,883	(3,972)	-	13,843,911
(-) Intersegment revenues	5,057	235,864	223,910	198	273,545	738,574	-	(738,574)	-
Cost of electric energy	(7,286,007)	(53,893)	(109,693)	(1,382,859)	-	(8,832,453)	-	467,844	(8,364,609)
Operating costs and expenses	(2,451,316)	(88,122)	(178,750)	(23,947)	(253,672)	(2,995,808)	(20,345)	270,730	(2,745,425)
Depreciation and amortization	(427,824)	(59,522)	(325,361)	(1,374)	(13,699)	(827,781)	(31,559)	-	(859,339)
Income from electric energy service	1,331,272	420,550	100,026	19,355	59,214	1,930,416	(55,877)	-	1,874,539
Equity interests in subsidiaries, associates and joint ventures	-	170,194	-	-	-	170,194	-	-	170,194
Financial income	529,683	18,487	51,247	18,088	2,317	619,821	8,881	(7,927)	620,775
Financial expenses	(304,947)	(63,201)	(203,356)	(7,223)	(1,203)	(579,929)	(25)	7,927	(572,027)
Profit (loss) before taxes	1,556,008	546,029	(52,083)	30,220	60,328	2,140,502	(47,021)	-	2,093,481
Income tax and social contribution	(558,738)	(121,438)	(20,147)	(10,256)	(16,000)	(726,578)	(570)	-	(727,148)
Profit (loss) for the period	997,270	424,591	(72,230)	19,964	44,328	1,413,924	(47,591)	-	1,366,333
Purchases of contract asset PP&E and intangible assets	999,646	41,316	91,618	6,390	24,554	1,163,523	290	-	1,163,813
Six months 2019									
Net operating revenue	11,675,394	325,157	549,515	1,569,451	44,234	14,163,752	-	-	14,163,752
(-) Intersegment revenues	27,231	241,958	195,970	3,385	259,587	728,131	-	(728,131)	-
Cost of electric energy	(7,543,046)	(57,994)	(119,610)	(1,501,003)	-	(9,221,653)	-	469,280	(8,752,373)
Operating costs and expenses	(2,306,624)	(47,105)	(182,952)	(19,432)	(229,266)	(2,785,378)	(24,972)	258,852	(2,551,497)
Depreciation and amortization	(386,401)	(59,472)	(322,192)	(1,016)	(12,071)	(781,153)	(31,467)	-	(812,621)
Income from electric energy service	1,466,554	402,544	120,732	51,385	62,484	2,103,699	(56,438)	-	2,047,260
Equity interests in subsidiaries, associates and joint ventures	-	175,430	-	-	-	175,430	-	-	175,430
Financial income	293,158	23,229	98,787	21,527	2,813	439,514	13,815	(15,397)	437,932
Financial expenses	(424,319)	(106,150)	(321,666)	(30,534)	(1,985)	(884,656)	(37)	15,397	(869,296)
Profit (loss) before taxes	1,335,393	495,052	(102,148)	42,378	63,311	1,833,986	(42,660)	-	1,791,326
Income tax and social contribution	(483,273)	(102,723)	(29,373)	(14,391)	(17,291)	(647,051)	(245)	-	(647,295)
Profit (loss) for the period	852,120	392,329	(131,521)	27,987	46,020	1,186,936	(42,905)	-	1,144,031
Purchases of contract asset PP&E and intangible assets	885,152	8,110	49,377	1,165	21,343	965,148	988	-	966,136

(*) Others – refer basically to assets and transactions which are not related to any of the identified segments.

(32) RELATED PARTY TRANSACTIONS

The Company's controlling shareholders, related party information and main transactions are disclosed in note 32 of the financial statements of December 31, 2019

The total compensation for key management personnel in the first semester of 2020, in accordance with CVM Decision 560/2008, was R\$ 35,596 (R\$ 33,852 in the first semester of 2019). This amount comprises R\$ 34,441 related to short-term benefits (R\$ 32,901 in the first semester of 2019) and R\$ 1,155 (R\$ 952 in the first semester of 2019) of post-employment benefits

The intercompany loan balance in the parent company, in the amount of R\$ 414,462, mainly refers to the intercompany loan with subsidiary CPFL Renováveis, maturing up to July 2020 and bearing 107% of CDI interest.

The intercompany loan balance in the consolidated, in the amount of R\$ 851,088, mainly refers to the intercompany loan with subsidiary CPFL Renováveis and subsidiary SGBP, maturing up to December 2021 and 107% of CDI + 1.1% interest.

Transactions with entities under common control basically refers to transmission system charge paid by the Company's subsidiaries to the direct or indirect subsidiaries of State Grid Corporation of China.

Transactions involving controlling shareholders, entities under common control or significant influence and joint ventures:

	Consolidated							
	ASSETS		LIABILITIES		INCOME		EXPENSES	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019	Six months 2020	Six months 2019	Six months 2020	Six months 2019
Energy purchase and sales, and charges								
Entities under common control (State Grid Corporation of China subsidiaries)	-	-	-	2,998	-	-	130,143	87,227
BAESA – Energética Barra Grande S.A.	-	3,082	3,635	6,544	7	6	24,773	9,175
Foz do Chapecó Energia S.A.	1,689	1,773	43,005	45,009	10,258	10,365	257,465	241,704
ENERCAN - Campos Novos Energia S.A.	1,108	1,017	67,249	62,330	6,466	5,680	192,745	177,356
EPASA - Centrais Elétricas da Paraíba	-	-	5,821	6,737	2	1	27,918	51,164
Intangible assets, property, plant and equipment, materials and service rendered								
Entities under common control (State Grid Corporation of China subsidiaries)	-	-	165	-	-	-	145	77
BAESA – Energética Barra Grande S.A.	167	198	-	-	1,137	1,182	-	-
Foz do Chapecó Energia S.A.	8	11	-	-	1,116	1,069	-	-
ENERCAN - Campos Novos Energia S.A.	156	2	-	-	1,004	969	-	-
EPASA - Centrais Elétricas da Paraíba	-	-	-	-	91	159	-	-
Intragroup loans								
State Grid Brazil Power Participações S.A.	-	-	851,088	-	-	-	-	-
Dividends and interest on capital								
BAESA – Energética Barra Grande S.A.	18,547	3,504	-	-	-	-	-	-
Chapecoense Geração S.A.	37,090	37,090	-	-	-	-	-	-
ENERCAN - Campos Novos Energia S.A.	96,011	59,289	-	-	-	-	-	-
Others								
Instituto CPFL	-	-	-	-	-	-	7,988	2,052

(33) RISK MANAGEMENT

The information about the risk management structure and the main risk factors that affect the Group's business are disclosed in note 33 to the financial statements for the year ended December 31, 2019.

The Group follows operating and financial policies and strategies in order to ensure liquidity, security and profitability of its assets. These include procedures for controlling and monitoring transactions and balances of financial instruments, so as to monitor risks and interest rates compared to those observable in the market. Such potential impact, stemming from volatility of risk factors and their effects, is periodically assessed to provide support for the decision-making process in connection with the risk management strategy, which may include financial instruments and derivatives.

The financial instruments portfolio is monitored monthly, thus allowing finance results to be monitored together with their impact on cash flow.

The Group is also exposed to market risks from construction contracts of power transmission subsidiaries entered into in 2019, due to the volatility of prices of commodities and inputs, such as aluminum used in the construction phase. Pursuant to its risk management policy, risk mitigation strategies may be used to reduce such oscillations in cash flow. These risk mitigation strategies may include derivative instruments, mainly forward contracts, futures contracts and options.

The effects and disclosures in these interim financial statements, resulting from the pandemic caused by Covid-19, are described in note 1.2.

(34) FINANCIAL INSTRUMENTS

The main financial instruments at fair value and/or the carrying amount is significantly different of the respective fair value, classified in accordance with the group's accounting practices are:

				Consolidated	
				June 30, 2020	
	Note	Category / Measurement	Level (*)	Carrying amount	Fair value
Assets					
Cash and cash equivalent	5	(a)	Level 1	6,987,631	6,987,631
Securities	6	(a)	Level 1	1,350,434	1,350,434
Derivatives	34	(a)	Level 2	2,923,332	2,923,332
Concession financial asset - distribution	11	(a)	Level 3	9,417,013	9,417,013
Total				20,678,410	20,678,410
Liabilities					
Borrowings - principal and interest	18	(b)	Level 2 (***)	5,743,837	5,740,923
Borrowings - principal and interest (**)	18	(a)	Level 2	10,029,557	10,029,557
Debentures - Principal and interest	19	(b)	Level 2 (***)	7,469,114	7,222,999
Debentures - Principal and interest (**)	19	(a)	Level 2	471,603	471,603
Derivatives - Zero-cost collar	34	(a)	Level 3	488	488
Total				23,714,598	23,465,570

(*) Refers to the hierarchy for fair value measurement

(**) As result of initial designation of this financial liability, the consolidated balances reported a gain of R\$ 262,784 in six months period of 2020 (a loss of de R\$ 155,187 in six months period of 2019).

(***) Only for disclosure purposes, in accordance with CPC 40 (R1) / IFRS 7

Key

Category / Measurement:

(a) - Measured at amortized cost

(b) - Measured at fair value

The classification of financial instruments in "amortized cost" or "fair value through profit or loss" is based on the portfolio business model and in the characteristics of expected cash flow for each instrument.

The financial instruments for which the carrying amounts approximate the fair values, due to their nature, at the end of the reporting year are:

- Financial assets: (i) consumers, concessionaires and licensees, (ii) leases, (iii) intercompany loans between associates, subsidiaries and parent company, (iv) receivables – CDE, (v) pledges, funds and restricted deposits, (vi) services rendered to third parties, (vii) collection agreements and (viii) sector financial asset;
- Financial liabilities: (i) trade payables, (ii) regulatory charges, (iii) use of public asset, (iv) intragroup loans, (v) consumers and concessionaires, (vi) FNDCT/EPE/PROCEL, (vii) collection agreement, (viii) reversal fund, (ix) payables for business combination, (x) tariff discounts – CDE and (xi) sector financial liability.

In addition, in the first semester of 2020 there were no transfers between the fair value hierarchy levels.

a) Measurement of financial instruments

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

The three levels of the fair value hierarchy are:

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

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

Level 3: Instruments whose relevant factors are not observable market inputs.

Pricing of forward and futures contracts is on the basis of future curves of the underlying assets. Said curves are usually provided by the stock exchanges on which these assets are traded, or other market price providers. When price is not available for the intended maturity, it is obtained on the basis of interpolation between available maturities.

As the distribution concessionaries classified the respective concession financial assets as fair value through profit or loss, the relevant factors for fair value measurement are not publicly observable. Therefore, the fair value hierarchy classification is level 3. The movements and respective gains (losses) in profit for or loss for the first semester of 2020 are R\$ 84,412 (R\$ 179,552 in the three months period of 2019) and the main assumptions are described in note 11 and 27.

Additionally, the main assumptions used in the fair value measurement of the zero-cost collar derivative, the fair value hierarchy of which is Level 3, are disclosed in note 34 b.1.

The Company recognizes in "Investments in equity instruments" in the financial statements the 5.94% interest held by the indirect subsidiary Paulista Lajeado Energia S.A. in the total capital of Investco S.A. ("Investco"), in the form of 28,154,140 common shares and 18,593,070 preferred shares. As Investco's main objective of its operations is to generate electric energy for commercialization by the shareholders holding the concession, the Company opted to recognize the investment at fair value, that is the best estimate of their cost, since there are no available recent information for the fair value calculation, according to CPC 48/IFRS 9.

b) Derivatives

The Group has the policy of using derivatives to hedge against the risks of fluctuations in exchange and interest rates, without any speculative purposes. The Group has currency hedges in a volume compatible with the net exchange exposure, including all assets and liabilities tied to exchange rate changes.

The hedging instruments entered into by the Group are currency or interest rate swaps with no leverage component, margin call requirements or daily or periodic adjustments. Furthermore, in 2015 the subsidiary CPFL Geração contracted a zero-cost collar derivative (see item b.1 below) derivative contract involving forward aluminum purchase with no physical delivery.

As a large part of the derivatives entered into by the subsidiaries have their terms fully aligned with the hedged debts, and in order to obtain more relevant and consistent accounting information through the recognition of income and expenses, these debts were designated for the accounting recognition at fair value (notes 18 and 19). Other debts that have terms different from the derivatives contracted as a hedge continue to be recognized at amortized cost. Furthermore, the Group did not adopt hedge accounting for transactions with derivative instruments.

In the year ended 2019, in order to provide hedge for purchases of inputs used in the construction of new power transmission projects, subsidiary CPFL Geração entered into derivative contracts involving forward aluminum purchases for future financial settlement in order to mitigate the risk arising from oscillation in prices during the period when (pure) aluminum purchases are made.

As of June 30, 2020, the Group had the following swap transactions, all traded on the over-the-counter market:

Strategy	Fair values (carrying amounts)			Values at cost, net ⁽¹⁾	Gain (loss) on fair value measurement	Currency / debt index	Currency / swap index	Maturity range	Nocional
	Assets	Liabilities	Fair value, net						
Derivatives to hedge debts designated at fair value									
Exchange rate hedge									
Bank Loans - Law 4.131	2,281,141	-	2,281,141	2,133,482	147,659	US\$ + (Libor 3 months + 0.87% to 1.41%) or (1.83% to 3.66%)	99.80% to 116% of CDI or CDI + 0.12% to 0.90%	September/18 to March/25	5,203,983
Bank Loans - Law 4.131	533,581	-	533,581	561,540	(27,960)	Euro + 0.43% to 0.82%	103.5% to 105.8% of CDI or CDI +0.58% to 1.10%	May/21 to March/25	2,355,270
	2,814,721	-	2,814,721	2,695,022	119,699				
Hedge variation price index									
Debentures	107,590	-	107,590	24,892	82,698	IPCA + 5.8%	104.3% of CDI	August/24 to August/25	416,600
Subtotal debt hedge	2,922,311	-	2,922,311	2,719,914	202,397				
Other ⁽²⁾						Currency / debt index	Maturity range	Notional in US\$	
Zero cost collar	-	(488)	(488)	-	(488)	US\$	July/18 a september/20	15,039	
Commodity forward contract (aluminum)	760	-	760	-	760	aluminum (US\$/ton)	July/20	3,062	
NDF - Aluminum	261	-	261	93	168	US\$	July/20	5,116	
Subtotal other	1,021	(488)	533	93	440				
Total	2,923,332	(488)	2,922,844	2,720,007	202,837				
Current	1,389,686	(488)							
Noncurrent	1,533,646	-							

For further details on terms and information on debts and debentures, see notes 18 and 19

⁽¹⁾ The value at cost are the derivative amount without the respective fair value measurement, while the notional refers to the balance of the debt and is reduced according to the respective amortization;

⁽²⁾ Due to the characteristics of this derivative the notional amount is presented in U.S. dollar.

Changes in derivatives are stated below:

Consolidated - CPFL Energia				
	At December 31, 2019	Exchange rate and monetary adjustments, and fair value measurement	Settlement	At June 30, 2020
Derivatives				
Debts designed at fair value	515,591	2,395,798	(191,475)	2,719,914
Other	52	4,459	(4,418)	93
Fair value measurement (*)	99,893	102,944	-	202,837
Total	615,536	2,503,201	(195,893)	2,922,844

(*) The effects on the profit or loss and comprehensive income of 2020 related to the fair value adjustments (MTM) of the derivatives are:
(i) gains of R\$ 107,702 for the debts designated at fair value and (ii) losses of R\$ 4,758 for other derivatives.

As mentioned above, certain subsidiaries elected to fair value measurement debts for which they have fully debt-related derivatives instruments (note 18 and 19).

The Group has recognized gains and losses on their derivatives. However, as these derivatives are used as a hedging instrument, these gains and losses minimized the impacts of fluctuations in exchange and interest rates on the hedged debts. For the quarters and semesters ended June 30, 2020 and 2019, the derivatives generated the following impacts on the consolidated profit or loss, recognized in the line item of Finance costs on monetary adjustment and exchange rate changes and in the consolidated comprehensive income in the credit risk in the fair value measurement related to debts at fair value:

Hedged risk / transaction	Gain (Loss)				Gain (Loss) in Comprehensive Income	
	2020		2019		2020	
	2nd quarter	Six months	2nd quarter	Six months	2nd quarter	Six months
Interest rate variation	417	7,218	5,044	9,867	-	-
Fair Value Measurement	26,813	4,936	20,623	29,507	1,645	7,244
Exchange variation	604,947	2,393,040	(148,982)	(71,713)	-	-
Fair Value Measurement	(70,097)	90,989	115,906	121,362	-	(225)
Total	562,080	2,496,182	(7,409)	89,024	1,645	7,019

b.1) Zero-cost collar derivative transactions entered into by CPFL Geração

In 2015, the subsidiary CPFL Geração entered into a transaction involving put options and call options in US\$, both having the same institution as counterpart, and that combined are featured as a transaction usually known as zero-cost collar. Entering into this transaction does not have any speculative purpose, in as much as it is aimed at minimizing any negative impacts on future revenue of the joint venture ENERCAN, which has electric energy sale agreements with annual adjustment of part of the tariff based on the dollar variation. In addition, according to Management's view, the scenario in 2015 was favorable to enter into this type of financial instrument, considering the high volatility implicit in dollar options and the fact that there is no initial cost for this type of transaction.

The total amount contracted was US\$ 111,817 thousand, with due dates between October 1, 2015 and September 30, 2020. At June 30, 2020, the total amount contracted was US\$ 15,039, thousand, considering the options already settled until this date. The strike prices of the dollar options vary from R\$ 4.20 to R\$ 4.40 for put options and from R\$ 5.40 to R\$ 7.50 for call options.

These options were measured at fair value in a recurring manner, as required by IFRS 9 /CPC 48. The fair value of the options that are part of this transaction was calculated based on the following assumptions:

Valuation technique(s) and key information	We used the Black Scholes Option Pricing Model, which aims to obtain the fair price of the options involving the following variables: value of the asset, strike price of the option, interest rate, term and volatility.
Significant unobservable inputs	Volatility determined based on the average market pricing calculations, future dollar and other variables applicable to this specific transaction, with average variation of 15.30%.
Relationship between unobservable inputs and fair value (sensitivity)	A slight rise in long-term volatility, analyzed separately, would result in an insignificant increase in fair value. If the volatility were 10% higher and all the other variables remained constant, the net carrying amount (asset) would increase by R\$ 64,978, resulting in a net asset of R\$ 553,033.

The following table reconciles the opening and closing balances of the call and put options for the nine months period ended June 30, 2020, as required by IFRS 13/CPC 46:

	Consolidated		
	Asset	Liability	Net
At December 31, 2019	5,419	-	5,419
Measurement at fair value	(5,419)	(488)	(5,907)
Net cash received from settlement of flows	-	-	-
At June 30, 2020	-	(488)	(488)

The fair value measurement of these financial instruments was recognized as finance income (expense) of the period, and no effects were recognized in other comprehensive income.

c) Concession financial assets - distribution

As the distribution subsidiaries have classified the respective financial assets of the concession as measured at fair value through profit or loss, the relevant factors to measure the fair value are not publicly observable and there is no active market. Therefore, the classification of the fair value hierarchy is level 3.

d) Market risk

Market risk is the risk that changes in market prices – e.g. foreign exchange rates and interest rates – will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Group uses derivatives to manage market risks.

e) Sensitivity analysis

The Group performed sensitivity analyses of the main risks to which their financial instruments (including derivatives) are exposed, mainly comprising changes in exchange and interest rates.

When the risk exposure is considered asset, the risk to be taken into account is a reduction in the pegged indexes, due to a consequent negative impact on the Group's profit or loss. Similarly, if the risk exposure is considered liability, the risk is of an increase in the pegged indexes and the consequent negative effect on the profit or loss. The Group therefore quantify the risks in terms of the net exposure of the variables (dollar, euro, CDI, IGP-M, IPCA, TJLP and SELIC), as shown below:

e.1) Exchange rates variation

Considering that the net exchange rate exposure at June 30, 2020 is maintained, the simulation of the effects by type of financial instrument for three different scenarios would be:

Consolidated					
Instruments	Exposure (a)	Risk	Income (expense)		
			Currency depreciation (b)	Currency appreciation of 25%(c)	Currency appreciation of 50%(c)
Financial liability instruments	(7,265,762)		(91,286)	1,747,976	3,587,238
Derivatives - Plain Vanilla Swap	7,579,038		95,222	(1,823,343)	(3,741,908)
	313,276	drop in the dollar	3,936	(75,367)	(154,670)
Financial liability instruments	(2,763,795)		(57,846)	647,564	1,352,975
Derivatives - Plain Vanilla Swap	2,933,936		61,407	(687,429)	(1,436,265)
	170,141	drop in the euro	3,561	(39,865)	(83,290)
Total	483,417		7,497	(115,232)	(237,960)
Effects in the accumulated comprehensive income			1,839	(29,934)	(61,707)
Effects in the income of the period			5,658	(85,298)	(176,253)

Instruments	Exposure (a) US\$ thousand	Risk	Income (expense) on result		
			Currency depreciation (b)	Currency depreciation of 25% (c)	Currency depreciation of 50% (c)
Derivatives - zero cost collar	15,039 (d)	raise of dollar drop in	(64)	(1,347)	(2,630)
Commodity forward contract (aluminum)	3,062 (d)	aluminum (US\$/ton)	3	(3,492)	(4,792)
NDF Dollar	5,116 (d)	drop in the dollar	104	(6,864)	(13,832)

(a) The exchange rate considered at 06/30/2020 was R\$ 5.48 per US\$ 1.00 and R\$ 6.15 per €\$ 1.00.

(b) As per the exchange rate curves obtained from information made available by B3 S.A., with the exchange rate being considered at R\$ 5.54 and 6.28, and the currency depreciation at 1.26% and 2.09% for US\$ and €\$, respectively at 06/30/2020.

(c) As required by CVM Instruction No. 475/2008, the percentage increases in the ratios applied refer to the information made available by the B3 S.A..

(d) Owing to the characteristics of these derivatives, the notional amount is presented in US\$.

Except for zero-cost collar derivative and commodity forward contract, as the net exchange exposure of the dollar and the euro for the other derivative instruments is an asset, the risk is a drop in the dollar, and the euro, therefore, the exchange rate is appreciated by 25% and 50% in relation to the probable exchange rate.

e.2) Interest rates variation

Assuming that the scenario of net exposure of the financial instruments indexed to floating interest rates at June 30, 2020 is maintained, the net finance cost for the next 12 months for each of the three scenarios defined, would be:

Instruments	Exposure R\$ thousand	Risk	Consolidated				
			Rate in the period	Income (expense)		Raising/Drop index by 25% (b)	Raising/Drop index by 50% (b)
				Likely scenario rate (a)	Likely scenario		
Financial asset instruments	8,702,699				213,216	266,520	319,824
Financial liability instruments	(6,300,586)				(154,364)	(192,955)	(231,547)
Derivatives - Plain Vanilla Swap	(8,113,646)				(198,784)	(248,480)	(298,176)
	<u>(5,711,533)</u>	CDI apprec.	4.59%	2.45%	<u>(139,932)</u>	<u>(174,915)</u>	<u>(209,899)</u>
Financial liability instruments	(145,332)				(4,927)	(6,158)	(7,390)
	<u>(145,332)</u>	IGP-M apprec.	7.31%	3.39%	<u>(4,927)</u>	<u>(6,158)</u>	<u>(7,390)</u>
Financial liability instruments	(2,505,636)				(123,027)	(153,783)	(184,540)
	<u>(2,505,636)</u>	TJLP apprec.	5.39%	4.91%	<u>(123,027)</u>	<u>(153,783)</u>	<u>(184,540)</u>
Financial liability instruments	(4,629,258)				(133,323)	(99,992)	(66,661)
Derivatives - Plain Vanilla Swap	522,983				15,062	11,296	7,531
Concession financial asset	9,417,013				271,210	203,407	135,605
	<u>5,310,738</u>	drop in the IPCA	2.14%	2.88%	<u>152,949</u>	<u>114,711</u>	<u>76,475</u>
Setorial financial assets and liabilities	833,364				20,417	15,313	10,209
Financial instruments - liabilities	(62,145)				(1,523)	(1,142)	(761)
	<u>771,219</u>	drop in the SELIC	4.59%	2.45%	<u>18,894</u>	<u>14,171</u>	<u>9,448</u>
Total	<u>(2,280,544)</u>				<u>(96,043)</u>	<u>(205,974)</u>	<u>(315,906)</u>
Effects on the comprehensive income					1,738	1,433	1,128
Effects on the net profit					(97,781)	(207,407)	(317,034)

(a) The indexes were obtained from information available in the market.

(b) As required by CVM Instruction number 475/2008, the percentages of increase were applied to the indexes in the probable scenario.

Additionally, the debts exposed to pre-fixed indexes would generate an expense of R\$ 17,447.

f) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from Consumers, Concessionaires and Licensees and financial instruments. Monthly, the risk is monitored and classified according to the current exposure, considering the limit approved by Management.

Impairment losses on financial assets recognized in profit or loss are presented in note 7 – Consumers, Concessionaires and Licensees.

Accounts receivable and contract assets - Consumers, Concessionaires and Permissionaires

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, Management also considers the factors that may influence the credit risk.

The Group uses a provision matrix to measure the expected credit losses of trade receivables according to the consumer class (Residential, Commercial, Rural, Public Power, Public Lighting, Public Services), Other Revenues and Unbilled Revenue, comprising mostly a large number of dispersed balances.

Loss rates are based on actual experience of credit loss verified in recent months. These rates reflect differences between economic conditions during the period over which the historical data have been collected, current conditions and the Group's view of future economic conditions over the expected lives of the receivables. Thus, the calculation was made considering the past due balances according to the interval currently used in the provision guided by regulatory parameters (aging), divided by revenue and deducted from the power cut efficiency factor. The regulatory parameters are classified as follows:

Class	Days
Residential	90
Commercial and other revenues	180
Industrial, rural, public power in general	360

After calculating the amount according to the regulatory criteria presented above, it was divided by the total revenue billed for the period related to the aging of each consumption class and then deducting the

average efficiency percentage of the power cuts. The efficiency percentage was calculated based on the Group's historical data and shows that there is an efficiency gain in the receipt of past due amounts when there is the possibility of a power cut, which, according to regulatory requirements, were prohibited until July 31, 2020. Accordingly, the Group believes that the effect of such prohibition of power cuts is temporary and that it tends to normalize when they can be applied again. Thus, the current methodology can be understood as:

$$\% \text{ Allowance for doubtful accounts Recognized} = \left(\frac{\text{Allowance for doubtful accounts Regulatory}}{\text{Billed Revenue}} \right) \times (1 - \text{Power cut efficiency})$$

The methodology used by Management includes a percentage that is compliant with the accounting rule described as expected credit losses, including in a single percentage the probability of loss, weighted by the expected loss and possible outcomes, that is, including Probability of Default ("PD"), Exposure at Default ("EAD") and Loss Given Default ("LGD").

It is important to mention that the Group continues to monitor the results of the current crisis in its results, seeking to evaluate the methodology that timely reflects the expected loss.

Macroeconomic factors

After studies developed by the Group to assess which variables present a correlation ratio with the actual amount of Expected Credit Losses Allowance, in addition to the effects of the COVID-19 pandemic and which are considered in our calculation methodology, no other ratios or macroeconomic factors that would have material impacts or that had direct correlation with the default level were identified, due to the electric sector characteristic of having instruments that mitigate the risk of losses, such as cutting energy supply to default customers.

Cash and cash equivalents and Marketable securities

The Group limits its exposure to credit risk by investing only in liquid debt securities and only with counterparties (banks and financial institutions) that have a credit rating of at least AA-.

The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. Management did not identify for the first semester ended June 30, 2020 and the year ended December 31, 2019 that the securities had a significantly change in credit risk.

Derivatives

The Group adopts a policy of using derivatives with the purpose of hedge (economic hedge) against the risks of fluctuations in exchange rates and interest rates, mostly comprising currency and interest rate swaps. The derivative transactions are entered into with first-tier banks and financial institutions with a rating of at least AA-, based on the main credit rating agencies in the market (note 34). Management did not identify for the first semester ended June 30, 2020 and the year ended December 31, 2019 that the derivative financial assets had a significant impairment using the criterion of expected losses.

The Group adopts a policy of providing financial guarantees for the obligations of its subsidiaries and joint ventures. At June 30, 2020 and December 31, 2019, the Company had provided guarantees to certain financial institutions with respect to the credit lines granted to its subsidiaries and joint ventures, as presented in notes 18 and 19.

The effects and disclosures in these interim financial statements, resulting from the pandemic caused by COVID-19, are described in note 1.2.

(35) NON-CASH TRANSACTIONS

	Consolidated	
	June 30, 2020	June 30, 2019
Capital increase in investees with advance for future capital increase	-	123
Provision (reversal) for socio environmental costs capitalized in property, plant and equipment	-	14,529
Capitalized interest	13,341	11,618
Transfer between property, plant and equipment and other assets	755	20,511

(36) EVENTS AFTER THE REPORTING PERIOD

36.1 Borrowings and debentures – early settlement

As of July 1, 2020 and until the time of approval of these these interim financial statements, were paid in advance:

a) R\$ 969,671 of borrowings, are as follows:

Category	Annual Interest	June 30, 2020	Maturity range
Measured at cost - Local currency			
Pre fixed			
FINEM	Pre fixed of 2.5% to 6%	203,759	2021 to 2024
FINAME	Pre fixed of 2.5% to 9.5%	1,851	2020 to 2023
Post fixed			
TJLP			
FINEM	TJLP and TJLP + of 1.92% to 3.44%	705,965	2022 to 2030
SELIC			
FINEM	SELIC + of 2.62% to 2.66%	58,096	2022
		<u>969,671</u>	

b) R\$ 155,762 of debentures, and are subject to CDI + 0.75% p.a. and mature in August 2020.

36.2 Intercompany loan agreements

In July 2020, intercompany loans were made between the parent company SGBP and: (i) the subsidiary CPFL Renováveis, in the amount of R\$ 1,150,000, and (ii) with the subsidiary CPFL Brasil, in the amount of R\$ 380,000. The two transactions mature until December 2021 and are subject to CDI + 1.1% p.a..

36.3 Category change of subsidiary CPFL Renováveis at B3

On July 6, 2020, CPFL Renováveis, by means of a Material News Release, announced the receipt of Official Letter 224/2020 / CVM / SEP / GEA-1, whereby CVM granted the request for conversion of the registration as a publicly-held company category "A" of the Company to category "B".

36.4 Conta COVID

On July 24, 2020, through Order nº 2,177, ANEEL fixed the values of the COVID Account, being passed on to electric energy concessionaires and concessionaires, relating to April, May and June 2020. The price fixed for as distributors of the Group was R\$ 914,570, in accordance with the amount previously declared in ANEEL and received in full on July 31, 2020.

The values defined for the subsequent months, declared by the Group's distributors within the limits established by ANEEL through Normative Resolution nº 885/20, totaling R \$ 467,336, being approved and transferred until January 2021, according to the schedule defined by the Agency regulator.

36.5 Approval for dividend payments

The Annual General Shareholders' Meeting (AGM), held on July 27, 2020, at 3:00 p.m., among other matters, it was declared the distribution and it was approved the payment of dividends by the Company, in the amount of R\$ 2,075,179,610.86 (two billion, seventy-five million, one hundred and seventy-nine thousand, six hundred and ten reais and eighty-six centavos), equivalent to R\$ 1.800973412 per common share issued by the Company.

Pursuant to paragraph 3 of article 205 of Law No. 6,404/76, the payment of dividends will be made in one single installment, until December 31, 2020, in a specific date to be informed in due course to the shareholders and to the market, without monetary update or incurring interest between the declaration date and the effective payment date.

Shareholders owning shares on July 27, 2020 will be entitled to receive the dividends. Shares will be traded "ex-dividend" at the Brazilian Stock Exchange (B3 S.A. – Brasil, Bolsa, Balcão, or "B3") as of July 28, 2020.

BOARD OF DIRECTORS

Bo Wen
Chairman

Shirong Lyu
Vice Chairman

Gustavo Estrella
Antonio Kandir
Marcelo Amaral Moraes

Anselmo Henrique Seto Leal
Hong Li

Directors

EXECUTIVE BOARD

GUSTAVO ESTRELLA
Chief Executive Officer

SHIRONG LYU
Senior Executive Vice President, holding also the
function of
Strategy, Innovation and Business Excellence
Vice President

YUMENG ZHAO
Executive Vice President

YUEHUI PAN
Chief Financial Executive Officer and Investor
Relations Officer

GUSTAVO PINTO GACHINEIRO
Legal and Institutional Relations Vice President

FLÁVIO HENRIQUE RIBEIRO
Business Management Vice President

LUIS HENRIQUE FERREIRA PINTO
Regulated Operations Vice President

KARIN REGINA LUCHESI
Market Operations Vice President

VITOR FAGALI
Business Development Vice President

ACCOUNTING DIVISION

SERGIO LUIS FELICE
Accounting Director
CT CRC 1SP192767/O-6

KPMG Auditores Independentes

Av. Coronel Silva Teles, 977 - 10º andar, Conjuntos 111 e 112 - Cambuí Edifício Dahruj

Tower

13024-001 - Campinas/SP – Brazil

Caixa Postal 737 – CEP: 13012-970 - Campinas/SP – Brasil Telefone

+55 (19) 3198-6000

kpmg.com.br

Report on Review of interim Financial Information - ITR

(A free translation of the original report in Portuguese, as filed with the Brazilian Securities and Exchange Commission (CVM), prepared in accordance with CPC 21(R1) and International Standard IAS 34 - Interim Financial Reporting, issued by International Accounting Standards Board – (IASB), and in accordance with the rules issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of the Quarterly Information (ITR))

To the Board Directors and Shareholders of CPFL Energia

S.A.

Campinas - SP

Introduction

We have reviewed the individual and consolidated interim financial information of CPFL Energia S.A. ("the Company"), included in the Quarterly Information Form (ITR), for the quarter ended June 30, 2020, which comprises the statement of financial position as of June 30, 2020 and the respective statements of profit or loss and other comprehensive income for the three and six-months periods then ended, and changes in shareholders' equity and cash flows for the six-month period then ended, comprising the explanatory footnotes.

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

Scope of review

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

Conclusion on the individual and consolidated interim financial information

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

Other matters - Statements of Value Added

The quarterly information referred to above include the individual and consolidated statements of value added

(DVA) for the six-month period ended June 30, 2020, prepared under the responsibility of the Company's management, and presented as supplementary information for the purposes of IAS 34. These statements were submitted to the same review procedures followed together with the review of the Company's interim financial information, in order to form our conclusion whether they are reconciled to the interim financial information and to the accounting records, as applicable, and whether their form and content are in accordance with the criteria set on Technical Pronouncement CPC 09 - Statement of Value Added. Based on our review, nothing has come to our attention that causes us to believe that the statements of value added were not prepared, in all material respects, in accordance with the criteria set on that Standard and consistently with the individual and consolidated interim financial information taken as a whole.

Campinas, August 10, 2020.

KPMG Auditores Independentes CRC
2SP-027612/F

(Original in Portuguese signed by) Marcio José
dos Santos Accountant CRC 1SP252906/O-0

Management declaration on financial statements

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 Energia** of June 30, 2020;
- b) they have reviewed and discussed, and agree with, the financial statements of **CPFL Energia** of June 30, 2020;

Campinas, August 10, 2020.

GUSTAVO ESTRELLA

Chief Executive Officer

YUEHUI PAN

Financial and Investor Relations Vice-President

Management declaration on independent auditor's report

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 interim financial statements (Quarterly Information – ITR) of CPFL Energia for the period ended June 30, 2020;
- b) they have reviewed and discussed, and agree with, the interim financial statements (Quarterly Information – ITR) of CPFL Energia for the period ended June 30, 2020;

GUSTAVO ESTRELLA

Chief Executive Officer

YUEHUI PAN

Financial and Investor Relations Vice-President