
COMMENTS ON PERFORMANCE

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

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

This quarter, the increase in profit was R\$ 656,682 when compared with the same period of the prior year (R\$ 1,107,775 in 2021 and R\$ 451,093 in 2020) mainly due to the increase in profit of investees.

COMMENTS ON THE CONSOLIDATED PERFORMANCE

	Consolidated					
	2nd quarter			1st semester		
	2021	2020	%	2021	2020	%
OPERATING REVENUES	12,702,826	9,846,540	29.0%	25,187,211	20,725,268	21.5%
Electricity sales to final consumers (*)	7,830,608	6,597,347	18.7%	16,447,717	14,747,821	11.5%
Electricity sales to wholesaler's (*)	1,452,096	1,070,173	35.7%	2,516,335	2,197,668	14.5%
Revenue from construction of concession infrastructure	744,323	603,471	23.3%	1,366,859	1,099,275	24.3%
Other operating revenues (*)	1,984,867	1,284,750	54.5%	3,912,930	2,853,047	37.1%
Sector financial assets and liabilities	690,932	290,800	137.6%	943,371	(172,543)	-646.7%
Deductions from operating revenues	(3,890,018)	(3,284,895)	18.4%	(8,086,279)	(6,881,357)	17.5%
NET OPERATING REVENUE	8,812,807	6,561,645	34.3%	17,100,932	13,843,911	23.5%
COST OF ELECTRIC ENERGY SERVICES	(5,188,143)	(4,023,190)	29.0%	(10,165,430)	(8,364,609)	21.5%
Electricity purchased for resale	(4,098,957)	(3,544,665)	15.6%	(7,881,928)	(7,248,618)	8.7%
Electricity network usage charges	(1,089,186)	(478,525)	127.6%	(2,283,501)	(1,115,991)	104.6%
OPERATING COST/EXPENSE	(2,092,896)	(1,847,997)	13.3%	(3,951,925)	(3,604,765)	9.6%
Personnel	(384,366)	(357,444)	7.5%	(747,328)	(711,578)	5.0%
Employee pension plans	(57,157)	(42,813)	33.5%	(113,494)	(88,252)	28.6%
Materials	(82,550)	(58,786)	40.4%	(155,749)	(132,894)	17.2%
Outside Services	(159,365)	(151,010)	5.5%	(306,246)	(321,705)	-4.8%
Depreciation and Amortization	(359,165)	(360,403)	-0.3%	(710,815)	(715,122)	-0.6%
Merged Goodwill Amortization	(71,537)	(72,109)	-0.8%	(143,699)	(144,219)	-0.4%
Costs related to infrastructure construction	(741,005)	(600,507)	23.4%	(1,360,003)	(1,095,597)	24.1%
Other	(237,751)	(204,926)	16.0%	(414,591)	(395,398)	4.9%
INCOME FROM ELECTRIC ENERGY SERVICE	1,531,770	690,458	121.8%	2,983,579	1,874,539	59.2%
FINANCIAL INCOME (EXPENSE)	(9,257)	(72,259)	-87.2%	(130,301)	48,748	-367.3%
Income	323,729	182,483	77.4%	548,864	620,775	-11.6%
Expense	(332,987)	(254,742)	30.7%	(679,165)	(572,027)	18.7%
Equity in subsidiaries	91,065	85,034	7.1%	181,315	170,194	6.5%
INCOME BEFORE TAXES	1,613,578	703,233	129.5%	3,034,593	2,093,481	45.0%
Social Contribution	(133,229)	(65,122)	104.6%	(256,390)	(195,031)	31.5%
Income Tax	(354,296)	(175,903)	101.4%	(690,913)	(532,117)	29.8%
NET INCOME	1,126,053	462,207	143.6%	2,087,289	1,366,333	52.8%
Net income attributable to the shareholders of the company	1,107,775	451,093	145.6%	2,054,111	1,341,134	53.2%
Net income attributable to the non controlling interests	18,278	11,114	64.5%	33,178	25,199	31.7%
EBITDA	2,053,683	1,208,150	70.0%	4,019,697	2,904,363	38.4%

Net Income for the Period and Adjusted EBITDA Reconciliation

NET INCOME FOR THE PERIOD	1,126,053	462,207	2,087,289	1,366,333
Depreciation and Amortization	430,702	432,512	854,514	859,341
Amortization of fair value adjustment of asset	145	145	290	290
Financial Income (Expense)	9,257	72,259	130,301	(48,748)
Social Contribution	133,229	65,122	256,390	195,031
Income Tax	354,296	175,903	690,913	532,117
Adjusted EBITDA	2,053,683	1,208,150	4,019,697	2,904,363

(*) 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 2021 was R\$ 12,702,826, an increase of 29.0% (R\$ 2,856,286) compared with the same period of the prior year.

The main factors for this variation were:

- Increase of 18.7% (R\$ 1,233,261) in the supply of electricity, mainly due to a 15.5% increase in average tariffs (R\$ 1,052,714) and a 2.7% increase in the volume of energy sold (R\$ 180,548);
- Increase of R\$ 400,132 in sector financial assets and liabilities, mainly due to the higher recording of liabilities (R\$ 274,238) and the higher realization of assets (R\$ 128,893);
- Increase of 35.7% (R\$ 381,923) in energy supply, mainly due to:
 - Increase in the sale of spot market energy in CEE (Electric Energy Trading Chamber) (R\$ 344,237), mainly due to the increase in average tariffs by 215.3% (R\$ 363,702), partially offset by the reduction in the volume of energy sold by 10.3% (R\$ 19,465);

➤ Volume of energy sold

In the 2nd quarter of 2021, the amount of energy billed to captive consumers in the period, including other licensees, posted an increase of 3.8% when compared with the same quarter of the prior year. This increase is due to the good performance of the main consumer classes, with the growth of the commercial and industrial classes mainly reflecting the period of intense restriction to economic activity that occurred in the 2nd quarter of 2020 due to the Covid-19 pandemic.

The consumption of the residential class represents 48.5% of the total market supplied by distributors and recorded increase of 4.0% in the 2nd quarter of 2021 when compared with the same period of the prior year. This growth mainly reflects the effect of the increase in the number of consumer units.

The commercial class, which represents 16.9% of the total market supplied by distributors, recorded increase of 7.6% in the 2nd quarter of 2021 when compared with the same period of the prior year. This growth mainly reflects the period of intense restriction in the 2nd quarter of 2020 caused by the covid-19 pandemic.

The industrial class, which represents 10.6% of the total market supplied by the distributor, grew by 14.9% in the 2nd quarter of 2021 compared to the same period of the previous year. Like the commercial class, this growth of the industrial class also mainly reflects the period of intense restriction in the 2nd quarter of 2020 caused by the Covid-19 pandemic.

The other consumption classes (rural, public administration, public lighting, public utilities and licensees) participate with 24.1% of the total market supplied by the distributors. Such classes reported a decrease of 3.0% in the 2nd quarter of 2021 mainly due to the negative results in licensees (of 22.3% mainly caused by decreases in power purchase and sale agreements).

Regarding the amount of energy sold and transported in the concession area, which impacts both the billed supply (captive market) and the TUSD collection (free market), there was an increase of 12.9% when compared with the same period of the prior year. The variation by class was an increase of 4% in the residential class, of 14.1% in the commercial class, of 27.4% in the industrial class, and of 0.3% in other consumption classes.

➤ Tariffs

In the 2nd quarter of 2021, energy supply tariffs charged by distribution subsidiaries are as follows:

Distributor	Month	2021		2020	
		RTA / RTP	Effect perceived by consumers (a)	RTA / RTP	Effect perceived by consumers (a)
CPFL Paulista	April	17.62%	8.95%	14.90%	6.05%
CPFL Piratininga	October	(b)	(b)	18.31%	9.82%
RGE	June	15.23%	9.95%	15.74%	6.09%
CPFL Santa Cruz	March	17.19%	9.95%	10.71%	0.20%

- (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 2021 of subsidiary CPFL Piratininga has not occurred yet.

Deductions from operating revenue

Deductions from operating revenue in the 2nd quarter of 2021 were R\$ 3,890,018, an increase of 18.4% (R\$ 605,123) in relation to the same quarter of 2020, caused by:

- Increase of 17.4% (R\$ 446,753) due to taxes on revenue - ICMS, PIS, COFINS - (R\$ 491,699), partially offset by the credit related to the exclusion of PIS / COFINS from the ICMS base, see Note 8 (R\$ 44,946);
- Increase of 8.1% (R\$ 68,281) in CDE;
- Increase of R\$ 60,081, reducing deductions of R\$ 68 in the 1st quarter of 2020 in Tariff Flags;

Cost of electric energy

The cost of electric energy this quarter amounted to R\$ 5,188,143, an increase of 29.9% (R\$ 1,164,953) in relation to the same period of the prior year, mainly justified by:

- Increase of R\$ 610,661 in charges for the use of the transmission and distribution system, mainly due to the increase in (i) system service charges (ESS), net of the transfer from CONER (R\$ 428,658), (ii) charges for the basic network (R\$ 242,257), partially offset by: (iii) PIS and COFINS (R\$ 61,709) and (iv) reserve energy charges – EER (R\$ 26,947).
- Increase of 15.6% (R\$ 554,292) in electricity purchased for resale, due to:
 - Increase of 21.7% (R\$ 729,642) in average price;
 - Decrease of 4.9% (R\$ 175,350) in the amount of energy purchased.

Operating costs and expenses

Disregarding the cost of construction of the concession infrastructure, operating costs and expenses this quarter amounted to R\$ 1,351,891, an increase of 8.4% (R\$ 104,401) when compared with the same period of the prior year. This variation is mainly due to:

- **Personnel:** increase of 7.5% (R\$ 26,922), mainly due to collective bargain agreements;
- **Private pension entity:** increase of 33.5% (R\$ 14,344) due to the recording of the impacts of the actuarial report;
- **Material:** increase of 40.4% (R\$ 23,764), mainly due to the increase in fleet maintenance;
- **Third-party services:** increase of 5.5% (R\$ 8,356), mainly due to the increase in hardware and software maintenance and tree pruning;

- **Other expenses:** increase of 16.0% (R\$ 32,825), mainly due to increase in: (i) allowance for doubtful accounts (R\$19,666); (ii) legal, judicial and indemnity expenses (R\$13,225), (iii) loss on disposal, retirement of noncurrent assets (R\$12,347); partially offset by the reduction in (iv) donations, contributions and grants (R\$5,925).

Financial income (expenses)

Net financial income (expense) in this quarter was expense of R\$ 9,257, compared to R\$72,259 in the same period in 2020, a decrease of 87.2% (R\$ 63,002). This variation is mainly due to:

- Increase in financial income of 77.4% (R\$ 141,257), mainly due to the increase in: (i) monetary and exchange adjustments (R\$ 78,549), and (ii) Monetary adjustment of tax credits, see Note 8 (R\$ 56,678).
- Increase in financial expenses of 30,7% (R\$ 78,244), mainly due to increase in: (i) monetary and exchange adjustments (R\$ 118,349); (ii) increase in expenses with loan agreements (R\$ 24,124); partially offset by decrease in (iii) debt charges (R\$ 70,064).

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 2021</u>	<u>2nd quarter 2020</u>
Epasa	14,258	17,131
Baesa	(2,736)	(7,471)
Enercan	41,715	34,547
Chapecoense	37,973	40,972
Amortization of fair value adjustment of asset	(145)	(145)
Total	91,065	85,034

ENERCAN: Increase of R\$7,168, mainly due to the increase in the margin of energy operations.

Income tax and social contribution

Expenses on income taxes in the 2nd quarter of 2021 were R\$ 487,525, an increase of 102.3% (R\$ 246,500) in relation to those recorded in the same quarter of 2020, mainly reflecting the increase in profit before taxation.

Profit for the period and EBITDA

Due to the factors described above, the profit for this quarter was R\$ 1,126,053, 143.6% (R\$ 663,845) higher than in the same period of 2020.

EBITDA (Earnings before the effects of depreciation, amortization, financial income and expenses, and income tax and social contribution) for the 2nd quarter of 2021 was R\$ 2,053,683, 70.0% (R\$ 845,533) higher than in the same period of 2020.

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 company and the comments on its performance are included in its Quarterly Information - ITR at June 30, 2021 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 company and the comments on its individual and consolidated performance are included in its Quarterly Information – ITR at June 30, 2021 filed with the Brazilian Securities and Exchange Commission (CVM).

Subsidiary/Associate: CPFL Energias Renováveis S.A.

The subsidiary **CPFL Energias Renováveis S.A.** is a publicly-held company and the comments on its consolidated performance are included in its Quarterly Information - ITR at June 30, 2021 filed with the CVM.

Subsidiary/Associate: Companhia Piratininga de Força e Luz

The subsidiary Companhia Piratininga de Força e Luz is a publicly-held company and the comments on its performance are included in its Quarterly Information - ITR at June 30, 2021 filed with the CVM.

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

The subsidiary RGE Sul Distribuidora de Energia S.A. is a publicly-held company and the comments on its performance are included in its Quarterly Information - ITR at June 30, 2021 filed with the CVM.

Subsidiary: CPFL Comercialização Brasil S.A.

	Consolidated					
	2nd quarter			1st semester		
	2021	2020	%	2021	2020	%
OPERATING REVENUES	654,585	807,414	-18.9%	1,328,715	1,626,320	-18.3%
Electricity sales to final consumers	469,100	516,731	-9.2%	952,908	1,061,960	-10.3%
Electricity sales to wholesaler's	185,424	290,682	-36.2%	375,723	564,185	-33.4%
Other operating revenues	62	1	6081.7%	84	175	-52.0%
Deductions from operating revenues	(34,995)	(99,054)	-64.7%	(118,750)	(201,481)	-41.1%
NET OPERATING REVENUE	619,590	708,360	-12.5%	1,209,965	1,424,839	-15.1%
COST OF ELECTRIC ENERGY SERVICES	(573,300)	(675,993)	-15.2%	(1,138,277)	(1,382,859)	-17.7%
Electricity purchased for resale	(572,731)	(676,228)	-15.3%	(1,136,845)	(1,383,092)	-17.8%
Electricity network usage charges	(570)	235	-342.4%	(1,431)	233	-713.3%
OPERATING COST/EXPENSE	(14,025)	(13,764)	1.9%	(24,464)	(25,081)	-2.5%
Personnel	(8,202)	(9,114)	-10.0%	(14,929)	(17,025)	-12.3%
Materials	(31)	(22)	41.2%	(55)	(82)	-33.6%
Outside Services	(4,487)	(1,728)	159.7%	(6,260)	(3,543)	76.7%
Depreciation and Amortization	(1,010)	(480)	110.5%	(1,951)	(1,373)	42.1%
Other	(293)	(2,124)	-86.2%	(1,267)	(3,057)	-58.5%
INCOME FROM ELECTRIC ENERGY SERVICE	32,265	18,603	73.4%	47,225	16,901	179.4%
FINANCIAL INCOME (EXPENSE)	47,050	1,734	2613.4%	63,314	10,763	488.3%
Income	55,378	8,375	561.2%	77,793	17,976	332.8%
Expense	(8,328)	(6,640)	25.4%	(14,479)	(7,213)	100.7%
Equity in subsidiaries	23,280	4,690	396.4%	45,251	32,361	39.8%
INCOME BEFORE TAXES	102,597	(25,029)	-509.9%	155,790	60,024	159.5%
Social Contribution	(7,440)	(1,857)	300.6%	(10,261)	(2,542)	303.7%
Income Tax	(20,649)	(5,379)	283.9%	(28,471)	(7,377)	285.9%
NET INCOME	74,507	17,793	318.7%	117,059	50,106	133.6%
Net income attributable to the shareholders of the company	74,508	17,793	318.8%	117,059	50,106	133.6%
EBITDA	57,814	24,666	134.4%	95,645	52,669	81.6%

Net Income for the Period and Adjusted EBITDA Reconciliation

NET INCOME FOR THE PERIOD	74,508	17,793	117,059	50,106
Depreciation and Amortization	1,011	480	1,951	1,373
Amortization of fair value adjustment of asset	1,257	892	1,217	2,035
Financial Income (Expense)	(47,050)	(1,734)	(63,314)	(10,763)
Social Contribution	7,440	1,857	10,261	2,542
Income Tax	20,649	5,379	28,471	7,377
Adjusted EBITDA	57,814	24,666	95,645	52,669

Gross operating revenue

Gross operating revenue for the 2nd quarter of 2021 was R\$ 654,585, a decrease of R\$ 152,829 (18.9%) compared to the same quarter of 2020, mainly due to (i) reduction in energy supply operations by 36.2% (R\$ 105,258) due to the decrease of 41.8% (R\$ 137,859) in the volume of energy sold, offset by the increase of 11.5% (R\$ 33,985) in the average price; (ii) reduction of 9.2% (R\$ 47,631) in the supply of electric energy, due to the decrease in volume of 8% (R\$ 40,698), mainly due to the drop in the supply of energy to industrial customers, combined with the decrease by 1.7% (R\$ 8,813) in the average price.

Deductions from operating revenue

Deductions from operating revenue for the 2nd quarter of 2021 were R\$ 34,995, a decrease of R\$ 64,059 (64.7%) compared to the same quarter of 2020, mainly due to the recognition of tax credits during the 2nd quarter of 2021 (R\$ 44,945).

Cost of electric energy

The cost of electric energy in the 2nd quarter of 2021 was R\$ 573,300, a decrease of R\$ 102,693 (15.2%) in relation to the same quarter of 2020, basically explained by a decrease in the volume of electricity purchased by 22.63% (R\$ 167,502), partially offset by a increase in average price of 9.45% (R\$ 63,872).

Operating costs and expenses

Operating costs and expenses in the 2nd quarter of 2021 were R\$ 14,025, an increase of R\$ 261 (1.9%) compared to the same quarter of 2020, basically explained by the increase in the provision for expenses with software licenses by R\$ 418, partially offset by the decrease in the provision for CCEE fees by R\$95 and in the provision for marketing and advertising expenses by R\$80.

Financial income (expenses)

Net financial income (expense) in the 2nd quarter of 2021 was financial income of R\$ 47,050, an increase of 2,613.4% (R\$ 45,316) in relation to the same quarter of 2020.

Financial income: Increase 561.2% (R\$ 47,003), mainly due to the increase in financial income from monetary adjustment of tax credits (R\$ 40,132), combined with income from monetary adjustment of receivables from the Electric Energy Trading Chamber-CCEE (R\$5,882) and increase in income from financial investments (R\$1,877), partially offset by decrease in late payment fines and additions (R\$ 408).

Financial expenses: Increase of 25.4% (R\$ 1,688), mainly explained by the increase in interest on intragroup loan agreements (R\$ 4,481), partially offset by decrease in charges on debt, loans and derivatives (R\$ 2,815).

Share of profit (loss) of subsidiaries in the 2nd quarter of 2021 was positive by R\$ 23,280, mostly explained by the recording of the equity interest of investee RGE Sul.

Profit for the period and EBITDA

In the 2nd quarter of 2021, the Company posted profit of R\$ 103,435, an increase of R\$ 85,642 (481.3%) when compared with the same quarter of 2020.

EBITDA for the 2nd quarter of 2021 was R\$ 57,814, an increase of 134.4% when compared with the same quarter of 2020, when it amounted to R\$ 24,666 (information not reviewed by the Independent Auditors).

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CPFL Energia S.A.

Statements of financial position at June 30, 2021 and December 31, 2020
(in thousands of Brazilian Reais)

ASSETS	Note	Parent company		Consolidated	
			December 31,	June 30,	December 31,
		June 30, 2021	2020	2021	2020
Current assets					
Cash and cash equivalents	5	34,101	395,745	2,738,478	3,918,796
Marketable securities	6	-	-	283,106	1,872,079
Consumers, concessionaires and licensees	7	-	-	5,079,884	5,206,854
Inventories		-	-	119,097	96,182
Dividends and interest on capital	13	277,913	1,166,469	125,272	80,647
Income tax and social contribution recoverable	8	3,123	3,464	53,500	87,779
Other taxes recoverable	8	6,996	4,600	364,540	337,266
PIS/COFINS on ICMS recoverable	8.1	-	-	499,230	-
Derivatives	34	-	-	327,316	744,660
Sector financial asset	9	-	-	781,284	558,884
Contract assets	15	-	-	25,368	24,833
Other assets	12	5,115	281	1,035,914	883,824
Total current assets		327,249	1,570,560	11,432,989	13,811,803
Noncurrent assets					
Consumers, concessionaires and licensees	7	-	-	474,955	828,314
Intragroup loans	32	477,753	472,775	-	-
Escrow Deposits	23	357	399	767,642	764,760
Income tax and social contribution recoverable	8	392	-	109,996	35,415
Other taxes recoverable	8	-	-	244,343	218,348
PIS/COFINS on ICMS recoverable	8.1	-	-	8,705,286	150,632
Sector financial assets	9	-	-	366,049	108,908
Derivatives	34	-	-	745,582	1,340,113
Deferred tax assets	10	10,989	25,080	640,867	585,869
Concession financial asset	11	-	-	11,523,528	10,347,567
Investments at cost		-	-	116,654	116,654
Other assets	12	2,609	3,059	204,533	172,140
Investments	13	14,722,360	13,182,704	1,054,671	1,015,918
Property, plant and equipment	14	1,942	2,140	8,808,609	8,797,903
Intangible assets	16	184	3,783	8,795,531	8,969,637
Contract asset	15	-	-	2,140,173	1,842,905
Total noncurrent assets		15,216,586	13,689,941	44,698,420	35,295,081
Total assets		15,543,834	15,260,501	56,131,409	49,106,884

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



CPFL Energia S.A.

Statements of financial position at June 30, 2021 and December 31, 2020

(in thousands of Brazilian Reais)

LIABILITIES AND EQUITY	Note	Parent company		Consolidated	
		June 30, 2021	December 31, 2020	June 30, 2021	December 31, 2020
Current liabilities					
Trade payables	17	903	3,237	3,755,053	3,909,517
Borrowings	18	-	-	1,632,425	2,797,195
Debentures	19	-	-	1,043,310	1,191,270
Private pension plan	20	-	-	339,869	199,803
Regulatory liabilities	21	-	-	203,116	108,371
Income tax and social contribution payable	22	-	8,443	351,839	91,470
Other taxes, fees and contributions	22	1,437	472	741,549	873,752
Intragroup loans	32	-	-	2,444,499	2,409,545
Dividends		15,255	874,954	68,970	906,852
Estimated payroll		-	-	182,044	133,429
Derivatives	34	-	-	2,482	1,354
Sector financial liability	9	-	-	-	41,514
Decommissioning of assets and environmental expenses		-	-	19,903	19,946
Use of public asset		-	-	16,212	12,573
Other payables	24	19,205	23,212	1,658,175	1,709,358
Total current liabilities		36,802	910,317	12,459,444	14,405,951
Noncurrent liabilities					
Trade payables	17	-	-	367,999	456,658
Borrowings	18	-	-	7,970,086	8,624,840
Debentures	19	-	-	6,337,640	6,257,032
Private pension plan	20	-	-	2,549,723	2,759,826
Income tax and social contribution payable	22	-	-	167,775	165,900
Other taxes, fees and contributions	22	-	-	856	839
Deferred tax liabilities	10	-	-	794,562	767,807
Provision for tax, civil and labor risks	23	110	114	609,123	616,136
Intragroup loans	32	401,634	400,025	-	-
Derivatives	34	-	-	13,762	-
Sector financial liability	9	-	-	-	185,592
Decommissioning of assets and environmental expenses		-	-	191,567	184,955
Use of public asset		-	-	125,512	112,055
PIS/COFINS consumer return	8.1	-	-	8,890,637	114,484
Other payables	24	11,519	14,266	271,731	219,032
Total noncurrent liabilities		413,263	414,406	28,290,972	20,465,155
Equity	25				
Issued capital		9,388,071	9,388,071	9,388,071	9,388,071
Capital reserves		(1,646,570)	(1,643,775)	(1,646,570)	(1,643,775)
Legal reserve		1,218,283	1,218,283	1,218,283	1,218,283
Statutory reserve - working capital improvement		5,803,185	5,803,185	5,803,185	5,803,185
Dividend		-	865,248	-	865,248
Accumulated comprehensive income		(1,737,053)	(1,695,235)	(1,737,053)	(1,695,235)
Retained earnings		2,067,855	-	2,067,855	-
		15,093,770	13,935,777	15,093,770	13,935,777
Equity attributable to noncontrolling interests		-	-	287,223	300,001
Total equity		15,093,770	13,935,777	15,380,992	14,235,778
Total liabilities and equity		15,543,834	15,260,501	56,131,409	49,106,884

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, 2021 and 2020
(in thousands of Brazilian Reals, except for Earnings per share)

Note	Parent company				Consolidated				
	2021		2020		2021		2020		
	2nd quarter	6 months	2nd quarter	6 months	2nd quarter	6 months	2nd quarter	6 months	
Net operating revenue	27	11	23	-	(3,983)	8,812,807	17,100,932	6,561,645	13,843,911
Cost of services									
Cost of electric energy	28	-	-	-	-	(5,188,143)	(10,165,430)	(4,023,190)	(8,364,609)
Cost of operation		-	-	-	-	(803,054)	(1,564,500)	(715,287)	(1,461,914)
Depreciation and amortization		-	-	-	-	(327,880)	(652,443)	(330,383)	(659,600)
Other cost of operation	29	-	-	-	-	(475,174)	(912,057)	(384,904)	(802,314)
Cost of services rendered to third parties	29	-	-	-	-	(742,046)	(1,362,133)	(601,904)	(1,098,081)
Gross profit		11	23	-	(3,983)	2,079,564	4,008,869	1,221,264	2,919,307
Operating expenses									
Selling expenses		-	-	-	-	(212,195)	(374,441)	(192,718)	(367,110)
Depreciation and amortization		-	-	-	-	(2,276)	(4,567)	(1,705)	(3,628)
Allowance for doubtful accounts		-	-	-	-	(99,794)	(153,975)	(80,128)	(137,972)
Other selling expenses	29	-	-	-	-	(110,125)	(215,899)	(110,885)	(225,510)
General and administrative expenses		(7,212)	(14,803)	(9,256)	(20,514)	(225,753)	(429,731)	(239,764)	(469,820)
Depreciation and amortization		(105)	(211)	(103)	(199)	(29,009)	(53,805)	(28,315)	(51,894)
Other general and administrative expenses	29	(7,107)	(14,592)	(9,153)	(20,315)	(196,744)	(375,926)	(211,449)	(417,926)
Other operating expenses		-	-	-	-	(109,846)	(221,118)	(98,324)	(207,839)
Amortization of concession intangible asset		-	-	-	-	(71,537)	(143,699)	(72,109)	(144,219)
Other operating expenses	29	-	-	-	-	(38,309)	(77,419)	(26,215)	(63,620)
Income from electric energy services		(7,201)	(14,780)	(9,255)	(24,497)	1,531,770	2,983,579	690,458	1,874,539
Equity interests in subsidiaries, associates and joint ventures	13	1,113,104	2,078,062	457,975	1,357,390	91,065	181,315	85,034	170,194
Financial income (expenses)	30	1,105,903	2,063,282	448,720	1,332,893	1,622,835	3,164,894	775,492	2,044,733
Financial income		6,413	10,521	3,767	8,830	323,729	548,864	182,483	620,775
Financial expenses		(3,515)	(5,601)	(9)	(25)	(332,987)	(679,165)	(254,742)	(572,027)
Profit before taxes		2,899	4,920	3,758	8,806	(9,257)	(130,301)	(72,259)	48,748
Social contribution	10	1,108,802	2,068,202	452,478	1,341,699	1,613,578	3,034,593	703,233	2,093,481
Income tax	10	78	(3,059)	98	766	(133,229)	(256,390)	(65,122)	(195,031)
		(1,104)	(11,032)	(1,483)	(1,332)	(354,296)	(690,913)	(175,903)	(532,117)
		(1,027)	(14,091)	(1,385)	(565)	(487,525)	(947,303)	(241,025)	(727,148)
Profit for the period		1,107,775	2,054,111	451,093	1,341,134	1,126,053	2,087,289	462,207	1,366,333
Profit (loss) for the period attributable to owners of the Company						1,107,775	2,054,111	451,093	1,341,134
Profit (loss) for the period attributable to noncontrolling interests						18,278	33,178	11,114	25,199
Earnings per share attributable to owners of the Company (R\$):	26					0.96	1.78	0.39	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, 2021 and 2020
(in thousands of Brazilian Reais)

	Parent company			
	2021		2020	
	2nd quarter	6 months	2nd quarter	6 months
Profit for the period	1,107,775	2,054,111	451,093	1,341,134
Other comprehensive income				
Items that will not be reclassified subsequently to profit or loss				
Comprehensive income for the period of subsidiaries	(13,853)	(28,075)	(13,820)	343,185
Total comprehensive income for the period	1,093,922	2,026,036	437,273	1,684,319

	Consolidated			
	2021		2020	
	2nd quarter	6 months	2nd quarter	6 months
Profit for the period	1,126,053	2,087,289	462,207	1,366,333
Other comprehensive income				
Items that will not be reclassified subsequently to profit or loss				
- Actuarial gains (losses), net of tax effects	(843)	(1,716)	(1,936)	270,660
- Credit risk in fair value measurement of financial liabilities	(13,010)	(26,359)	(11,884)	72,525
Total comprehensive income for the period	1,112,200	2,059,214	448,387	1,709,518
Attributable to owners of the Company	1,093,922	2,026,036	437,273	1,684,319
Attributable to noncontrolling interests	18,278	33,178	11,114	25,199

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, 2021 and 2020
(in thousands of Brazilian Reais)

	Earnings reserves					Accumulated comprehensive income			Noncontrolling interests		
	Capital reserve	Legal reserve	Statutory reserve / Working capital	Dividend	Deemed cost	Private pension plan / Credit risk in fair value measurement	Retained earnings	Total	Accumulated comprehensive income	Other equity components	Total equity
Issued capital											
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	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)
Unclaimed dividend	-	-	-	-	-	-	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	14,952,844
Balance at December 31, 2020	9,388,071	(1,643,775)	1,218,283	5,803,185	865,248	329,502	(2,024,737)	13,935,777	6,501	293,499	14,235,778
Total comprehensive income	-	-	-	-	-	(28,075)	2,054,111	2,026,036	-	33,178	2,059,214
Profit for the period	-	-	-	-	-	-	2,054,111	2,054,111	-	33,178	2,087,289
Other comprehensive income - credit risk in fair value measurement	-	-	-	-	-	(26,359)	-	(26,359)	-	-	(26,359)
Other comprehensive income - actuarial gains (losses)	-	-	-	-	-	(1,716)	-	(1,716)	-	-	(1,716)
Internal changes in equity	-	-	-	-	(13,744)	-	13,744	-	(889)	826	(63)
Realization of deemed cost of property, plant and equipment	-	-	-	-	(20,824)	-	20,824	-	(1,347)	1,347	-
Tax effect on realization of deemed cost	-	-	-	-	7,080	-	(7,080)	-	458	(458)	-
Other changes in noncontrolling interests	-	-	-	-	-	-	-	-	-	(63)	(63)
Capital transactions with owners	-	(2,795)	-	-	(865,248)	-	-	(868,043)	-	(45,893)	(913,936)
Gain (loss) on interest in subsidiaries with no change in control	-	(2,795)	-	-	-	-	-	(2,795)	-	2,795	-
Dividend proposal approved	-	-	-	-	(865,248)	-	-	(865,248)	-	(48,688)	(913,936)
Balance at June 30, 2021	9,388,071	(1,646,570)	1,218,283	5,803,185	-	315,758	(2,052,812)	2,067,855	15,093,770	5,612	15,380,992

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, 2021 and 2020

(in thousands of Brazilian Reais)

	Parent company		Consolidated	
	June 30, 2021	December 31, 2020	June 30, 2021	December 31, 2020
Profit before taxes	2,068,202	1,341,699	3,034,593	2,093,481
Adjustment to reconcile profit to cash from operating activities				
Depreciation and amortization	211	199	854,514	859,341
Provision for tax, civil and labor risks	338	47	44,271	48,203
Allowance for doubtful accounts	-	-	153,975	137,972
Interest on debts, monetary adjustment and exchange rate changes	(954)	(7,883)	27,081	119,333
Pension plan expense (income)	-	-	113,494	88,252
Equity interests in subsidiaries, associates and joint ventures	(2,078,062)	(1,357,390)	(181,315)	(170,194)
Loss (gain) on disposal of noncurrent assets	-	-	72,886	58,755
Generation Scaling Factor	-	-	(1,330)	-
Others	-	-	(76,767)	3,868
	(10,265)	(23,328)	4,041,402	3,239,010
Decrease (increase) in operating assets				
Consumers, concessionaires and licensees	-	-	326,353	568,940
Dividend and interest on capital received	1,396,092	194,652	97,937	86,877
Taxes recoverable	(1,024)	32,520	(182,120)	35,381
Escrow deposits	44	(81)	4,361	(7,418)
Sector financial asset	-	-	(442,071)	236,563
Receivables - CDE	-	-	(51,852)	6
Transmission asset additions	-	-	(74,115)	(39,871)
Advance to suppliers	-	-	(1,932)	(19,740)
Orders in progress	270	52	(58,352)	(81,050)
Other operating assets	(192)	189	(226,585)	(182,121)
Increase (decrease) in operating liabilities				
Trade payables	(2,333)	(4,403)	(273,164)	(511,256)
Other taxes and social contributions	(257)	(23,206)	(114,668)	324,737
Other liabilities with private pension plan	-	-	(185,246)	(93,500)
Regulatory charges	-	-	94,745	(52,422)
Tax, civil and labor risks paid	(340)	(39)	(80,119)	(119,648)
Sector financial liability	-	-	(252,259)	(64,020)
Payables - CDE	-	-	(30,605)	(8,733)
Other operating liabilities	(9,376)	(10,950)	11,947	467,294
Cash flows provided (used) by operations	1,372,619	165,406	2,603,659	3,779,029
Interest paid on debts and debentures	-	-	(270,022)	(432,191)
Income tax and social contribution paid	(8,443)	(42,318)	(622,170)	(343,553)
Cash flows provided (used) by operations activities	1,364,176	123,088	1,711,466	3,003,283
Investing activities				
Capital decrease (increase) of shareholders	-	-	-	(3,348)
Purchases of property, plant and equipment	-	(258)	(293,674)	(110,745)
Purchases of contract asset	-	-	(1,334,482)	(999,272)
Purchases and construction of intangible assets	(874)	(32)	(12,153)	(13,924)
Securities, pledges and restricted deposits - investment	-	-	(104,717)	(1,429,206)
Securities, pledges and restricted deposits - redemption	-	-	1,691,690	946,674
Advances for future capital increases	-	(35,000)	-	-
Intragroup loans to subsidiaries	-	(46,945)	-	-
Receiving of intragroup loans from subsidiaries	-	63,205	-	-
Others	-	-	(723)	-
Net cash generated by (used) In investing activities	(874)	(19,030)	(54,060)	(1,609,822)
Financing activities				
Public offering costs	-	(1)	-	(1)
Borrowings and debentures raised	-	-	1,464,172	4,665,557
Repayment of principal of borrowings and debentures	-	-	(3,305,295)	(2,036,449)
Repayment of derivatives	-	-	754,677	195,893
Dividend and interest on capital paid	(1,724,946)	(115)	(1,751,279)	(16,364)
Intragroup loans paid	-	-	-	(1,630)
Net cash generated by (used in) financing activities	(1,724,946)	(116)	(2,837,725)	3,657,006
Net increase (decrease) in cash and cash equivalents	(361,644)	103,942	(1,180,317)	5,050,469
Cash and cash equivalents at the beginning of the period	395,745	33,909	3,918,796	1,937,163
Cash and cash equivalents at the end of the period	34,101	137,851	2,738,478	6,987,632

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, 2021 and 2020

(in thousands of Brazilian Reais)

	Parent company		Consolidated	
	2021 6 months	2020 6 months	2021 6 months	2020 6 months
1. Revenues	(3,561)	(3,693)	25,162,811	20,704,257
1.1 Operating revenues	25	(3,983)	23,820,353	19,625,994
1.2 Revenues related to the construction of own assets	(3,586)	289	129,574	116,960
1.3 Revenue from infrastructure construction of the concession	-	-	1,366,859	1,099,275
1.4 Allowance for doubtful accounts	-	-	(153,975)	(137,972)
2. (-) Inputs	(1,277)	(6,121)	(13,462,793)	(11,179,764)
2.1 Electricity Purchased for Resale	-	-	(11,263,145)	(9,283,909)
2.2 Material	(71)	(302)	(935,885)	(775,757)
2.3 Outsourced Services	287	(3,682)	(906,921)	(796,840)
2.4 Other	(1,492)	(2,137)	(356,843)	(323,257)
3. Gross added value (1 + 2)	(4,837)	(9,815)	11,700,018	9,524,493
4. Retentions	(211)	(199)	(858,658)	(863,320)
4.1 Depreciation and amortization	(211)	(199)	(714,958)	(719,101)
4.2 Amortization of intangible assets of the concession	-	-	(143,699)	(144,219)
Sector financial asset	(5,048)	(10,014)	10,841,360	8,661,173
6. Added value received in transfer	2,089,096	1,366,651	754,142	808,797
6.1 Financial Income	11,034	9,261	572,827	638,602
6.2 Equity interests in subsidiaries, associates and joint ventures	2,078,062	1,357,390	181,315	170,194
7. Added value to be distributed (5 + 6)	2,084,048	1,356,637	11,595,502	9,469,970
8. Distribution of added value				
8.1 Personnel and Charges	8,053	12,166	809,150	746,566
8.1.1 Direct Remuneration	4,438	5,965	438,872	407,879
8.1.2 Benefits	3,145	5,285	338,342	307,083
8.1.3 Government severance indemnity fund for employees - F.G.T.S.	471	916	31,936	31,604
8.2 Taxes, Fees and Contributions	16,136	3,182	7,956,356	6,719,632
8.2.1 Federal	16,094	3,140	4,162,193	3,404,789
8.2.2 Estate	42	42	3,775,177	3,297,738
8.2.3 Municipal	-	-	18,986	17,105
8.3 Interest and Rentals	5,747	155	742,706	637,439
8.3.1 Interest	5,600	8	694,784	583,033
8.3.2 Rental	147	147	47,922	54,406
8.4 Interest on capital	2,054,111	1,341,134	2,087,289	1,366,333
8.4.1 Retained Earnings	2,054,111	1,341,134	2,087,289	1,366,333
	2,084,048	1,356,637	11,595,502	9,469,970

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, 2021

(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	4.722	30 years	November 2027
Companhia Piratininga de Força e Luz (“CPFL Piratininga”)	Publicly-held corporation	Direct 100%	Interior and coast of São Paulo	27	1.848	30 years	October 2028
RGE Sul Distribuidora de Energia S.A. (“RGE”)	Publicly-held corporation	Direct and Indirect 100%	Interior of Rio Grande do Sul	381	3.003	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	481	30 years	July 2045

Energy generation and Energy transmission	Company type	Equity interest	Location (state)	Number of plants / type of energy	Installed power (MW)	
					Total	CPFL share
CPFL Energias Renováveis S.A. (“CPFL Renováveis”)	Publicly-held corporation	Direct and Indirect 100%	(b)	(b)	(b)	(b)
CPFL Geração de Energia S.A. (“CPFL Geração”)	Publicly-held corporation	Direct 100%	São Paulo	n/a	n/a	n/a
CERAN - Companhia Energética Rio das Antas (“CERAN”)	Privately-held corporation	Indirect 65%	Rio Grande do Sul	3 Hydropower	360	234
Foz do Chapecó Energia S.A. (“Foz do Chapecó”)	Privately-held corporation	Indirect 51% (c)	Santa Catarina e Rio Grande do Sul	1 Hydropower	855	436
Campos Novos Energia S.A. (“ENERCAN”)	Privately-held corporation	Indirect 48.72%	Santa Catarina	1 Hydropower	880	429
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% (a)	Tocantins	1 Hydropower	903	38
CPFL Transmissão Piracicaba S.A. (“CPFL Transmissão Piracicaba”)	Limited liability company	Indirect 100%	São Paulo	n/a	n/a	n/a
CPFL Transmissão Morro Agudo S.A. (“CPFL Transmissão Morro Agudo”)	Limited liability company	Indirect 100%	São Paulo	n/a	n/a	n/a
CPFL Transmissão Maracanaú S.A. (“CPFL Maracanaú”) (e)	Limited liability company	Indirect 100%	Ceará	n/a	n/a	n/a
CPFL Transmissão Sul I S.A. (“CPFL Sul I”)	Limited liability company	Indirect 100%	Santa Catarina	n/a	n/a	n/a
CPFL Transmissão Sul II S.A. (“CPFL Sul II”)	Limited liability company	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	Commercialization of energy and participation in the capital of 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 S.A. ("CPFL Total")	Privately-held corporation	Collection services	Indirect 100%
CPFL Eficiência Energética Ltda ("CPFL Eficiência")	Limited liability company	Energy efficiency management	Direct 100%
TI Nect Serviços de Informática Ltda ("Authi")	Limited liability company	Provision of IT services	Direct 100%
CPFL Geração Distribuída de Energia Ltda ("CPFL GD")	Limited liability company	Provision of maintenance services for energy generation companies	Indirect 100%
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%
Alesta Sociedade de Crédito Direto S.A. ("Alesta")	Privately-held corporation	Financial services	Direct 100%

- a) Paulista Lajeado holds a 7% interest in the installed power of Investco S.A. (5.94% interest in total capital).
- b) CPFL Renováveis has operations in the states of São Paulo, Minas Gerais, Mato Grosso, Santa Catarina, Ceará, Rio Grande do Norte, Paraná 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, 2021, CPFL Renováveis had a portfolio of 108 projects of 3,1 GW of installed capacity (3,008.7 MW in operation):
- Hydropower generation: 47 small hydroelectric plants and central hydroelectric generators - SHPs/CHGs (485 MW) with 46 SHPs/CHGs in operation (457.1 MW) and 1 SHP under construction/development (28 MW), 3 hydroelectric power plants (HPP) in operation (848 MW - 51.54% of the assured energy and power of the Serra da Mesa hydropower plant, which concession is owned by Furnas, 25.01% of BAESA - Energética Barra Grande S.A. "BAESA" and 100% of Rio do Peixe);
 - Wind power generation: 49 projects (1,390.2 MW) with 45 projects in operation (1,308.5 MW) and 4 projects under construction/development (81.7 MW);
 - Biomass power generation: 8 plants in operation (394 MW);
 - Solar power generation: 1 solar plant in operation (1.1 MW).
- c) The joint venture Chapecoense has as its direct subsidiary Foz do Chapecó and fully consolidates its financial statements.

1.1 - Negative net working capital

On June 30, 2021, the consolidated interim financial statements presented negative net working capital in the amount of R\$ 1,026,455 (negative in R\$ 594,148 on December 31, 2020). The Company timely monitors net working capital and, its cash generation, its profit projections, as well as its financing strategy, support and enable the plan to reduce this net working capital.

1.2 - Impacts of COVID-19

On March 11, 2020, the World Health Organization (WHO) declared that the COVID-19 had become a pandemic. The outbreak triggered significant decisions by governments and private sector entities, which, added to the potential impact of the outbreak, increased to some extent the degree of uncertainty for economic agents, which may have significant impacts on these interim financial statements. The main economies in the world and the main economic blocs have been studying and implementing economic stimulus packages to minimize impacts that COVID-19 may cause.

In Brazil, the Executive and Legislative Branches of the Federal Government published several normative acts to prevent and contain the pandemic, with emphasis on Legislative Decree No. 6, published on March 20, 2020, which declared the public calamity state. State and municipal governments have also published several normative acts seeking to restrict the people free movement and commercial and service activities, in addition to enabling emergency investments in the health area, including research and development, and vaccine application.

Management has constantly assessed the impact of the outbreak on the operations and on the financial position of the Group, with the objective of implementing appropriate measures to mitigate the impacts on operations. Up to the date of authorization for the issuance of these interim financial statements, the following measures have been taken and the main matters that are under constant monitoring are listed below:

- Implementation of temporary measures referring to the employees, such as home office planning, adaptation of collective spaces to avoid crowding and other applicable health-related measures;
- Negotiation with equipment suppliers to evaluate delivery times in view of the new scenario, without, so far, there being any indication of relevant risks of delay that may impact on operations;
- Evaluation of contractual conditions with financial institutions related to borrowings and payment with suppliers, to mitigate any liquidity risks;
- Monitoring of variations in market indexes that could affect borrowings and debentures;
- Evaluation of possible renegotiations with customers due to macroeconomic retraction. Such renegotiations are being directed, in their majority, through temporary displacements in the contracted quantities;
- Monitoring of the reduction of the billed market by the closing, as well as the resumption after the flexibility measures, of commercial and industrial establishments arising from the measures to combat the pandemic;
- Monitoring of over-contracting of the Group's distributors due to load reduction and consequent energy surpluses above 5% foreseen in the regulatory requirements;
- Monitoring of default, especially in the light of the suspension from April 1st to June 30, 2021, which was extended until September 30, 2021, according to REN n° 936 of ANEEL of default cuts for low-income residential subclasses. In addition to specific rules to be complied with in order to make the cuts in the other consumer classes and restrictions in the collection of fine and interest due to default.

Due to the relevance of the potential impacts mentioned, the authorities of the Brazilian Electricity Sector, in particular the Ministry of Mines and Energy (MME) and ANEEL, adopted some measures during the pandemic period, among which the most relevant are:

- Exemption for the portion of monthly consumption of up to 220 kilowatt-hours (kWh/month) of low-income residential-class consumers, in the period from April 1 to June 30, 2020, as provided for in Provisional Measure No. 950, of April 8, 2020, funded 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.

Further information on the COVID Account and how it affects the Group's business is disclosed in note 1.3 to the financial statements for the year ended December 31, 2020.

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 quarter ended June 30, 2021, the Company concluded that there were no material effects related to the pandemic in its interim financial statements.

The financial and economic effect for the Group during the next months 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 impacts related to the restriction measures. The Group will continue to constantly monitor the effects of the crisis and the impacts on their operations and interim 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. Pursuant to ANEEL Normative Resolution No. 885, of June 23, 2020, the Agency established the second phase of Public Consultation No. 35 of 2020 ("CP35/2020") in the period from August 18 to October 5, 2020, with the objective of regulating restoration of the economic and financial balance of concession contracts and permission for providing public power distribution service, which has not been concluded until closing of the interim financial statements. Continuing with the process of establishing the regulation of economic and financial balance, ANEEL decided to open the 3rd Phase of Public Consultation 35 between 12/16/2020 and 02/01/2021. Additionally, in this same phase of the public consultation, it was decided to discuss the rules for allocating the costs of COVID Account borrowings and over-contracting, an effect of the pandemic scenario.

The Group awaits the developments of the regulation in order to assess the measures to be taken.

(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, 2020, 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 12, 2021.

2.2 Basis of measurement

The interim financial statements has been prepared on the historical cost basis except for the following material items which are measured at each reporting data and recorded in the statements of financial position: i)

derivative financial instruments measured at fair value and ii) non derivative financial instruments measured at fair value through profit or loss. The classification of the fair value measurement in the level 1, 2 or 3 categories (depending on the degree of observance of the variables used) is presented in note 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 may differ from the actual results. Accordingly, the Group's management review the estimates and assumptions on an ongoing basis, based on previous experience and other relevant factors. Adjustments resulting from revisions to accounting estimates are recognized in the period in which the estimates are revised and applied on a prospective basis.

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

- Note 7 – Consumers, concessionaires and licensees (Allowance for doubtful 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 8 – Taxes recoverable (Criteria and assumptions on the exclusion of ICMS from the PIS and COFINS basis);
- 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 (application of estimated useful lives and main assumptions regarding recoverable amounts);
- Note 15 – Contract Asset (key assumptions regarding recoverable amounts);
- Note 16 – 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 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 activities ("Generation"); (iii) energy commercialization activities ("Commercialization"); (iv) service activities ("Services"); and (v) 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, 2021 and December 31, 2020 and for the quarters and semesters ended June 30, 2021 and 2020 the noncontrolling interests in the consolidated balances refer to interests held by third parties in subsidiaries CERAN, Paulista Lajeado and not wholly-owned subsidiaries of 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

These interim financial information of the Group was prepared based on the same accounting policies described in note 3 – summary of significant accounting policies, disclosed in the financial statements for the year ended December 31, 2020.

(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, 2021	December 31, 2020	June 30, 2021	December 31, 2020
Bank balances	216	9,789	137,233	481,532
Short-term financial investments	33,885	385,957	2,601,245	3,437,264
Overnight investment (a)	-	-	-	703
Private credit notes (b)	33,885	385,957	1,965,940	3,320,840
Investment funds (c)	-	-	635,305	115,721
Total	34,101	395,745	2,738,478	3,918,796

- a) Bank account balances, which earn daily interest by investment in repurchase agreements secured on Bank Certificate Deposit (CDB) and interest of 15% of the variation in the Interbank Certificate of Deposit (CDI).
- b) Short-term investments in: (i) Bank Certificates of Deposit (CDB) amounting to R\$ 1,464,995 (R\$ 2,595,585 in December 31, 2020, and (ii) secured debentures amounting to R\$ 500,946 (R\$ 725,255 in December 31, 2020). 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 98.99 % of the CDI (99.67% of the CDI in December 31, 2020).
- c) Represents amounts invested in funds with high liquidity and equivalent remuneration, on average 93.40% of the CDI (81.64% of the CDI on December 31, 2020), having as characteristics post-fixed investments in CDI backed by securities federal government, CDB's, financial bills and committed debentures of large financial institutions with low credit risk and short-term maturity.

(6) MARKETABLE SECURITIES

	Consolidated	
	June 30, 2021	December 31, 2020
Through investment funds (a)	283,106	308,482
Direct investment (b)	-	1,563,597
Total	283,106	1,872,079

- a) It represents amounts invested in government securities, Financial Bills ("FL") and Financial Treasury Bills ("FTB"), through investment fund quotas, yielding on average 93,40% (81.64% of CDI in December 31, 2020).
- b) This refers to amounts invested in government securities and FTB, whose remuneration was equivalent on average 100% of SELIC in December, 31, 2020).

(7) CONSUMERS, CONCESSIONAIRES AND LICENSEES

The consolidated balance includes mainly activities from the supply of electric energy, broken down as follows at June 30, 2021 and December 31, 2020:

	Consolidated			Total	
	Amounts not due	Past due		June 30, 2021	December 31, 2020
		until 90 days	> 90 days		
Current					
Consumer classes					
Residential	872,190	625,578	108,015	1,605,782	1,683,354
Industrial	181,836	60,331	90,903	333,070	355,145
Commercial	222,845	80,625	37,700	341,170	374,824
Rural	102,940	32,033	13,856	148,830	140,061
Public administration	62,719	7,404	14,318	84,441	74,865
Public lighting	117,686	1,863	2,980	122,528	84,902
Public utilities	69,599	8,916	7,263	85,777	93,163
Billed	1,629,815	816,750	275,035	2,721,598	2,806,314
Unbilled	1,493,674	-	-	1,493,674	1,554,563
Financing of consumers' debts	257,133	58,926	46,255	362,313	330,529
CCEE transactions	210,311	10,212	265,309	485,832	411,718
Concessionaires and licensees	343,937	4,096	13,024	361,057	391,401
Others	62,055	-	-	62,055	56,365
	3,996,925	889,985	599,623	5,486,528	5,550,890
Allowance for doubtful accounts				(406,645)	(344,037)
Total				5,079,884	5,206,854
Noncurrent					
Financing of consumers' debts	196,287	-	-	196,287	193,088
Energia livre	7,012	-	-	7,012	6,925
CCEE transactions	-	10,207	261,449	271,657	628,301
Total	203,299	10,207	261,449	474,955	828,314

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, 2020	(344,037)	(28,831)	(372,868)
Allowance - reversal (recognition)	(250,649)	(713)	(251,362)
Revenue recovery	97,239	148	97,387
Write-off of accrued receivables	90,803	(148)	90,655
At June 30, 2021	(406,645)	(29,544)	(436,189)

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

	Consolidated	
	June 30, 2021	December 31, 2020
Current		
Prepayments of social contribution – CSLL	1,370	1,705
Prepayments of income tax - IRPJ	3,541	2,911
Income tax and social contribution to be offset	48,589	83,163
Income tax and social contribution to be offset	53,500	87,779
Withholding income tax - IRRF on interest on capital	1,414	1,414
Withholding income tax - IRRF	89,523	97,507
State VAT - ICMS to be offset	164,381	153,576
Social Integration Program - PIS	20,710	15,921
Contribution for Social Security Funding - COFINS	84,187	62,176
Others	4,325	6,672
Other taxes to be offset	364,540	337,266
Total current	418,040	425,045
Noncurrent		
Social contribution to be offset - CSLL	5,526	680
Income tax to be offset - IRPJ	104,470	34,735
Income tax and social contribution to be offset	109,996	35,415
State VAT - ICMS to be offset	234,027	208,066
Social Integration Program - PIS	1,082	1,076
Contribution for Social Security Funding - COFINS	5,033	5,006
Others	4,202	4,201
Other taxes to be offset	244,343	218,348
Total noncurrent	354,339	253,763

8.1 Exclusion of ICMS from PIS and COFINS calculation base

	Consolidated	
	June 30, 2021	December 31, 2020
Current		
PIS on ICMS	88,134	-
COFINS on ICMS	411,096	-
Total current	499,230	-
Noncurrent		
PIS on ICMS	1,553,752	27,485
COFINS on ICMS	7,151,533	123,146
Total noncurrent	8,705,286	150,632

	Consolidated	
	June 30, 2021	December 31, 2020
PIS/COFINS consumers return		
Noncurrent	8,890,637	114,484

Some CPFL Energia subsidiaries filed lawsuits in progress involving the Federal Government claiming recognition of the right to exclude ICMS amounts from the PIS and COFINS calculation basis, as well as the right to recover amounts previously paid.

In January 2019, the subsidiary CPFL Santa Cruz had a final and unappealable decision on its action, recording tax assets to be offset and liabilities with consumers in other accounts payable, which restated up to June 2021, amount to R\$ 150,661 and R\$ 175,317, respectively. Of this amount, R\$ 44,896 has already been offset throughout 2021. In March 2021, in the subsidiary's tariff adjustment, the anticipation of the reversal of amounts arising from credits arising from the aforementioned lawsuit was considered, as an extraordinary negative financial component of R\$ 20,241 .

In February 2021, subsidiary RGE obtained the final and unappealable decision in its lawsuit, having recognized its right to not include the ICMS amounts billed in the PIS and COFINS calculation basis, as well as to recover amounts previously paid (As of June 2002). As a result, the subsidiary recorded tax assets to be recoverable and liabilities to consumers of R\$ 2,197,769. In June 2021, the tariff adjustment considered the anticipation of the reversal of amounts arising from credits arising from the aforementioned lawsuit, as an extraordinary negative financial component of R\$ 228,800.

The recognition of PIS and COFINS credits on lawsuits that have not yet had final and unappealable court decisions is based on the recent decision of the Federal Supreme Court (STF) that rejected the motion for clarification filed by the National Treasury in the records of RE No. 574,706 of May of 2021. After careful analysis of each case similarities were observed in relation to the final and unappealable actions for which the Company has already been successful, which are in line with this recent decision of the STF and, it is understood that, given the similarity of the cases and the judgment of general repercussion of the STF, the provisions of item 33 CPC 25/IAS 37, which discusses the concept of classification of an asset considered “practically certain”, are complied with.

Thus, in June 2021, the following subsidiaries recorded tax assets to be offset and liabilities to consumers: CPFL Paulista (R\$ 4,087,794), CPFL Piratininga (R\$ 1,816,858), RGE (R\$ 739,273, related to the company incorporated in December 2018) and CPFL Santa Cruz (R\$ 127,079, related to the company incorporated in December 2017). The subsidiary CPFL Santa Cruz also recorded the difference in the credit calculated based on the criterion of exclusion of the ICMS paid, for the ICMS actually highlighted in its energy bills.

It is important to highlight that, based on the opinion of its legal counsel, the Company believes that for the distributors the need for refund to consumers of the amounts received after the final and unappealable court decision as PIS and COFINS tax credits is limited to the statute of limitation period of ten years. This position was raised by its parent company CPFL Energia through a contribution presented in Public Consultation No. 05/2021, still in progress.

Therefore, the accounting decision of the Group of, at this moment, not recognizing any tax credit in its favor does not mean any waiver of rights, but only serves to reflect the positioning of the aforementioned Public Consultation in progress at ANEEL.

For the subsidiary CPFL Brasil, the action was not final and unappealable, but the PIS and COFINS credit, equally as in other companies under the same circumstances, was recognized in June 2021. The approximate credit is R\$ 85,078 and was recorded in deduction of PIS/COFINS revenue and monetary updates.

(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						Homologation of the PIS / COFINS credit return			
	At December 31, 2020			Operating revenue (note 27)		income or expenses (note 30)		At June 30, 2021		
	Deferred	Approved	Total	Constitution	Through billing	Monetary adjustment		Deferred	Approved	Total
Parcel "A"	846,468	126,225	972,694	1,001,726	(236,745)	18,833	-	1,260,751	495,758	1,756,507
CVA (*)										
CDE (**)	(1,397)	95,905	94,508	87,549	(98,343)	1,623	-	27,713	57,625	85,338
Electric energy cost	(14,381)	(284,385)	(298,765)	(401,355)	280,999	(4,431)	-	15,991	(439,544)	(423,553)
ESS e EER (***)	217,177	(193,807)	23,370	123,885	157,462	(426)	-	173,230	131,061	304,291
Proinfa	(4,146)	(22,590)	(26,736)	43,437	14,319	274	-	9,214	22,080	31,294
Basic network charges	300,579	86,572	387,151	143,098	(119,676)	3,855	-	222,487	191,942	414,429
Pass-through from Itaipu	627,066	413,761	1,040,827	777,706	(463,599)	17,902	-	842,374	530,463	1,372,836
Transmission from Itaipu	42,186	15,307	57,493	11,166	(17,606)	490	-	25,610	25,933	51,543
Neutrality of sector charges	(141,768)	16,554	(125,214)	24,509	(9,825)	(1,558)	-	(96,096)	(15,991)	(112,087)
Overcontracting	(178,848)	(1,092)	(179,940)	191,731	19,521	1,104	-	40,228	(7,811)	32,416
Other financial components	(440,264)	(91,744)	(532,008)	134,051	44,338	(6,516)	(249,041)	(122,156)	(487,018)	(609,174)
Total	406,204	34,481	440,686	1,135,777	(192,407)	12,317	(249,041)	1,138,595	8,740	1,147,333
Current assets			558,884							781,284
Noncurrent assets			108,908							366,049
Current liabilities			(41,514)							-
Noncurrent liabilities			(185,592)							-

(*) 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, 2020.

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

	Consolidated	
	June 30, 2021	December 31, 2020
<u>Social contribution credit/(debit)</u>		
Tax losses carryforwards	155,795	196,979
Tax benefit of merged intangible	77,844	81,733
Temporarily nondeductible/taxable differences	(275,557)	(331,326)
Subtotal	(41,917)	(52,614)
<u>Income tax credit / (debit)</u>		
Tax losses carryforwards	433,658	550,159
Tax benefit of merged intangible	250,071	262,643
Temporarily nondeductible/taxable differences	(763,210)	(918,139)
Subtotal	(79,482)	(105,339)
<u>PIS and COFINS credit/(debit)</u>		
Temporarily nondeductible/taxable differences	(32,296)	(23,985)
Total	(153,695)	(181,938)
Total tax credit	640,867	585,869
Total tax debit	(794,562)	(767,807)

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 taxable profits.

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, 2021		December 31, 2020	
	Social Contribution	Income tax	Social Contribution	Income tax
CPFL Paulista	29,682	82,449	31,994	88,873
CPFL Piratininga	7,592	26,055	8,110	27,832
RGE	40,571	131,767	41,629	136,137
CPFL Renováveis	-	9,800	-	9,800
Total	77,844	250,071	81,733	262,643

10.3 Accumulated balances on nondeductible temporary / taxable differences

	Consolidated					
	June 30, 2021			December 31, 2020		
	Social Contribution	Income tax	PIS/COFINS	Social Contribution	Income tax	PIS/COFINS
Temporarily nondeductible/ taxable differences						
Provision for tax, civil and labor risks	35,632	98,978	-	42,961	119,337	-
Private pension fund	7,469	20,747	-	5,283	14,674	-
Allowance for doubtful accounts	39,590	109,974	-	33,927	94,241	-
Research and development and energy efficiency programs	22,419	62,275	-	23,990	66,638	-
Personnel-related provisions	5,608	15,578	-	7,066	19,629	-
Depreciation rate difference	3,123	8,675	-	3,477	9,657	-
Derivatives	(83,469)	(231,858)	-	(174,570)	(484,916)	-
Recognition of concession - adjustment of intangible asset	(4,141)	(11,503)	-	(4,521)	(12,558)	-
Recognition of concession - adjustment of financial asset	(249,833)	(693,981)	-	(206,554)	(579,845)	-
Actuarial losses	25,798	71,660	-	25,798	71,660	-
Fair value measurement - Derivatives	(12,580)	(34,943)	-	(12,634)	(35,094)	-
Fair value measurement - Debts	1,143	3,177	-	2,661	7,389	-
Other	(19,727)	(54,135)	(32,296)	(20,270)	(59,374)	(23,985)
Temporarily nondeductible differences - accumulated comprehensive income:						
Property, plant and equipment - adjustment of deemed cost	(40,765)	(113,235)	-	(40,438)	(112,327)	-
Actuarial losses	189,514	526,429	-	189,514	526,429	-
Fair value measurement - Derivatives	883	2,452	-	1,519	4,222	-
Fair value measurement - Debts	(3,932)	(10,923)	-	(8,164)	(22,678)	-
Temporarily nondeductible differences - business combination						
Deferred taxes - asset:						
Provision for tax, civil and labor risks	9,346	25,960	-	10,209	28,357	-
Fair value of property, plant and equipment (negative value added of assets)	16,372	45,477	-	16,965	47,125	-
Deferred taxes - liability:						
Value added derived from determination of deemed cost	(15,245)	(42,350)	-	(18,323)	(50,897)	-
Intangible asset - exploration right/authorization in indirect subsidiaries acquired	(198,986)	(551,175)	-	(205,445)	(559,317)	-
Other temporary differences	(3,778)	(10,494)	-	(3,778)	(10,494)	-
Total	(275,557)	(763,210)	(32,296)	(331,326)	(918,139)	(23,985)

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, 2021 and 2020:

	Parent Company				Consolidated			
	Social Contribution				Social Contribution			
	2021		2020		2021		2020	
	2nd quarter	Six months	2nd quarter	Six months	2nd quarter	Six months	2nd quarter	Six months
Profit before taxes	1,108,802	2,068,202	452,478	1,341,699	1,613,578	3,034,593	703,233	2,093,481
Reconciliation to reflect effective rate:								
Equity in subsidiaries, associates and joint ventures	(1,113,104)	(2,078,062)	(457,975)	(1,357,390)	(91,065)	(181,315)	(85,034)	(170,194)
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	-	-	-	-	(130,336)	(246,154)	(47,248)	(125,529)
Adjustment of revenue from excess demand and excess reactive power	-	-	-	-	44,735	91,954	25,291	68,674
Other permanent additions (exclusions), net	6,823	8,493	7,790	13,940	31,293	97,226	52,293	124,200
Tax base	(861)	(8,131)	(1,089)	(8,515)	1,480,367	2,820,628	660,697	2,014,956
Statutory rate	9%	9%	9%	9%	9%	9%	9%	9%
Tax credit/(debit)	78	732	98	766	(133,233)	(253,857)	(59,463)	(181,346)
Tax credit adjustments	-	(3,791)	-	-	521	(1,661)	(5,260)	(13,260)
Provision for tax risks	-	-	-	-	(516)	(872)	(401)	(427)
Total	78	(3,059)	98	766	(133,229)	(256,390)	(65,122)	(195,031)
Current	-	-	-	-	(218,490)	(263,492)	(23,707)	(39,394)
Deferred	78	(3,059)	98	766	85,261	7,102	(41,415)	(155,637)

	Parent Company				Consolidated			
	Income tax				Income tax			
	2021		2020		2021		2020	
	2nd quarter	Six months	2nd quarter	Six months	2nd quarter	Six months	2nd quarter	Six months
Profit before taxes	1,108,802	2,068,202	452,478	1,341,699	1,613,578	3,034,593	703,233	2,093,481
Reconciliation to reflect effective rate:								
Equity in subsidiaries, associates and joint ventures	(1,113,104)	(2,078,062)	(457,975)	(1,357,390)	(91,065)	(181,315)	(85,034)	(170,194)
Amortization of intangible asset acquired	-	-	-	-	15,689	31,378	15,689	31,378
Effect of presumed profit system	-	-	-	-	(150,480)	(284,034)	(62,143)	(157,213)
Adjustment of revenue from excess demand and excess reactive power	-	-	-	-	44,735	91,954	25,291	68,674
Other permanent additions (exclusions), net	8,720	11,356	11,428	21,017	(6,677)	57,068	58,510	135,262
Tax base	4,418	1,496	5,931	5,326	1,425,780	2,749,644	655,546	2,001,388
Statutory rate	25%	25%	25%	25%	25%	25%	25%	25%
Tax credit/(debit)	(1,104)	(374)	(1,483)	(1,332)	(356,445)	(687,411)	(163,887)	(500,347)
Tax credit adjustments	-	(10,658)	-	-	2,148	(3,502)	(12,017)	(31,598)
Provision for tax risks	-	-	-	-	-	-	-	(172)
Total	(1,104)	(11,032)	(1,483)	(1,332)	(354,296)	(690,913)	(175,903)	(532,117)
Current	-	-	-	(100)	(590,828)	(706,785)	(60,592)	(99,794)
Deferred	(1,104)	(11,032)	(1,483)	(1,232)	236,532	15,872	(115,311)	(432,323)

Adjustments to tax credits – refers to the liquid between (i) the tax credit of the tax credit on tax losses, recorded due to the review of projections of future profits and (ii) portion of unrecognized tax credit corresponding the loss generated for which, at the moment, there is no probable assurance of generation of sufficient future taxable profits for its absorption.

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

	<u>Consolidated</u>
At December 31, 2020	<u>10,347,567</u>
Noncurrent	10,347,567
Transfer - contract asset	724,036
Transfer - intangible asset	(3,429)
Fair value adjustment	493,655
Disposals	<u>(38,300)</u>
At June 30, 2021	<u>11,523,528</u>
Noncurrent	11,523,528

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 – “NRV” - note 4) 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 2021, the balance of write-offs of R\$ 38,300 (R\$ 18,057 in the first semester of 2020) refers to the write-off of the adjustment related to the asset in the amount of R\$ 12,781 (R\$ 7,063 in the first semester of 2020) and the write-off of the asset of R\$ 25,519 (R\$ 10,994 in the first semester of 2020).

(12) OTHER ASSETS

	<u>Consolidated</u>			
	<u>Current</u>		<u>Noncurrent</u>	
	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2021</u>	<u>December 31, 2020</u>
Advances - Pension plan	7,920	8,621	6,797	6,797
Advances to suppliers	125,257	123,325	-	-
Pledges, funds and restricted deposits	1,438	1,592	17,150	13,994
Orders in progress	365,394	307,042	12,024	10,813
Services rendered to third parties	30,799	17,747	-	-
Energy pre-purchase agreements	-	-	5,741	7,751
Prepaid expenses	83,567	83,542	14,674	10,860
Receivables - CDE	194,255	142,403	-	-
Advances to employees	40,992	22,674	-	-
Others	215,837	205,709	148,147	121,924
(-) Allowance for doubtful debts (note 7)	<u>(29,544)</u>	<u>(28,831)</u>	-	-
Total	<u>1,035,914</u>	<u>883,824</u>	<u>204,533</u>	<u>172,140</u>

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

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

Receivables – CDE: refer to: (i) low-income subsidies amounting to R\$ 34,061 (R\$ 26,663 at December 31, 2020), (ii) other tariff discounts granted to consumers amounting to R\$ 160,194 (R\$ 115,740 at December 31, 2020).

(13) INVESTMENTS

	Parent Company		Consolidated	
	June 30, 2021	31/12/2020	June 30, 2021	31/12/2020
Equity method				
By equity method of the subsidiary and joint venture	14,261,479	11,594,504	1,046,060	1,007,016
Advances for future capital increases	-	1,092,000	-	-
Subtotal	14,261,479	12,686,504	1,046,060	1,007,016
Fair value of assets, net	454,827	490,146	8,612	8,902
Goodwill	6,054	6,054	-	-
Total	14,722,360	13,182,704	1,054,671	1,015,918

13.1 Equity interests – equity method

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

Investment	June 30, 2021				June 30, 2021	December 31, 2020	Six months 2021	Six months 2020
	Total assets	Issued capital	Equity	Profit or loss for the period	Share of equity of investees	Share of profit (loss) of investees	Share of profit (loss) of investees	Share of profit (loss) of investees
CPFL Paulista	16,686,310	1,343,323	1,389,448	556,676	1,389,448	839,291	556,676	465,593
CPFL Piratininga	6,542,402	258,497	447,732	266,280	447,732	188,193	266,280	178,545
CPFL Santa Cruz	1,986,508	170,413	548,972	20,101	548,972	529,951	20,101	48,789
RGE	14,263,262	2,831,534	3,982,588	417,678	3,493,283	3,128,857	376,390	278,610
CPFL Geração	5,659,164	2,022,783	5,037,009	480,094	5,037,009	4,558,486	480,094	359,004
CPFL Renováveis	10,228,191	4,032,292	5,575,594	462,266	2,740,405	2,882,354	227,203	(36,158)
CPFL Jaguarí Geração	56,378	40,108	56,315	7,854	56,315	56,775	7,854	4,242
CPFL Brasil	1,263,926	3,000	117,576	117,059	117,576	89,871	117,059	50,106
CPFL Planalto	5,152	630	4,478	2,035	4,478	4,926	2,035	2,220
CPFL Serviços	338,801	150,929	171,529	8,905	171,529	183,179	8,905	9,960
CPFL Atende	28,853	5,991	13,082	7,091	13,082	12,211	7,091	4,931
CPFL Infra	12,539	38	2,746	2,148	2,746	598	2,148	373
CPFL Pessoas	11,146	811	6,964	5,991	6,964	5,183	5,991	4,443
CPFL Finanças	19,482	385	8,131	7,669	8,131	8,047	7,669	6,786
CPFL Supre	7,615	826	4,213	3,222	4,213	3,652	3,222	2,548
CPFL Total	57,294	9,005	26,248	15,442	-	-	-	14,150
CPFL Telecom	3,651	1,928	3,248	18	3,248	3,231	18	22
CPFL Centrais Geradoras	-	-	-	-	-	-	-	73
CPFL Eficiência	160,068	95,234	142,830	9,044	142,830	133,786	9,044	614
AUTHI	23,315	10	12,523	97	12,523	12,425	97	523
CPFL Alesta	65,523	38,126	60,995	15,505	60,995	45,490	15,505	-
Subtotal - by subsidiary's equity					14,261,479	12,686,504	2,113,382	1,395,374
Amortization of fair value adjustment of assets					-	-	(35,320)	(37,984)
Total					14,261,479	12,686,504	2,078,063	1,357,390
Investment					14,261,479	11,594,504		
Advances for future capital increases					-	1,092,000		

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\$ 35,320 (R\$ 37,984 in the first semester of 2020) 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, 2020	Capital increase /payment of capital	Share of profit (loss) of investees	Other comprehensive income	Dividend and Interest on capital	Advances for future capital increases	Investment at June 30, 2021
CPFL Paulista	839,291	-	556,676	(6,519)	-	-	1,389,448
CPFL Piratininga	188,193	-	266,280	(6,741)	-	-	447,732
CPFL Santa Cruz	529,951	-	20,101	(1,080)	-	-	548,972
RGE	3,128,857	-	374,863	(10,437)	-	-	3,493,283
CPFL Geração	4,558,486	1,087,000	480,094	(150)	-	(1,087,000)	5,037,009
CPFL Renováveis	2,882,354	-	227,204	(144)	(367,634)	-	2,740,405
CPFL Jaguarí Geração	56,775	-	7,854	-	(8,314)	-	56,315
CPFL Brasil	89,871	-	118,587	(3,005)	(87,876)	-	117,576
CPFL Planalto	4,926	-	2,035	-	(2,482)	-	4,478
CPFL Serviços	183,179	-	8,905	-	(20,555)	-	171,529
CPFL Atende	12,211	-	7,091	-	(6,220)	-	13,082
CPFL Infra	598	-	2,148	-	-	-	2,746
CPFL Pessoas	5,183	-	5,991	-	(4,210)	-	6,964
CPFL Finanças	8,047	-	7,669	-	(7,584)	-	8,131
CPFL Supri	3,652	-	3,222	-	(2,661)	-	4,213
CPFL Telecom	3,231	-	18	-	-	-	3,248
CPFL Eficiência	133,786	5,000	9,044	-	-	(5,000)	142,830
AUTHI	12,425	-	97	-	-	-	12,523
CPFL Alesta	45,490	-	15,505	-	-	-	60,995
	12,686,504	1,092,000	2,113,382	(28,075)	(507,536)	(1,092,000)	14,261,479

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

	June 30, 2021	December 31, 2020	Six months 2021	Six months 2020
Investments in joint ventures				
	Share of equity		Share of profit (loss)	
Baesa	140,954	170,166	(5,457)	(7,778)
Enercan	252,224	279,064	85,990	69,118
Chapecoense	391,487	319,723	71,764	74,168
EPASA	261,394	238,062	29,308	34,976
Fair value adjustments of assets, net	8,612	8,902	(290)	(290)
	1,054,671	1,015,918	181,315	170,194

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 16).

13.3 Dividends and interest on capital receivable

At June 30, 2021 and December 31, 2020, the Company has the following amounts receivable from the subsidiaries below, relating to dividends and interest on capital:

Subsidiary	Parent Company					
	Dividend		Interest on capital		Total	
	June 30, 2021	December 31, 2020	June 30, 2021	December 31, 2020	June 30, 2021	December 31, 2020
CPFL Paulista	-	142,692	-	88,151	-	230,843
CPFL Piratininga	236,473	320,186	-	28,191	236,473	348,377
CPFL Santa Cruz	-	3,337	-	19,206	-	22,543
RGE	-	145,362	-	-	-	145,362
CPFL Geração	-	205,120	-	87,820	-	292,940
Jaguari de Geração	-	11,042	-	-	-	11,042
CPFL Brasil	-	-	-	1,315	-	1,315
CPFL Serviços	17,445	6,852	-	-	17,445	6,852
CPFL Atende	6,219	-	580	580	6,799	580
CPFL Infra	2,196	4,000	-	-	2,196	4,000
CPFL Finanças	5,000	-	-	-	5,000	-
AUTHI	10,000	10,000	-	-	10,000	10,000
CPFL Renováveis	-	92,509	-	-	-	92,509
CPFL Alesta	-	108	-	-	-	108
	277,333	941,208	580	225,263	277,913	1,166,469

The consolidated balance includes dividends and interest on capital receivable amounting to R\$ 125,272 at June 30, 2021 (R\$ 80,647 at December 31, 2020), 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	LUDESA	Other subsidiaries of CPFL Renováveis	Paulista Lajeado	Total
At December 31, 2020	107,485	37,907	67,746	86,864	300,001
Equity interest and voting capital	35.00%	40.00%	Between 5% and 10%	40.07%	
Equity attributable to noncontrolling interests	17,931	8,081	854	6,312	33,177
Gain (loss) on interest with no change in control	-	-	2,796	-	2,796
Dividends	(31,037)	(8,190)	(2,790)	(6,671)	(48,688)
Other movements	-	-	-	(63)	(63)
At June 30, 2021	94,379	37,798	68,604	86,442	287,223
Equity interest and voting capital	35.00%	40.00%	Between 5% and 10%	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, 2021 and December 31, 2020 and the semesters ended at June 30, 2021 and 2020, is as follows:

BALANCE SHEET

	June 30, 2021				December 31, 2020			
	CERAN	LUDESA	Other subsidiaries of CPFL Renováveis	Paulista Lajeado	CERAN	LUDESA	Other subsidiaries of CPFL Renováveis	Paulista Lajeado
Current assets	142,230	11,239	78,513	12,779	48,362	10,470	122,038	26,472
Cash and cash equivalents	104,150	2,289	34,593	3,344	14,580	2,918	20,968	18,458
Noncurrent assets	731,412	86,602	507,854	133,054	755,415	88,636	373,666	151,258
Current liabilities	305,884	3,346	91,644	6,096	237,318	4,340	87,983	37,039
Borrowings and debentures	105,923	-	0	-	105,718	-	47,429	-
Other financial liabilities	27,710	927	88,252	2,212	22,551	927	11,895	2,132
Noncurrent liabilities	298,103	-	131,939	796	259,359	-	107,965	792
Borrowings and debentures	105,765	-	-	-	105,531	-	-	-
Other financial liabilities	125,512	-	16,521	-	112,055	-	-	-
Equity	269,655	94,495	353,808	138,940	307,100	94,767	299,756	139,899
Equity attributable to owners of the Company	175,276	56,697	285,204	52,498	199,615	56,860	232,010	53,035
Equity attributable to noncontrolling interests	94,379	37,798	68,604	86,442	107,485	37,907	67,746	86,864

PROFIT OR LOSS

	Six months 2021				Six months 2020			
	CERAN	LUDESA	Other subsidiaries of CPFL Renováveis	Paulista Lajeado	CERAN	LUDESA	Other subsidiaries of CPFL Renováveis	Paulista Lajeado
Net operating revenue	168,765	25,578	33,817	25,261	150,041	23,530	18,526	18,444
Operational costs and expenses	(43,455)	(2,097)	(10,621)	(12,811)	(41,098)	(1,380)	(7,133)	(10,479)
Depreciation and amortization	(21,351)	(2,485)	(6,592)	(1)	(21,845)	(3,599)	(9,539)	(1)
Interest income	690	28	936	304	989	40	1,412	207
Interest expense	(26,885)	-	(2,936)	-	(15,685)	-	(6,432)	-
Income tax expense	(26,259)	(826)	(2,141)	(2,711)	(24,629)	(762)	(1,091)	(1,129)
Profit (loss) for the year	51,232	20,203	16,240	15,753	48,069	17,830	(3,754)	8,289
Attributable to owners of the Company	33,301	12,122	15,386	9,441	31,245	10,698	(1,675)	4,967
Attributable to noncontrolling interests	17,931	8,081	854	6,312	16,824	7,132	(2,079)	3,322

13.4.3 Joint ventures

The summarized financial information on joint ventures at June 30, 2021 and December 31, 2020 and the semesters ended at June 30, 2021 and 2020, is as follows:

BALANCE SHEET

	June 30, 2021				December 31, 2020			
	Enercan	Baesa	Chapecoense	Epasa	Enercan	Baesa	Chapecoense	Epasa
Current assets	280,834	81,321	425,109	398,331	265,347	88,780	265,109	349,437
Cash and cash equivalents	116,029	36,369	278,624	19,340	108,113	15,338	122,642	104,598
Noncurrent assets	1,009,385	1,037,233	2,255,956	321,551	1,036,903	1,062,369	2,328,892	382,076
Current liabilities	481,022	126,396	325,507	72,738	446,195	74,545	371,414	90,428
Borrowings and debentures	130,335	-	137,776	16,453	129,386	-	138,128	35,583
Other financial liabilities	31,719	66,046	94,577	8,294	19,681	49,934	97,902	8,555
Noncurrent liabilities	291,528	428,474	1,587,937	157,125	283,300	396,099	1,595,678	194,804
Borrowings and debentures	127,965	-	710,350	34,622	127,895	-	778,003	80,750
Other financial liabilities	34,272	365,877	851,684	-	30,165	321,150	789,590	-
Equity	517,670	563,684	767,622	490,019	572,756	680,505	626,909	446,282

PROFIT OR LOSS

	Six months 2021				Six months 2020			
	Enercan	Baesa	Chapecoense	Epasa	Enercan	Baesa	Chapecoense	Epasa
Net operating revenue	394,209	146,502	499,456	388,382	335,505	95,266	458,955	135,488
Operational costs and expenses	(96,534)	(97,486)	(106,231)	(272,568)	(87,103)	(74,941)	(102,953)	(34,443)
Depreciation and amortization	(24,903)	(25,335)	(52,741)	(45,298)	(24,857)	(25,349)	(62,371)	(17,400)
Interest income	2,021	866	2,999	1,874	1,711	581	5,292	2,437
Interest expense	(9,295)	(61,924)	(131,225)	(2,819)	(9,772)	(26,188)	(78,462)	(5,521)
Income tax expense	(89,652)	14,563	(71,726)	(14,334)	(72,977)	(451)	(75,281)	(14,626)
Profit (loss) for the year	176,488	(21,824)	140,714	54,941	141,860	(31,103)	145,427	65,567
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 Renováveis, the Company holds part of the assets of the Serra da Mesa hydropower plant, located on the Tocantins River, in Goiás State. The concession and the right to operate the hydropower plant are held by Furnas Centrais Elétricas S.A. In order to maintain these assets operating jointly with Furnas (jointly operation), CPFL Renováveis was assured 51.54% of the installed power of 1,275 MW (657 MW) and the assured energy of mean 637.5 MW (mean 328.57 MW) until 2028.

(14) PROPERTY, PLANT AND EQUIPMENT

	Consolidated							
	Land	Reservoirs, dams and water mains	Buildings, construction and improvements	Machinery and equipment	Vehicles	Furniture and fittings	In progress	Total
At December 31, 2020	163,704	1,261,720	928,176	5,896,883	53,101	7,396	486,923	8,797,903
Historical cost	223,864	2,244,143	1,650,990	10,065,688	124,042	24,752	486,923	14,820,404
Accumulated depreciation	(60,160)	(982,424)	(722,814)	(4,168,805)	(70,941)	(17,357)	-	(6,022,500)
Additions	-	-	-	-	-	-	296,958	296,958
Disposals	-	-	(11,311)	(1,067)	(717)	-	(18)	(13,114)
Transfers	488	618	18,302	115,917	11,023	1,050	(147,397)	-
Transfers from/to other assets -	-	-	-	(156)	-	-	-	(156)
Depreciation	(2,343)	(27,208)	(26,315)	(217,553)	(7,648)	(469)	-	(281,535)
Write-off of depreciation	-	-	6,382	1,537	633	-	-	8,552
At June 30, 2021	161,850	1,235,129	915,234	5,795,560	56,392	7,978	636,466	8,808,609
Historical cost	224,352	2,244,761	1,657,742	10,171,812	134,071	25,557	636,466	15,094,760
Accumulated depreciation	(62,502)	(1,009,631)	(742,508)	(4,376,252)	(77,679)	(17,579)	-	(6,286,151)
Average depreciation rate	3.86%	2.35%	3.21%	4.30%	14.85%	4.22%		

The balance of construction in progress, in the consolidated balances, refers mainly to works in progress of operating and/or under development subsidiaries, especially for the projects of CPFL Renováveis, which has construction in progress of R\$ 689,972 (R\$ 419,814 at December 31, 2020), highlight for the projects under construction of the Gameleira Complex (Costa das Dunas, Farol de Touros, Figueira Branca and Gameleira) of R\$ 223,315 (R\$ 139,746 on December 31, 2020), which is expected to start operating in 2021.

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

(15) CONTRACT ASSET

	Distribution	Transmission	Consolidated
At December 31, 2020	1,438,634	429,103	1,867,737
Current	-	24,833	24,833
Noncurrent	1,438,634	404,271	1,842,905
Additions	1,352,032	74,116	1,426,148
Transfer - intangible assets in service	(420,532)	-	(420,532)
Transfer - financial assets	(724,036)	-	(724,036)
Monetary adjustment	-	28,434	28,434
Cash inputs - RAP	-	(12,210)	(12,210)
At June 30, 2021	1,646,098	519,444	2,165,542
Current	-	25,368	25,368
Noncurrent	1,646,098	494,075	2,140,173

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.

(16) INTANGIBLE ASSETS

	Goodwill	Consolidated				Total
		Acquired in business combinations	Concession right Distribution infrastructure - operational	Public utilities/Concession asset	Other intangible assets	
At December 31, 2020	6,115	3,182,597	5,605,725	76,809	98,390	8,969,637
Historical cost	6,152	7,495,458	13,508,846	91,003	274,187	21,375,646
Accumulated amortization	(37)	(4,312,861)	(7,903,120)	(14,194)	(175,797)	(12,406,009)
Additions	-	-	-	1,330	12,044	13,374
Amortization	-	(143,699)	(423,658)	(710)	(8,540)	(576,607)
Transfer - contract assets	-	-	420,532	-	-	420,532
Transfer - financial asset	-	-	2,403	-	1,027	3,429
Disposal and transfer - other assets	-	(907)	(33,629)	-	(298)	(34,834)
At June 30, 2020	6,115	3,037,991	5,571,373	77,429	102,623	8,795,531
Historical cost	6,152	7,495,458	13,898,152	92,333	256,394	21,748,489
Accumulated amortization	(37)	(4,457,467)	(8,326,778)	(14,904)	(153,771)	(12,952,957)

In the consolidated financial statements the amortization of intangible assets is recognized 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.

Information on the concession intangible related to the GSF (Generation Scaling Factor) is disclosed in notes 3.6 and 16.2 of the financial statements for the year ended December 31, 2020 and events after the reporting period of this interim accounting information (note 36.2).

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, 2021			December 31, 2020	Annual amortization rate	
	Historic cost	Accumulated amortization	Net value	Net value	2021	2020
Intangible asset - acquired in business combinations						
Intangible asset acquired and not merged						
CPFL Paulista	304,861	(241,952)	62,910	67,902	3.28%	3.28%
CPFL Piratininga	39,065	(29,571)	9,493	10,141	3.31%	3.31%
RGE	3,768	(2,633)	1,135	1,223	4.67%	4.67%
CPFL Geração	54,555	(41,946)	12,608	13,531	3.38%	3.38%
Jaguari Geração	7,896	(4,795)	3,101	3,236	3.41%	3.41%
CPFL Renováveis	3,653,906	(1,462,453)	2,191,453	2,271,452	3.68%	4.71%
Subtotal	4,064,051	(1,783,350)	2,280,701	2,367,486		
Intangible asset acquired and merged						
RGE	1,433,007	(1,101,352)	331,655	357,683	3.63%	3.63%
CPFL Renováveis (CPFL Geração on December 31, 2019)	426,450	(358,346)	68,104	73,087	2.34%	2.34%
Subtotal	1,859,457	(1,459,699)	399,759	430,769		
Intangible asset acquired and merged – reassembled						
CPFL Paulista	1,074,026	(867,381)	206,645	222,747	3.00%	3.00%
CPFL Piratininga	115,762	(87,629)	28,132	30,050	3.31%	3.31%
Jaguari Geração	15,275	(9,986)	5,288	5,518	3.01%	3.01%
RGE	366,887	(249,422)	117,465	126,025	4.67%	4.67%
Subtotal	1,571,950	(1,214,419)	357,531	384,340		
Total	7,495,458	(4,457,467)	3,037,991	3,182,597		

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

	Consolidated	
	June 30, 2021	December 31, 2020
Current		
System service charges	181,940	275,379
Energy purchased	2,497,828	2,571,296
Electricity network usage charges	333,482	336,451
Materials and services	571,656	558,390
Free market energy	170,147	168,001
Total	3,755,053	3,909,517
Noncurrent		
Energy purchased	355,863	431,038
Materials and services	12,135	25,621
Total	367,999	456,658

(18) BORROWINGS

The movement in borrowings are as follows:

Category	Consolidated						At June 30, 2021
	At December 31, 2020	Raised	Repayment	Interest, monetary adjustment and fair value measurement	Exchange rates variation	Interest paid	
Local currency							
Measured at cost							
Pre fixed	8,691	-	(1,783)	1,213	-	(1,215)	6,906
Post fixed							
TJLP	476,405	-	(26,762)	14,450	-	(14,590)	449,503
IPCA	2,791,276	199,148	(113,782)	191,192	-	(61,247)	3,006,588
CDI	129,843	-	(33,800)	1,391	-	(1,311)	96,123
IGP-M	38,922	-	(7,813)	7,335	-	(1,671)	36,773
Subtotal	3,445,137	199,148	(183,940)	215,581	-	(80,034)	3,595,892
Measured at fair value							
Pre fixed	-	340,000	-	6,222	-	-	346,222
Fair value measurement	-	-	-	(12,852)	-	-	(12,852)
Subtotal	-	340,000	-	(6,630)	-	-	333,370
Total moeda nacional	3,445,137	539,148	(183,940)	208,952	-	(80,034)	3,929,262
Borrowing costs (*)	(49,894)	-	-	2,038	-	-	(47,856)
Foreign currency							
Measured at fair value							
Dollar	5,072,184	-	(1,526,814)	62,346	(116,932)	(70,374)	3,420,410
Euro	3,053,302	-	(595,759)	9,740	(202,272)	(10,212)	2,254,798
Fair value measurement	(98,695)	-	-	144,591	-	-	45,896
Total at foreign currency	8,026,792	-	(2,122,573)	216,676	(319,204)	(80,586)	5,721,105
Total	11,422,035	539,148	(2,306,513)	427,665	(319,204)	(160,620)	9,602,511
Current	2,797,195						1,632,425
Noncurrent	8,624,840						7,970,086

(*) 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, 2021	December 31, 2020		
Measured at cost - Local currency						
Pre fixed						
FINAME	Fixed rate from 2.5% to 10%	(a)	6,905	8,691	2012 to 2024	(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
Post Fixed						
TJLP						
FINEM	TJLP e TJLP + from 1.72% to 5.5%	(b)	448,469	474,288	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
FINEP	TJLP + 5% to 6%		1,034	2,117	2017 to 2022	Bank guarantee
			449,503	476,405		
IPCA						
FINEM	IPCA + 4.27% to 4.80%		2,803,926	2,791,276	2020 to 2040	CPFL Energia guarantee and receivables
BNB	IPCA + from 1.06 to 2.08%		202,661	-	2022 to 2044	Bank guarantee
			3,006,588	2,791,276		
CDI						
Bank loans	(i) 105% of CDI (ii) CDI - 1.25% a + 1.90%	(c)	96,123	129,843	2012 to 2023	(i) CPFL Energia guarantee; (ii) Structure of redeemable preferred shares and (iii) CPFL Renováveis guarantee
IGPM						
Bank loans	IGPM + 8.63%		36,773	38,922	2023	(i) Liens on equipment and receivables (ii) Pledge of shares of SPE and rights authorized by ANEEL and receivables of operation contracts
Subtotal			3,595,892	3,445,137		
Measured at fair value - Local currency						
Pre fixed						
Bank loans (Law 4,131)	Pre fixed of 6.1574%		346,222	-	2024	CPFL Energia guarantee and Promissory notes
Fair value measurement						
Subtotal			(12,852)	-		
			333,370	-		
Total - Local currency						
			3,929,263	3,445,137		
Borrowing costs (*)						
			(47,856)	(49,894)		
Measured at fair value - Foreign Currency						
Dollar						
Bank loans (Law 4,131)	US\$ + Libor 3 months + de 0.87% a 1.41%		494,990	728,348	2019 to 2025	CPFL Energia guarantee and Promissory notes
Bank loans (Law 4,131)	US\$ + de 1.83% to 4.32%		2,925,420	4,343,836	2018 to 2025	CPFL Energia guarantee and Promissory notes
			3,420,410	5,072,184		
Euro						
Bank loans (Law 4,131)	Euro + de 0.43% to 0.82%		2,254,798	3,053,302	2021 to 2025	CPFL Energia guarantee and Promissory notes
Fair value measurement						
			45,897	(98,695)		
Total in foreign currency						
			5,721,105	8,026,792		
Total						
			9,602,511	11,422,035		

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

Certain borrowings, mainly those contracted in foreign currency, have swap converting exchange variation and fixed rate to interest rate variation. For further information about the considered rates, see note 34.

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, 2021, the unrealized accumulated losses obtained from the fair value measurement of these debts were R\$ 45,986 (gains of R\$ 98,695 at December 31, 2020), which deducted the unrealized gains obtained from the fair value measurement of derivative financial instruments of R\$ 101,607 (R\$ 45,046 at December 31, 2020), contracted as a hedge against exchange rate variation (note 34), generated total net unrealized gain of R\$ 55,711 (R\$ 143,751 at December 31, 2020).

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

Maturity	Consolidated
From July 1st, 2022	331,544
2023	2,497,357
2024	1,386,989
2025	1,804,115
2026	362,350
2027 to 2031	1,364,253
2032 to 2036	110,496
2037 to 2041	85,548
2042 to 2046	16,990
Subtotal	7,959,642
Fair value measurement	10,444
Total	7,970,086

Borrowings raised in the period:

Category Subsidiary	Released (R\$ thousand)			Interest payment	Repayment	Utilization	Annual rate and effective annual rate	Effective rate with derivative					
	Total approved	Released in 2021	Net of fundraising costs										
Local currency													
IPCA - BNB													
Costa das dunas	70,482	62,500	62,500	Quarterly until February 2022	Monthly from February 2022	Investment plan	IPCA + 1.36%	not applicable					
Farol de Touros	61,672	30,262	30,262	Quarterly until May 2022	Monthly from May 2022	Investment plan	IPCA + 1.48%	not applicable					
Figueira Branca	26,430	23,000	23,000	Quarterly until May 2022	Monthly from May 2022	Investment plan	IPCA + 1.48%	not applicable					
Gameleira	44,051	62,738	62,738	Quarterly until May 2022	Monthly from May 2022	Investment plan	IPCA + 1.48%	not applicable					
Transmissão Maracanaú	42,422	20,648	20,648	Quarterly until August 2022	Monthly from August 2022	Investment plan	IPCA + 1.06%	not applicable					
Law 4131													
CPFL Piratininga	340,000	340,000	340,000	Semiannually	Bullet in March 2024	Working capital	Pre fixed 6.16% p.a.	CDI + 0.69%					
	585,057	539,148	539,148										

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 2021, by the subsidiary CPFL Piratininga, has 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

For other borrowings, the details of the covenants are presented in note 18 to the financial statements as of December 31, 2020.

The Group's management monitors these ratios on a systematic and constant basis, so that all conditions are met. At June 30, 2021, the Group Management did not identify events or conditions of non-compliance with financial and non-financial clauses.

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	Consolidated					At June 30, 2021
	At December 31, 2020	Raised	Repayment	Interest, monetary adjustment and fair value measurement	Interest paid	
Measured at cost - Post fixed						
CDI	5,600,262	-	(998,782)	69,308	(64,413)	4,606,376
IPCA	1,379,121	-	-	91,048	(31,967)	1,438,203
Total at cost	6,979,384	-	(998,782)	160,357	(96,379)	6,044,579
Borrowing costs (*)	(26,355)	(28,976)	-	4,065	-	(51,266)
Measured at fair value - Post fixed						
IPCA	464,414	954,000	-	46,878	(13,022)	1,452,269
Fair value measurement	30,860	-	-	(95,491)	-	(64,631)
Total at fair value	495,274	954,000	-	(48,613)	(13,022)	1,387,638
Total	7,448,303	925,024	(998,782)	115,806	(109,402)	7,380,950
Current	1,191,270					1,043,310
Noncurrent	6,257,032					6,337,640

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

The detail on debentures are as follows :

Category	Annual Interest		Consolidated		Maturity range	Collateral
			June 30, 2021	December 31, 2020		
Measured at cost - Post fixed						
CDI	(i) From 103.6% to 109.75% of CDI	(a)	3,764,501	4,760,146	2018 to 2025	CPFL Energia guarantee
	(ii) CDI + 0.75% to 0.83%					
	From 104.75% to 110% do CDI	(a)	841,875	840,117	2020 to 2023	No guarantee
IPCA	IPCA + 5.8%	(b)	1,438,203	1,379,121	2021 to 2031	CPFL Energia guarantee
			6,044,579	6,979,384		
Borrowing costs (*)			(51,266)	(26,355)		
Measured at fair value - Post fixed						
IPCA	IPCA + 4.30% to 5.80%	(b)	1,452,269	464,413	2024 to 2025	CPFL Energia guarantee
Fair value measurement			(64,631)	30,860		
Total			7,380,950	7,448,303		

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) From 104.68% to 110.77% of CDI | CDI + from 0.76% to 0.89%

(b) IPCA + 4.84% to 6.31% and CDI + 8.2%

(*) 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, 2021, the unrealized accumulated gains obtained from the fair value measurement of such debentures amounted to R\$ 64,631 (losses of R\$ 30,860 at December 31, 2020) which plus the unrealized gains obtained from the fair value measurement of the derivative instruments of R\$ 20,832 (R\$ 73,339 at December 31, 2020), undertaken to hedge the interest rate changes (note 34), generated a total net unrealized gain of R\$ 85,463 (R\$ 42,478 at December 31, 2020).

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

<u>Maturity</u>	<u>Consolidated</u>
From July 1st, 2022	832,418
2023	2,310,459
2024	1,927,286
2025	283,096
2026	49,970
2027 to 2031	999,042
Subtotal	6,402,271
Fair value measurement	(64,631)
Total	6,337,640

Debentures raised in the period:

Issuing Date	Issued quantity	Released (R\$ thousand)		Interest payment	Utilization	Annual rate	Effective annual rate	Effective rate with derivative
		Released in 2021	Net of fundraising costs					
May 20, 2021	680,000	680,000	659,439	Semiannually	(b)	IPCA + 4.3%	CDI + 8.20%	CDI + 0.43%
May 20, 2021	274,000	274,000	265,585	Semiannually	(b)	IPCA + 4.3%	CDI + 8.20%	CDI + 0.43%
		<u>954,000</u>	<u>925,024</u>					

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, 2020.

For borrowings raised or with funds released in 2021, by the subsidiary CPFL Piratininga, has restrictive clauses related to financial ratios, as follows:

Ratios required for the consolidated financial statements of CPFL Energia

- Debt indebtedness divided by adjusted EBITDA smaller than or equal of 3.75
- EBITDA divided by the finance income/expense results greater than or equal of 2.25

The Group's Management monitors these indexes systematically and constantly, so that the conditions are met. On June 30, 2021, Group Management did not identify events or conditions of non-compliance with financial and non-financial clauses.

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, 2020.

Movements in the defined benefit plans

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

	CPFL Paulista	CPFL Piratiníngá	CPFL Renováveis	RGE		Total
				Plan 1	Plan 2	
Net actuarial liability at December 31, 2020	2,158,595	563,509	52,421	-	176,444	2,950,968
Expenses (income) recognized in the statement of profit or loss	80,025	24,991	1,842	(770)	7,218	113,304
Sponsors' contributions transferred during the year	(136,164)	(44,566)	(2,592)	(946)	(1,030)	(185,298)
Effect of asset ceiling	-	-	-	1,716	-	1,716
Net actuarial liability at June 30, 2021	2,102,455	543,934	51,671	-	182,641	2,880,700
Other contributions						8,892
Total liability						2,889,592
Current						339,869
Noncurrent						2,549,723

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

	Six months 2021 actual					
	CPFL Paulista	CPFL Piratiníngá	CPFL Renováveis	RGE		Total
				Plan 1	Plan 2	
Service cost	838	4,662	75	(584)	571	5,562
Interest on actuarial obligations	265,090	76,613	6,527	16,873	25,043	390,145
Expected return on plan assets	(185,904)	(56,284)	(4,571)	(17,490)	(18,396)	(282,644)
Effect of asset ceiling	-	-	-	431	-	431
Total expense (income)	80,025	24,991	2,031	(770)	7,218	113,494

	Six months 2020 actual					
	CPFL Paulista	CPFL Piratiníngá	CPFL Renováveis	RGE		Total
				Plan 1	Plan 2	
Service cost	704	4,044	57	139	800	5,744
Interest on actuarial obligations	226,244	64,954	5,577	25,757	16,155	338,687
Expected return on plan assets	(168,611)	(51,289)	(4,060)	(28,125)	(7,477)	(259,562)
Effect of asset ceiling	3,346	-	-	2,096	(2,058)	3,384
Total expense (income)	61,683	17,709	1,574	(133)	7,420	88,253

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 Renováveis and CPFL Piratiníngá		RGE (Plans 1 and 2)	
	June 30, 2021	December 31, 2020	June 30, 2021	December 31, 2020
Nominal discount rate for actuarial liabilities:	7.72% p.a.	7.43% p.a.	7.72% p.a.	7.43% p.a.
Nominal return rate on plan assets:	7.72% p.a.	7.43% p.a.	7.72% p.a.	7.43% p.a.
Estimated rate of nominal salary increase:	5.31% p.a.(*)	5.56% p.a.(*)	5.48% p.a.(**)	5.97% p.a.(**)
Estimated rate of nominal benefits increase:	3.75% p.a.	4.00% p.a.	3.75% p.a.	4.00% p.a.
Estimated long-term inflation rate (basis for the nominal rates above)	3.75% p.a.	4.00% p.a.	3.75% p.a.	4.00% p.a.
General biometric mortality table:	AT-2000 (-10)	AT-2000 (-10)	BR-EMS sb v.2015	BR-EMS sb v.2015
Biometric table for the onset of disability:	Low Light (-30)	Low Light (-30)	Medium Light	Medium Light
Expected turnover rate:	ExpR_2012	ExpR_2012	Null	Null
Likelihood of reaching retirement age:	After 15 years of filialion and 35 years of service time for men and 30 years of service time for women	After 15 years of filialion 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

(*) The estimated rate of nominal salary increase for CPFL Piratiníngá was 6.14%

(**) The estimated rate of nominal salary increase was 4.96% for RGE (Plan 1)

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, 2021	December 31, 2020
Financial compensation for the use of water resources - CFURH	843	848
Global reversal reserve - RGR	17,248	17,258
ANEEL inspection fee - TFSEE	7,901	7,560
Energy development account - CDE	38,593	1,393
Tariff flags and others	138,530	81,312
Total	203,116	108,371

(22) TAXES, FEES AND CONTRIBUTIONS

	Consolidated	
	June 30, 2021	December 31, 2020
Current		
IRPJ (corporate income tax)	264,905	52,333
CSLL (social contribution on net income)	86,934	39,137
Income tax and social contribution	351,839	91,470
ICMS (State VAT)	501,770	568,598
PIS (tax on revenue)	31,712	36,229
COFINS (tax on revenue)	151,740	164,705
Income tax withholding on interest on capital	-	24,176
Other taxes	56,327	80,044
Other taxes	741,549	873,752
Total current	1,093,388	965,222
Noncurrent		
Prepayments of income tax - IRPJ	162,945	161,970
CSLL (social contribution on net income)	4,831	3,929
Income tax and social contribution	167,775	165,900
ICMS (State VAT)	856	839
Other taxes	856	839
Total noncurrent	168,631	166,738

Corporate Income tax – IRPJ: in noncurrent, this refers to the reclassification of provision for tax risks related to taxes on profit. The largest case amount refers to the Writ of Mandamus filed by the subsidiary CPFL Piratininga, which discussed the possibility of excluding the Social Contribution on Profit (CSLL) from the calculation base of the Corporate Income Tax (IRPJ); for such case, it is more probable that the Tax Authorities will not accept the procedure in question.

The Group has some uncertain income tax treatments for which Management concluded that it is more probable than not that they will be accepted by the tax authority and for whose the effects 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, 2021		December 31, 2020	
	Provision for tax, civil and labor risks	Escrow deposits	Provision for tax, civil and labor risks	Escrow deposits
Labor	222,659	86,082	219,113	91,156
Civil	276,646	65,781	284,766	72,274
Tax				
Income Tax and tax contribution	-	429,200	89	425,528
Others	42,250	186,495	44,836	175,718
	42,250	615,695	44,924	601,246
Others	67,568	83	67,332	83
Total	609,123	767,642	616,136	764,760

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

	Consolidated					At June 30, 2021
	At December 31, 2020	Additions	Reversals	Payments	Monetary adjustment	
Labor	219,113	22,611	(9,903)	(19,674)	10,453	222,659
Civil	284,766	43,565	(21,344)	(55,990)	25,649	276,646
Tax	44,924	1,149	(96)	(4,455)	732	42,250
Others	67,332	-	-	-	235	67,568
Total	616,136	67,325	(31,344)	(80,119)	37,069	609,123

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, 2020.

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, 2021 and December 31, 2020 were as follows:

	Consolidated		Principais causas
	June 30, 2021	December 31, 2020	
Labor	689,789	609,335	Work accidents, risk premium for dangerousness at workplace and overtime
Civil	2,611,416	2,139,333	Compensation claims, electrical damages, overfed tariffs, review of contracts and charges for occupation of the right-of-way.
Tax	4,845,343	4,774,906	Income tax and social contribution
Tax - others	2,497,691	2,345,775	INSS, ICMS, FINSOCIAL, PIS and COFINS
Regulatory	136,370	100,358	Technical, commercial and economic-financial supervisions
Total	10,780,610	9,969,707	

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 1,502,007, with escrow deposits in the amount of R\$ 23,136 and financial guarantees (insurance and letters of guarantee) in the total amount of R \$ 1,855,358, 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\$ 257,103 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, which embargoes of declaration were opposed on August 4, 2020, awaiting judgment. Additionally, the controlled property has an extraordinary appeal in process at the Supreme Federal Court (STF). In August 3, 2021 a monocratic decision was handed down by one of the Ministers of the Second Panel, dismissing the Interlocutory appeal and not admitting the extraordinary appeal based on formal and procedural aspects, without evaluating the merits of the case. This decision will be appealed to the collegiate of the Second Panel, when all other Ministers will have the opportunity to evaluate the appeal. Based on the current stage of the appeals, both at the STJ and at the STF, and the opinion of its legal advisors, the subsidiary remains confident in the legal grounds substantiating 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 - Regarding labor contingencies, the effects of the decision of the Federal Supreme Court (STF) that changed the monetary restatement index adopted by the Labor Court are under discussion. Currently, there is a decision of the STF, subject to appeal, which definitively ruled out the application of TR, an index previously practiced by the Labor Court, for the application of the IPCA-E for debts in the pre-procedural phase and the SELIC for after the summons, however, it did not delimit the temporality of this application for cases without a defined index, nor did it clarify the application of interest, reactivating the previously suspended lawsuits. The Group's Management clarifies that it carries out the individual settlement of labor cases, in accordance with the respective decisions and did not identify a material change in the preliminary analysis. Thus, the Company awaits the publication of the final decision by the STF and any resources to estimate with reasonable certainty the amounts involved in the discussion.

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, 2021	December 31, 2020	June 30, 2021	December 31, 2020
Consumers and concessionaires	202,182	199,833	72,750	63,209
Energy efficiency program - PEE	397,389	375,746	6,983	911
Research & Development - P&D	197,391	216,021	57,795	26,075
EPE / FNDCT / PROCEL (*)	51,561	35,112	-	-
Reversion fund	1,666	1,712	10,048	10,904
Advances	528,918	507,167	41,895	44,026
Tariff discounts - CDE	29,418	60,023	-	-
Payroll	14,599	19,128	-	-
Profit sharing	66,454	111,788	17,119	26,836
Collection agreements	96,747	102,954	-	-
Business acquisition	11,317	9,838	-	-
Others	60,531	70,036	65,140	47,071
Total	1,658,173	1,709,358	271,730	219,032

(*) 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.

Energy efficiency - EEP and research and development programs – R&D: the distribution subsidiaries recognized liabilities related to amounts already billed in tariffs (1% of net operating revenue), but not yet invested in EEP and R&D programs. Such amounts are subject to monthly monetary restatement, based on the SELIC rate, until their effective realization. Additionally, Law No. 14,120 on March 1, 2021 and ANEEL Dispatch No. 904 of March 30, 2021, establish that between September 1, 2020 and December 31, 2025, up to 30% of the amounts provided for the Programs R&D and EEP, not committed to projects contracted or started by August 31, 2020, should be allocated to the CDE in favor of low tariffs. The collections to CDE are made on the 10th of each month, and the first payment was made in April 2021.

(25) EQUITY

The shareholders' interest in the Company's equity at June 30, 2021 and December 31, 2020 is shown below:

Shareholders	Number of shares			
	June 30, 2021		December 31, 2020	
	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%
Membros do Conselho de Administração	103,600	0.01%	-	0.00%
Members of the Executive Board	2,300	0.00%	102,100	0.01%
Other shareholders	187,626,638	16.28%	187,630,438	16.28%
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, 2020.

(26) EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share for the quarters and semesters ended at June 30, 2021 and 2020 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 2021	Six months 2021	2nd quarter 2020	Six months 2020
Numerator				
Profit attributable to controlling shareholders	1,107,775	2,054,111	451,093	1,341,134
Denominator				
Weighted average number of shares held by shareholders	1,152,254,440	1,152,254,440	1,152,254,440	1,152,254,440
Earnings per share	0.96	1.78	0.39	1.16

(27) NET OPERATING REVENUE

	Consolidated			
	2021		2020	
	2nd quarter	Six months	2nd quarter	Six months
Revenue from Eletic Energy Operations				
Consumer class				
Residential	4,128,616	8,694,617	3,431,161	7,473,291
Industrial	1,102,785	2,212,430	1,008,037	2,178,712
Commercial	1,501,573	3,201,357	1,260,531	2,979,321
Rural	438,121	910,627	335,796	757,812
Public administration	205,839	427,872	171,407	403,053
Public lighting	240,438	454,221	198,174	400,771
Public services	318,109	633,343	295,559	597,600
Billed	7,935,482	16,534,467	6,700,666	14,790,560
Unbilled (net)	(104,874)	(86,750)	(103,320)	(42,739)
(-) Reclassification to Network Usage Charge - TUSD - Captive Consumers	(3,518,971)	(7,345,221)	(2,946,912)	(6,452,549)
Electricity sales to final consumers	4,311,637	9,102,496	3,650,435	8,295,272
Furnas Centrais Elétricas S.A.	205,838	361,126	160,298	307,306
Other concessionaires and licensees	713,645	1,418,932	721,499	1,405,531
(-) Reclassification to Network Usage Charge - TUSD - Captive Consumers	(34,312)	(71,053)	(27,742)	(61,053)
Spot market energy	532,613	736,277	188,376	484,831
Electricity sales to wholesalers	1,417,784	2,445,282	1,042,431	2,136,615
Revenue due to Network Usage Charge - TUSD - Captive Consumers	3,553,283	7,416,274	2,974,654	6,513,602
Revenue due to Network Usage Charge - TUSD - Free Consumers	1,198,031	2,346,198	831,566	1,759,717
(-) Compensation paid for failure to comply with the limits of continuity	(18,862)	(56,869)	(17,544)	(49,845)
Revenue from construction of concession infrastructure	744,323	1,366,859	603,471	1,099,275
Sector financial asset and liability (Note 8)	690,932	943,371	290,800	(172,543)
Concession financial asset - fair value adjustment (Note 10)	222,041	480,874	(61,221)	77,351
Energy development account - CDE - Low-income, Tariff discounts - judicial injunctions ,and other tariff discounts	389,296	771,831	384,075	759,576
Other revenues and income	194,361	370,896	147,874	306,248
Other operating revenues	6,973,405	13,639,434	5,153,675	10,293,381
Total gross operating revenue	12,702,826	25,187,211	9,846,540	20,725,268
Deductions from operating revenues				
ICMS	(1,800,393)	(3,772,053)	(1,486,943)	(3,294,523)
PIS	(173,676)	(366,533)	(150,742)	(316,133)
COFINS	(804,724)	(1,691,531)	(694,355)	(1,456,183)
ISS	(6,437)	(12,635)	(6,017)	(11,070)
Energy development account - CDE	(913,453)	(1,925,225)	(845,172)	(1,785,920)
Research and development and energy efficiency programs	(67,197)	(131,074)	(49,866)	(105,951)
PROINFA	(51,721)	(95,682)	(41,625)	(88,651)
Tariff flags and others	(60,013)	(66,994)	68	198,115
Financial compensation for the use of water resources - CFURH	(1,171)	(3,336)	(906)	(2,242)
Others	(11,234)	(21,217)	(9,338)	(18,798)
	(3,890,018)	(8,086,279)	(3,284,895)	(6,881,357)
Net operating revenue	8,812,807	17,100,932	6,561,645	13,843,911

	2021		2020	
	2nd quarter	Six months	2nd quarter	Six months
Revenue from Eletic Energy Operations - in GWh				
Consumer class				
Residential	5,043	10,740	4,849	10,293
Industrial	2,566	5,170	2,665	5,692
Commercial	2,307	4,965	2,128	4,965
Rural	795	1,723	735	1,695
Public administration	287	607	265	627
Public lighting	503	999	505	1,011
Public services	532	1,068	565	1,134
Billed	12,034	25,272	11,713	25,418
Own consumption	9	18	8	18
Electricity sales to final consumers	12,042	25,290	11,721	25,436
Furnas Centrais Elétricas S.A.	717	1,425	717	1,433
Other concessionaires and licensees	3,530	3,843	3,471	6,201
Spot market energy	2,589	7,059	2,887	4,648
Electricity sales to wholesalers	6,835	12,327	7,074	12,283

Number of consumers	Consolidated	
	June 30, 2021	June 30, 2020
Consumer class		
Residential	9,032,113	8,790,276
Industrial	54,132	56,001
Commercial	522,508	524,438
Rural	360,344	363,801
Public administration	63,426	62,531
Public lighting	9,903	11,968
Public services	10,968	10,631
Total	10,053,394	9,819,646

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, 2020.

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

Distributor	Month	2021		2020	
		RTA / RTP	Effect perceived by consumers (a)	RTA / RTP	Effect perceived by consumers (a)
CPFL Paulista	April	17.62%	8.95%	14.90%	6.05%
CPFL Piratininga	October	(b)	(b)	18.31%	9.82%
RGE	June	15.23%	9.95%	15.74%	6.09%
CPFL Santa Cruz	March	17.19%	9.95%	10.71%	0.20%

- (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 subsidiary CPFL Piratininga 2021 have not yet occurred.

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

In the first semester of 2021, revenue of R\$ was recognized 771,831 (R\$ 759,576 in the first semester of 2020), considering (i) R\$ 82,490 for low-income subsidy (R\$ 124,793 in the first semester of 2020), (ii) R\$ 620,934 for other tariff discounts (R\$ 596,049 in the first semester of 2020), and (iii) R\$ 68,402 for tariff discounts – CCRBT injunctions and subsidy (R\$ 38,734 in the first semester of 2020). 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")

ANEEL, through Ratifying Resolution ("REH") n° 2,814, of December 1, 2020 and ("REH") n° 2,833, of February 17, 2021, established the temporary monthly quotas of the Energy development account ("CDE"), related to the period from January to February 2021, respectively.

Additionally, through REH n° 2,834, of March 2, 2021, it established the temporary monthly quotas of CDE effective as from March 2021 until the approval of the annual budget of CDE 2021 and related annual quotas.

Finally, the final ratification of the 2021 quotas was made through REH No. 2864, of May 5, 2021.

Furthermore, ANEEL, through Technical Note ("NT") n°05, of January 27, 2021, established the CDE COVID annual quotas to be effective from the respective 2021 tariff processes; therefore, it is already recorded in CPFL Santa Cruz due to the Tariff Adjustment in March 2021.

(28) COST OF ELECTRIC ENERGY

	Consolidated			
	2021		2020	
	2nd quarter	Six months	2nd quarter	Six months
Electricity Purchased for Resale				
Itaipu Binacional	821,893	1,793,960	1,019,063	1,929,085
PROINFA	88,043	184,637	75,055	144,157
Energy purchased through auction in the regulated market, bilateral contracts and spot market	3,589,132	6,665,999	2,803,321	5,885,912
PIS and COFINS credit	(400,111)	(762,668)	(352,775)	(710,538)
Subtotal	4,098,957	7,881,928	3,544,665	7,248,618
Electricity network usage charge				
Basic network charges	746,214	1,526,656	503,957	1,066,618
Transmission from Itaipu	87,290	169,942	73,366	143,140
Connection charges	51,531	99,363	41,814	82,235
Charges for use of the distribution system	15,526	30,885	10,765	21,421
System service charges - ESS net of CONER pass through (*)	204,109	557,475	(224,549)	(206,941)
Reserve energy charges - EER	93,646	128,793	120,593	120,593
PIS and COFINS credit	(109,130)	(229,613)	(47,421)	(111,075)
Subtotal	1,089,186	2,283,501	478,525	1,115,991
Total	5,188,143	10,165,430	4,023,190	8,364,609

(*) Energy reserve account.

	Consolidated			
	2021		2020	
	2nd quarter	Six months	2nd quarter	Six months
Electricity Purchased for Resale in GWh				
Itaipu Binacional	2,605	5,192	2,714	5,436
PROINFA	257	480	260	512
Energy purchased through auction in the regulated market, bilateral contracts and spot market	14,392	29,356	15,178	31,624
Total	17,254	35,028	18,152	37,572

(29) OTHER OPERATING COSTS AND EXPENSES

	2nd quarter											
	Consolidated											
	Cost of operation		Cost of Services Rendered to Third Parties		Selling expenses		General and administrative		Other operating expenses		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Personnel	262,800	233,706	-	-	40,659	41,163	80,907	82,575	-	-	384,366	357,444
Private Pension Plans	57,157	42,813	-	-	-	-	-	-	-	-	57,157	42,813
Materials	81,617	50,114	329	447	2,652	4,638	(2,048)	3,587	-	-	82,550	58,786
Third party services	45,159	35,225	677	940	43,500	41,517	70,029	73,328	-	-	159,365	151,010
Costs of infrastructure construction	-	-	741,005	600,507	-	-	-	-	-	-	741,005	600,507
Others	28,441	23,046	35	11	23,314	23,567	47,857	51,959	38,309	26,215	137,957	124,799
Collection fees	-	-	-	-	23,342	23,237	-	-	-	-	23,342	23,237
Leases and rentals	15,825	16,185	-	-	-	-	7,637	5,414	-	-	23,462	21,599
Publicity and advertising	10	88	-	-	-	-	4,665	5,794	-	-	4,675	5,882
Legal, judicial and indemnities	-	-	-	-	-	-	39,477	26,252	-	-	39,477	26,252
Donations, contributions and subsidies	-	(39)	-	-	-	-	1,082	7,047	-	-	1,082	7,008
Gain (loss) on disposal, retirement and other noncurrent assets	-	-	-	-	-	-	-	-	36,068	23,721	36,068	23,721
Others	12,607	6,813	35	11	(28)	330	(5,004)	7,452	2,241	2,494	9,851	17,100
Total	475,174	384,904	742,046	601,904	110,125	110,885	196,744	211,449	38,309	26,215	1,562,398	1,335,357

	Six months 2											
	Cost of operation		Cost of Services Rendered to Third Parties		Operating expenses						Total	
					Selling expenses		General and administrative		Other operating expenses			
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Personnel	507,936	460,844	-	-	79,681	82,780	159,711	167,954	-	-	747,328	711,578
Private Pension Plans	113,494	88,252	-	-	-	-	-	-	-	-	113,494	88,252
Materials	152,979	113,063	655	712	4,605	8,106	(2,490)	11,013	-	-	155,749	132,894
Third party services	82,120	97,660	1,422	1,761	84,755	86,181	137,949	136,103	-	-	306,246	321,705
Costs of infrastructure construction	-	-	1,360,003	1,095,597	-	-	-	-	-	-	1,360,003	1,095,597
Others	55,529	42,496	52	10	46,858	48,443	80,757	102,857	77,419	63,620	260,616	257,426
Collection fees	-	-	-	-	46,664	47,723	-	-	-	-	46,664	47,723
Leases and rentals	32,232	28,881	-	-	-	-	11,058	10,815	-	-	43,290	39,696
Publicity and advertising	10	88	-	-	-	-	7,616	9,122	-	-	7,626	9,210
Legal, judicial and indemnities	-	-	-	-	-	-	62,964	63,763	-	-	62,964	63,763
Donations, contributions and subsidies	-	-	-	-	-	-	1,978	8,041	-	-	1,978	8,041
Gain (loss) on disposal, retirement and other noncurrent assets	-	-	-	-	-	-	-	-	72,886	58,755	72,886	58,755
Others	23,288	13,527	52	10	194	720	(2,859)	11,116	4,533	4,865	25,208	30,238
Total	912,057	802,314	1,362,133	1,098,081	215,899	225,510	375,926	417,926	77,419	63,620	2,943,435	2,607,451

(30) FINANCIAL INCOME (EXPENSES)

	Consolidated			
	2021		2020	
	2nd quarter	Six months	2nd quarter	Six months
Financial income				
Income from financial investments	36,144	57,825	54,379	90,420
Late payment interest and fines	80,811	163,137	73,172	153,751
Adjustment for inflation of tax credits	58,339	64,134	1,661	5,878
Adjustment for inflation of escrow deposits	4,220	7,244	3,989	9,605
Adjustment for inflation and exchange rate changes	100,093	162,835	21,544	296,713
Discount on purchase of ICMS credit	3,310	6,215	3,258	6,822
Adjustments to the sector financial asset (note 9)	9,071	12,317	4,396	12,133
PIS and COFINS on other financial income	(13,040)	(23,963)	(8,659)	(17,826)
Other	44,780	99,120	28,744	63,281
Total	323,729	548,864	182,483	620,775
Financial expenses				
Interest on debts	(158,344)	(305,131)	(228,408)	(457,933)
Adjustment for inflation and exchange rate changes	(114,697)	(259,894)	3,652	(48,630)
(-) Capitalized interest	10,905	18,546	7,479	13,341
Adjustments to the sector financial liability (note 9)	2,750	-	141	-
Use of public asset	(14,152)	(23,988)	(4,789)	(9,635)
Other	(59,448)	(108,698)	(32,817)	(69,170)
Total	(332,987)	(679,165)	(254,742)	(572,027)
Financial income (expenses), net	(9,257)	(130,301)	(72,259)	48,748

In line item of monetary adjustment and exchange rate changes, the expense includes the net effects of gains of R\$ 123,635 in the first semester of 2020 (R\$ 202,837 in the first semester of 2020) on derivative instruments (note 34).

(31) SEGMENT INFORMATION

	Distribution	Geração	Commercialization	Services	Subtotal	Other (*)	Elimination	Total
Six months 2021								
Net operating revenue	14,610,439	1,220,830	1,206,374	62,978	17,100,621	311	-	17,100,932
(-) Intersegment revenues	4,913	497,406	7,333	341,011	850,664	-	(850,664)	-
Cost of electric energy	(9,316,855)	(222,852)	(1,138,277)	-	(10,677,983)	-	512,553	(10,165,430)
Operating costs and expenses	(2,788,235)	(299,491)	(23,856)	(309,143)	(3,420,725)	(14,796)	338,111	(3,097,409)
Depreciation and amortization	(451,162)	(353,969)	(1,952)	(15,863)	(822,946)	(31,568)	-	(854,514)
Income from electric energy service	2,059,101	841,925	49,622	78,984	3,029,632	(46,053)	-	2,983,579
Equity interests in subsidiaries, associates and joint ventures	-	181,315	-	-	181,315	-	-	181,315
Financial income	409,339	61,741	77,904	2,276	551,260	10,554	(12,951)	548,864
Financial expenses	(500,040)	(170,456)	(14,495)	(1,510)	(686,501)	(5,614)	12,951	(679,165)
Profit (loss) before taxes	1,968,401	914,524	113,031	79,750	3,075,706	(41,113)	-	3,034,593
Income tax and social contribution	(707,665)	(166,194)	(39,189)	(20,141)	(933,189)	(14,114)	-	(947,303)
Profit (loss) for the period	1,260,735	748,330	73,843	59,609	2,142,517	(55,228)	-	2,087,289
Purchases of contract asset PP&E and intangible assets	1,334,482	341,590	4,870	32,609	1,713,551	874	-	1,714,425
Six months 2020								
Net operating revenue	11,491,361	876,145	1,427,337	53,040	13,847,883	(3,972)	-	13,843,911
(-) Intersegment revenues	5,057	459,773	198	273,545	738,574	-	(738,574)	-
Cost of electric energy	(7,286,007)	(163,587)	(1,382,859)	-	(8,832,453)	-	467,844	(8,364,609)
Operating costs and expenses	(2,451,316)	(266,873)	(23,947)	(253,672)	(2,995,808)	(20,345)	270,730	(2,745,423)
Depreciation and amortization	(427,824)	(384,883)	(1,374)	(13,699)	(827,781)	(31,559)	-	(859,341)
Income from electric energy service	1,331,272	520,576	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	69,734	18,088	2,317	619,821	8,881	(7,927)	620,775
Financial expenses	(304,947)	(266,557)	(7,223)	(1,203)	(579,929)	(25)	7,927	(572,027)
Profit (loss) before taxes	1,556,008	493,947	30,220	60,328	2,140,502	(47,021)	-	2,093,481
Income tax and social contribution	(558,738)	(141,586)	(10,256)	(16,000)	(726,578)	(570)	-	(727,148)
Profit (loss) for the period	997,270	352,361	19,964	44,328	1,413,924	(47,591)	-	1,366,333
Purchases of contract asset PP&E and intangible assets	999,646	132,934	6,390	24,554	1,163,523	290	-	1,163,813

(*) 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, 2020.

The total compensation for key management personnel in the first semester of 2021, in accordance with CVM Decision 642/2010 and CPC 05(R1), was R\$ 44,130 (R\$ 35,596 in the first semester of 2021). This amount comprises R\$ 42,875 related to short-term benefits (R\$ 34,441 in the first semester of 2021) and R\$ 1,254 (R\$ 1,155 in the first semester of 2021) of post-employment benefits

The balance of the parent company loan asset in 2021, in the amount of R \$ 477,753, refers substantially to the loan made with the subsidiaries RGE and CPFL Piratininga, with maturity up to December 2022 and remunerated at 107% of the CDI. The loan balance recorded in 2019 refers substantially to the loan with the subsidiary CPFL Renováveis and was received by the Company. The balance of the intercompany loan payable in the parent company, in 2021 (R\$ 401,634) and on December 31, 2020 (R\$ 400,025) refers to the loan with the subsidiary CPFL Geração, maturing up to December 2022 and and remunerated at 97.7 % of CDI.

The balance of the intercompany loan payable in the consolidated, in the amount of R\$ 2,444,499 (R\$ 2,409,545 at December 31, 2020), mainly refers to the loan between subsidiary CPFL Renováveis and the parent company State Grid Brazil Power - SGBP, maturing up to December 2021 and bearing interest corresponding to CDI + 1.1% p.a. spread.

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, 2021	December 31, 2020	June 30, 2021	December 31, 2020	Six months 2021	Six months 2020	Six months 2021	Six months 2020
Energy purchase and sales, and charges								
Entities under common control (State Grid Corporation of China subsidiaries)	-	-	-	-	13	-	179,651	139,143
BAESA – Energética Barra Grande S.A.	-	-	5,670	16,785	5	7	3,101	24,773
Foz do Chapecó Energia S.A.	-	1,745	53,509	47,822	8	10,258	297,597	257,465
ENERCAN - Campos Novos Energia S.A.	-	1,226	83,932	72,021	7	6,466	229,267	192,745
EPASA - Centrais Elétricas da Paraíba	-	-	36,067	20,994	2	2	-	27,918
Intangible assets, property, plant and equipment, materials and service rendered								
Entities under common control (State Grid Corporation of China subsidiaries)	-	-	2,933	474	-	-	7,242	145
BAESA – Energética Barra Grande S.A.	7	161	-	-	1,045	1,137	-	-
Foz do Chapecó Energia S.A.	6	17	-	-	1,161	1,116	-	-
ENERCAN - Campos Novos Energia S.A.	-	-	-	-	1,014	1,004	-	-
EPASA - Centrais Elétricas da Paraíba S.A.	-	-	-	-	93	91	-	-
Intragroup loans								
State Grid Brazil Power Participações S.A.	-	-	2,444,499	2,409,545	-	-	43,573	-
Dividends and interest on capital								
BAESA – Energética Barra Grande S.A.	13,296	3,545	-	-	-	-	-	-
ENERCAN - Campos Novos Energia S.A.	111,975	77,102	-	-	-	-	-	-
Others								
Instituto CPFL	-	-	-	-	-	-	1,524	7,988

(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 34 to the financial statements for the year ended December 31, 2020.

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 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 different of the respective fair value, classified in accordance with the group's accounting practices are:

	Note	Category / Measurement	Level (*)	Consolidated June 30, 2021	
				Carrying amount	Fair value
Assets					
Cash and cash equivalent	5	(a)	Level 1	2,738,478	2,738,478
Securities	6	(a)	Level 1	283,106	283,106
Derivatives	34	(a)	Level 2	1,072,898	1,072,898
Concession financial asset - distribution	11	(a)	Level 3	11,523,528	11,523,528
Total				15,618,010	15,618,010
Liabilities					
Borrowings - principal and interest	18	(b)	Level 2 (***)	3,548,036	3,547,751
Borrowings - principal and interest (**)	18	(a)	Level 2	6,054,475	6,054,475
Debentures - Principal and interest	19	(b)	Level 2 (***)	5,993,311	6,368,726
Debentures - Principal and interest (**)	19	(a)	Level 2	1,387,638	1,387,638
Derivatives	34	(a)	Level 2	13,762	13,762
Derivatives - others	34	(a)	Level 3	2,482	2,482
Total				16,999,704	17,374,834

(*) Refers to the hierarchy for fair value measurement

(**) As a result of the initial designation of this financial liability, the consolidated balances reported a loss of R\$ 49,100 in six months period of 2021 (a gain of R\$ 262,784 in six months period of 2020).

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

Key

Category / Measurement:

(a) - Fair value through profit or loss

(b) - Measured at amortized cost

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

In addition, in the first semester of 2021 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 concessionaires 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 2021 are R\$ 493,655 (R\$ 84,414 in the first semester of 2020) and the main assumptions are described in note 11 and 27.

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 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 local rating of at least AA- or B- global, rated by at least one of the S&P, Moody's or Fitch agencies, and in the case of more than 1, it is considered the lowest rating among them. Management has not identified for the period of 2021 and the year 2020 that the derivative financial assets had a significant impairment using the criterion of expected losses.

The Group adopts the policy of offering financial guarantees for the obligations of its subsidiaries and joint ventures. At June 30, 2021 and December 31, 2020, the Company had provided guarantees to certain financial institutions for the credit facilities granted to its subsidiaries and joint ventures, as mentioned in notes 18 and 19.

The hedging instruments entered into by the Group are currency or interest rate swaps with no leverage component, margin call requirements or daily or periodic adjustments.

As a large part of the derivatives entered into by the subsidiaries have their terms fully aligned with the hedged debts, and in order to obtain more relevant and consistent accounting information through the recognition of income and expenses, these debts were designated for 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.

As of June 30, 2021, 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	Notional
	Assets	Liabilities	Fair value, net						
Derivatives to hedge debts designated at fair value									
Exchange rate hedge									
Bank Loans - Law 4.131	649,371	-	649,371	555,483	93,888	US\$ + (Libor 3 months + 0.87% to 0.99%) or (1.83% to 3.66%)	99.80% to 116% of CDI or CDI + 0.61% to 0.90%	May/19 to February/25	2,846,258
Bank Loans - Law 4.131	320,097	-	320,097	304,863	15,235	Euro + 0.43% to 0.82%	102.6% to 105.8% of CDI or CDI + 0.58% to 1.10%	May/21 to March/25	1,944,269
	969,469	-	969,469	860,346	109,123				
Hedge variation price index									
Debentures	103,283	(9,816)	93,467	72,635	20,832	IPCA + 4.3% to 5.8%	104.3% a 111.07% do CDI	August/24 to May/31	1,370,600
Bank Loans - Law 4.131	-	(3,945)	(3,945)	3,571	(7,516)	6.16%	CDI + 0.69%	March/24	340,000
	103,283	(13,762)	89,522	76,206	13,316				
Subtotal debt hedge	1,072,752	(13,762)	1,058,990	936,552	122,438				
Others derivatives (2)						Currency / debt index	Maturity range	Notional in US\$	
Commodity forward contract (aluminum)	146	-	146	-	146	aluminum (US\$/ton)	August/21 to January/22	5,014	
NDF Dollar	-	(2,352)	(2,352)	(3,406)	1,054	US\$	August/21 to January/22	7,743	
NDF	-	(130)	(130)	(126)	(4)	EUR	August/21	252	
Subtotal others	146	(2,482)	(2,336)	(3,532)	1,197				
Total	1,072,898	(16,244)	1,056,655	933,020	123,635				
Current	327,316	(2,482)							
Noncurrent	745,582	(13,762)							

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			
	At December 31, 2020	Monetary adjustment and exchange rate and fair value measurement	Repayment	At June 30, 2021
Derivatives				
To debts designated at fair value	1,966,378	(279,685)	(750,141)	936,552
Others	(978)	1,982	(4,536)	(3,532)
Fair value measurement (*)	118,018	5,616	-	123,635
Total	2,083,418	(272,087)	(754,677)	1,056,655
Assest - Current	744,660			327,316
Assets - Noncurrent	1,340,113			745,582
Liabilities - Current	(1,354)			(2,482)
Liabilities - Noncurrent	-			(13,762)

(*) The effects on the profit or loss and comprehensive income of 2021 related to the fair value adjustments (MTM) of the derivatives are:
(i) losses of R\$ 5,134 for the debts designated at fair value and (ii) gains of R\$ 482 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, 2021 and 2020, 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	
	2021		2020		2021	
	2nd quarter	Six months	2nd quarter	Six months	2nd quarter	Six months
Interest rate variation	24,769	40,697	417	7,218	-	-
Fair Value Measurement	(21,115)	(54,907)	26,813	4,936	(5,313)	(5,116)
Exchange variation	(1,056,197)	(318,400)	604,947	2,393,040	-	-
Fair Value Measurement	269,633	54,448	(70,097)	90,989	7,728	11,192
Total	(782,910)	(278,162)	562,080	2,496,182	2,415	6,075

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, 2021 is maintained, the simulation of the effects by type of financial instrument for three different scenarios would be:

Consolidated					
Instruments	Exposure (a) R\$ thousand	Risk	Income (expense)		
			Currency depreciation (b)	Currency appreciation of 25%(c)	Currency appreciation of 50%(c)
Financial liability instruments	(3,475,525)		(185,442)	729,800	1,645,042
Derivatives - Plain Vanilla Swap	3,560,510		189,976	(747,645)	(1,685,267)
	84,985	drop in the dollar	4,534	(17,845)	(40,225)
Financial liability instruments	(2,245,580)		(139,979)	456,410	1,052,800
Derivatives - Plain Vanilla Swap	2,297,278		143,202	(466,918)	(1,077,038)
	51,698	drop in the euro	3,223	(10,508)	(24,238)
Total	136,683		7,757	(28,353)	(64,463)

Effects in the accumulated comprehensive income	1,315	(5,001)	(11,317)
Effects in the income of the period	6,442	(23,352)	(53,146)

Instruments	Exposure (a) US\$ thousand	Risk	Income (expense) on result		
			Currency depreciation (b)	Currency depreciation of 25% (c)	Currency depreciation of 50% (c)
Commodity forward contract (aluminum)	5,014 (d)	drop in aluminum (US\$/ton)	-	(4,777)	(6,410)
NDF Dollar	7,995 (d)	drop in the dollar	-	(9,615)	(19,230)

(a) The exchange rate considered at 06/30/2021 was R\$ 5.00 per US\$ 1.00 and R\$ 5.93 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\$ 5.27 and 6.30, and the currency depreciation at 5.34% and 6.23% for US\$ and €\$, respectively at 06/30/2021.

(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\$.

Due to 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, 2021 is maintained, the net finance cost for the next 12 months for each of the three scenarios defined, would be:

Consolidated							
Instruments	Exposure R\$ thousand	Risk	Rate in the period	Likely scenario rate (a)	Income (expense)		
					Likely scenario	Raising/Drop index by 25% (b)	Raising/Drop index by 50% (b)
Financial asset instruments	2,642,295				173,863	217,329	260,795
Financial liability instruments	(7,146,998)				(470,272)	(587,841)	(705,409)
Derivatives - Plain Vanilla Swap	(6,678,987)				(439,477)	(549,347)	(659,216)
	(11,183,690)	CDI apprec.	2.27%	6.58%	(735,886)	(919,859)	(1,103,830)
Financial liability instruments	(178,497)				(4,195)	(5,243)	(6,292)
	(178,497)	IGP-M apprec.	35.75%	2.35%	(4,195)	(5,243)	(6,292)
Financial liability instruments	(449,502)				(21,936)	(27,420)	(32,904)
	(449,502)	TJLP apprec.	4.62%	4.88%	(21,936)	(27,420)	(32,904)
Financial liability instruments	(5,832,428)				(326,616)	(244,962)	(163,308)
Derivatives - Plain Vanilla Swap	1,534,513				85,933	64,450	42,966
Concession financial asset	11,523,528				645,318	483,988	322,659
	7,225,613	drop in the IPCA	8.35%	5.60%	404,635	303,476	202,317
Setorial financial assets and liabilities	1,147,333				75,495	56,621	37,747
Financial instruments - assets	279,396				18,384	13,788	9,192
	1,426,729	drop in the SELIC	2.27%	6.58%	93,879	70,409	46,939
Total	(3,159,346)				(263,503)	(578,637)	(893,770)
Effects on the comprehensive income					696	138	(420)
Effects on the net profit					(264,199)	(578,775)	(893,350)

- (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.

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 credit loss experience over the past.

These rates reflect differences between economic conditions during the period over which the historical data have been collected, current conditions and the Group's view of future economic conditions over the expected lives of the receivables. Accordingly, an "adjusted" revenue was calculated, reflecting the Group perception on expected loss. Such "adjusted" revenue was allocated by consumption class (matrix) according to the interval currently used in the allowance guided by the regulatory parameters as follows:

Class	Days	Period
Residential	90	Revenue of 3 months prior to the current month
Commercial and other revenues	180	Revenue of 6 months prior to the current month
Industrial, rural, public power in general	360	Revenue of 12 months prior to the current month
Unbilled	-	Uses revenue of the same month

Therefore, based on the assumptions above, an "Adjusted" ratio of the expected credit losses ("ECL") allowance for the month is calculated, which was determined dividing the "Actual ECL" allowance by the "Adjusted Revenue" for each month. Then, the ECL allowance is estimated monthly, considering the respective moving average for the months of the "Adjusted" monthly ratios and applied to the actual revenue for the current month.

Based on this criterion, the ECL allowance percentage to be applied is changed monthly to the extent that the moving average is calculated.

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

Macroeconomic factors

After studies developed by the Group to assess which variables present a correlation ratio with the actual amount of Expected Credit 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, 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, 2021 and the year ended December 31, 2020 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 local rating of at least AA- or B- global, rated by at least one of the S&P, Moody's or Fitch agencies, and in the case of more than 1, it is considered the lowest rating among them (note 34 b). Management did not identify for the first semester ended June 30, 2021 and the year ended December 31, 2020 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, 2021 and December 31, 2020, 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, 2021	June 30, 2020
Capitalized interest	18,546	13,341
Transfer between property, plant and equipment and other assets	156	755

(36) EVENTS AFTER THE REPORTING PERIOD

36.1 Auction of the shareholding control of the State-owned Electricity Transmission Company ("CEEE-T")

On July 16, 2021, the subsidiary CPFL Comercialização Cone Sul Ltda. ("Cone Sul") was classified in first place of its in the auction No. 01/2021, regarding the sale of the corporate control of Companhia Estadual de Transmissão de Energia Elétrica ("CEEE-T"), held today at B3 - Brasil, Bolsa, Balcão S.A. ("Auction").

CPFL Energia, within the public session of the Auction, through its subsidiary Cone Sul, presented the winning offer, in the amount of R\$ 2,670,000,000.00 (two billion, six hundred and seventy million reais), for the acquisition of shares representing approximately 66.08% of the total corporate capital of CEEE-T (being, approximately, 67.12% of common shares and 0.72% of preferred shares), currently held by Companhia Estadual de Energia Elétrica Participações – CEEE-Par ("Shares").

The final result of the Auction is expected to be published until August 17th, 2021, and, under the terms of the auction notice, after this publication, the acquisition of the Shares must be submitted to the National Electric Energy Agency (Agência Nacional de Energia Elétrica – ANEEL) and to the Administrative Council of Economic Defense (Conselho Administrativo de Defesa Econômica – CADE), for the obtaining of all necessary authorizations.

The confirmation of the result of the Auction and the awarding of its object are expected to occur until August 26th, 2021.

36.2 GSF related concession intangibles

On September 9, 2020, Law No. 14,052 was published, establishing mainly new conditions for the renegotiation of the hydrological risk of electricity generation, with a view to compensating for non-hydrological risks to plants participating in the Energy Reallocation Mechanism (MRE). On December 1, 2020, ANEEL approved Normative Resolution No. 895, which regulates Law No. 14,052/2020 and that will allow for the normality of the spot market settlements, market recovery and efficiency, with a perception of less risk in the electricity sector.

Based on this resolution, CCEE presented to the market and to ANEEL the individual calculations per plant with the respective term of each grant.

Additionally, on March 30, 2021, NRE no. 930 was published, rectifying the understanding on the scope of the benefits. This resolution granted compensation to generators that renegotiated the energy under the Regulated Contracting Environment (ACR) for the years 2012 to 2014.

After publication of REN No. 930/2021, the Federal Court of Auditors (TCU) presented a representation requesting clarification from ANEEL and determining the abstention from the practice of any act arising from REN No. 930/2021, including approving compensation amounts or extending a period of granting of power plants that are part of the MRE that adhere to art. 2 of Law No. 14.052/2020, until the merits of the representation are analyzed.

On July 13, 2021, however, Law No. 14.182 / 2021 was enacted, which, in its Article 18, reworded Paragraph 4 of Article 2-A and Paragraph 9 of Article 2-B of Law No. 13.203 / 2015, expanding the calculation of the term of extension of the grant of the plants that renegotiated the hydrological risk and including the structuring plants in the calculation of compensation and financial extension of the grant.

Therefore, it is understood that there is loss of object in the representation of the TCU and soon the new values must be published by CCEE and ratified by ANEEL.

36.3 Borrowings raised

As of July 1, 2021 and until the approval of this interim accounting information, the following funding was added to Borrowings:

Category Subsidiary	Released in 2021	Interest payment	Repayment	Effective annual rate	Effective rate ith derivative	Covenants
Local currency						
Law 4131						
RGE	340,000	Semiannually	Two instalments in June 2025 and June 2026	1.8258% p.a.	CDI + 1.26%	(*)
CPFL Brasil	125,000	Semiannually	Bullet in June 2024	7.3780% p.a.	CDI + 0.88%	(*)
CPFL Piratininga	107,000	Semiannually	Bullet in June 2024	7.3780% p.a.	CDI + 0.88%	(*)

(*) Ratios required for the consolidated financial statements of CPFL Energia: Debt indebtedness divided by EBITDA smaller than or equal of 3.75 and EBITDA divided by the finance income/expense results greater than or equal of 2.25.

BOARD OF DIRECTORS

Bo Wen
Chairman

Gustavo Estrella
Antonio Kandir
Marcelo Amaral Moraes

Anselmo Henrique Seto Leal
Li Hong
Yuehui Pan

Directors

EXECUTIVE BOARD

GUSTAVO ESTRELLA
Chief Executive Officer

FUTAO HUANG
Senior Executive Vice President
Strategy, Innovation and Business Excellence
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

INDEPENDENT AUDITORS' REPORT



KPMG Auditores Independentes
Av. Coronel Silva Telles, 977 - 10º andar, Cambuí
13024-001 - Campinas/SP – Brasil
Edifício Dahruj Tower
Caixa Postal 737 - CEP 13012-970 - Campinas/SP - Brasil
Telefone +55 (19) 3198-6000, Fax +55 (19) 3198-6205
www.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, 2021, which comprises the statement of financial position as of June 30, 2021 and the respective statements of profit or loss and other comprehensive income for the three and six-month 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 standards 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, it 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, 2021, 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 12, 2021.

KPMG Auditores Independentes

CRC 2SP027612/O-4

(Original in Portuguese signed by)

Marcio José dos Santos

Accountant CRC 1SP252906/O-0

DECLARAÇÃO

Em atendimento ao disposto nos incisos V e VI do artigo 25 da Instrução CVM nº 480, de 07 de dezembro de 2009, alterada pela Instrução CVM nº 586, de 8 de junho de 2017, o presidente e os diretores da **CPFL Energia S.A.**, sociedade por ações de capital aberto, com sede na Rua Jorge de Figueiredo Corrêa, nº 1.632 – parte - Jardim Professora Tarcília – CEP: 13087-397, na Cidade de Campinas, Estado de São Paulo, inscrita no CNPJ sob nº 02.429.144/0001-93, declaram que:

a) reviram, discutiram e concordam com as opiniões expressas no parecer da KPMG Auditores Independentes, relativamente às demonstrações financeiras da **CPFL Energia S.A.** de 30 de junho de 2021;

b) reviram, discutiram e concordam com as demonstrações financeiras da **CPFL Energia S.A.** de 30 de junho de 2021.

Campinas, 12 de agosto de 2021.

STATEMENT

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

a) 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 S.A.**, of June 30, 2021;

b) they have reviewed and discussed, and agree with, the financial statements of **CPFL Energia S.A.**, of June 30, 2021.

Campinas, August 12, 2021.

Sergio Luis Felice

Diretor de Contabilidade
Chief Accounting Officer
CT CRC: 1SP192.767/O-6
CPF: 119.410.838-54

Yuehui Pan

Diretor Vice-Presidente Financeiro e de
Relações com Investidores
Chief Financial and Investor Relations
Officer
CPF: 061.539.517-16

Gustavo Estrella

Diretor Presidente
Chief Executive Officer