
COMMENTS ON THE COMPANY PERFORMANCE FOR THE QUARTER

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

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

This quarter, the increase in profit was R\$ 56,295 when compared with the same period of the prior year (R\$ 946,336 in 2021 and R\$ 890,041 in 2020) mainly due to the increase in profit of investees.

COMMENTS ON CONSOLIDATED PERFORMANCE

	Consolidated		
	1st quarter		
	2021	2020	%
OPERATING REVENUES	12,484,386	10,878,728	14.8%
Electricity sales to final consumers (*)	8,617,109	8,150,474	5.7%
Electricity sales to wholesaler's (*)	1,064,239	1,127,496	-5.6%
Revenue from construction of concession infrastructure	622,535	495,804	25.6%
Other operating revenues (*)	1,928,063	1,568,297	22.9%
Sector financial assets and liabilities	252,439	(463,343)	-154.5%
Deductions from operating revenues	(4,196,261)	(3,596,461)	16.7%
NET OPERATING REVENUE	8,288,125	7,282,267	13.8%
COST OF ELECTRIC ENERGY SERVICES	(4,977,287)	(4,341,419)	14.6%
Electricity purchased for resale	(3,782,971)	(3,703,952)	2.1%
Electricity network usage charges	(1,194,315)	(637,466)	87.4%
OPERATING COST/EXPENSE	(1,859,028)	(1,756,767)	5.8%
Personnel	(362,962)	(354,134)	2.5%
Employee pension plans	(56,337)	(45,440)	24.0%
Materials	(73,197)	(74,109)	-1.2%
Outside Services	(146,880)	(170,786)	-14.0%
Depreciation and Amortization	(351,649)	(354,718)	-0.9%
Merged Goodwill Amortization	(72,161)	(72,110)	0.1%
Costs related to infrastructure construction	(618,998)	(495,091)	25.0%
Other	(176,841)	(190,379)	-7.1%
INCOME FROM ELECTRIC ENERGY SERVICE	1,451,809	1,184,081	22.6%
FINANCIAL INCOME (EXPENSE)	(121,044)	121,007	-200.0%
Income	225,134	438,292	-48.6%
Expense	(346,178)	(317,285)	9.1%
Equity in subsidiaries	90,249	85,160	6.0%
INCOME BEFORE TAXES	1,421,015	1,390,248	2.2%
Social Contribution	(123,161)	(129,908)	-5.2%
Income Tax	(336,617)	(356,214)	-5.5%
NET INCOME	961,237	904,126	6.3%
Net income attributable to the shareholders of the company	946,336	890,041	6.3%
Net income attributable to the non controlling interests	14,901	14,085	5.8%
EBITDA	1,966,015	1,696,213	15.9%

Net Income for the Period and Adjusted EBITDA Reconciliation

NET INCOME FOR THE PERIOD	961,237	904,126
Depreciation and Amortization	423,811	426,827
Amortization of fair value adjustment of asset	145	145
Financial Income (Expense)	121,044	(121,007)
Social Contribution	123,161	129,908
Income Tax	336,617	356,214
Adjusted EBITDA	1,966,015	1,696,213

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

Gross operating revenue for the 1st quarter of 2021 was R\$ 12,484,386, an increase of 14.8% (R\$ 1,605,658) compared with the same period of the prior year.

The main factors of this variation were:

- Increase of 154.5% (R\$ 715,782, revenue in the 1st quarter of 2021 and revenue reduction in the 1st quarter of 2020) in sector financial assets and liabilities, mainly due to the lower realization of assets in

the 1st quarter of 2021 (R\$ 205,310) and the lower recognition of liabilities in the 1st quarter of 2021 (R\$ 510,472);

- Increase of 5.7% (R\$ 466,635) in electricity supply, justified by a 9.4% increase in the average tariffs practiced, mainly due to the positive effects of the annual and periodic tariff adjustments (RTA/RTP), partially offset by the 3.4% reduction in the quantity sold (R\$ 277,284);
- Increase of 22.9% (R\$ 359,766) in other operating revenue due to network usage charge – TUSD, free consumers, mainly due to tariff adjustments and increase in the volume of energy transported.
- Partially offset by decrease of 5.6% (R\$ 63,257) in electricity sales to wholesalers, mainly due to:
 - Decrease of 31.3% (R\$ 92,790) in sale of spot market energy in CCEE (Electric Energy Trading Chamber), mainly due to the decrease of average tariffs of 57.1% (R\$ 271.009), partially offset by increase in energy sold of 60.1% (R\$ 178,219);
 - Increase of 3.1% (R\$ 21,254) in other concessionaires, licensees and authorized, due to the increase of 124.4% in average tariff (R\$ 391,039), partially offset by the decrease of 54.1% in energy sold (R\$ 369,785).

➤ Volume of energy sold

In the 1st quarter of 2021, the amount of energy billed to captive consumers in the period, including other licensees, presented a decrease of 2.3% when compared with the same quarter of the prior year. Despite the good performance of the residential class in the 1st quarter, the electricity consumption of the commercial and public administration classes still had an impact from the social isolation measures to face the pandemic that led to the closure of shops and public buildings. In addition, there were reductions in power purchase and sale agreements related to the supply of licensees.

The consumption of the residential class represents 49% of the total market supplied by distributors and recorded increase of 4.6% in the 1st quarter of 2021 when compared with the same period of the prior year. This increase reflects the effects of the increase in the number of consumer units and measures of social isolation.

The commercial class represents 17.6% of the total market supplied by distributors and recorded decrease of 9.6% in the 1st quarter of 2021 when compared with the same period of the prior year. This performance reflects the impacts brought about by the period of social isolation and activity restriction, in addition to the effect of the movement of customers to the free market.

The Industrial class represents 9.7% of the total market supplied by distributors and recorded decrease of 8.2% in the 1st quarter of 2021 when compared with the same period of the prior year. Such performance reflects the effect from customers' migration to the free market.

The other consumption classes (rural, public administration, public lighting, public utilities and licensees) participate with 23.7% of the total market supplied by distributors. These classes presented a drop of 7% in the 1st quarter of 2021 mainly due to negative results in the public administration (decrease of 12.5%) and licensees (decrease of 14.8% mainly caused by reductions 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 2.5% in the 1st quarter of 2021 when compared with the same period of the prior year. The variation by class presents an increase of 4.6% in the residential class, a decrease of 4% in the commercial class, an increase of 7.7% in the industrial class and a decrease of 4.6% in other classes.

➤ Tariffs

In the 1st quarter of 2021, energy supply tariffs increased on average 9.4%. This occurred mainly due to the effects from the annual tariff adjustments and periodic tariff review, as follows:

Distributor	Month		2021		2020	
			RTA / RTP	Effect perceived by consumers (a)	RTA / RTP	Effect perceived by consumers (a)
CPFL Paulista	April	(b)	17.62%	8.95%	14.90%	6.05%
CPFL Piratininga	October	(c)	(c)	(c)	18.31%	9.82%
RGE	June	(c)	(c)	(c)	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) As described in note 36.2 in April 2020, there was the RTA for the subsidiary CPFL Paulista;
- (c) The tariff adjustments for 2021 had not occurred yet.

Deductions from operating revenue

Deductions from operating revenue in the 1st quarter of 2021 were R\$ 4,196,261, an increase of 16.7% (R\$ 599,799) in relation to the same quarter of 2020, which mainly occurred due to:

- Increase of 16.2% (R\$ 317,672) related to taxes on revenue (ICMS, PIS, COFINS, ISS);
- Increase of 103.5% (R\$ 205,027, reducing deductions of R\$ 198,046 in the 1st quarter of 2020) in Tariff Flags;
- Increase of 7.5% (R\$ 71,023) in CDE;

Cost of electricity

The cost of electricity this quarter amounted to R\$ 4,977,287, an increase of 14.6% (R\$ 635,868) in relation to the same period of the prior year, mainly justified by:

- Increase of 87.4% (R\$ 556,849) in the transmission and distribution system usage charge, mainly due to the increases in: (i) basic network charges (R\$ 217,781) and (ii) system service charges - ESS (R\$ 335,758).
- Increase of 2.1% (R\$ 79,019) in electricity purchased for resale, due to:
 - Increase of 11.6% (R\$ 392,753) in the average price, mainly reflecting the increase in the US dollar and changes in the mix of electricity purchase agreements.
 - Decrease of 8.5% (R\$ 313,734) 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\$ 1,240,031, a decrease of 1.7% (R\$ 21,644) when compared with the same period of the prior year. This variation is mainly due to:

- **Private pension entity:** increase of 24% (R\$ 10,897) due to the recognition of the impacts of the actuarial report;
- **Third-party services:** decrease of 14% (R\$ 23,905), mainly due to the decrease in maintenance of lines, networks and substations;
- **Other expenses:** decrease of 7.1% (R\$ 13,538), mainly due to the decrease in legal and judicial expenses and indemnities (R\$ 14,023).

Financial income (expenses)

The financial income (expenses), net in this quarter corresponded to financial expenses of R\$ 121,044, compared with financial income of R\$ 121,007 in the same period of 2020, an increase in net financial expenses of R\$ 242,051. This variation is basically due to:

- Decrease in financial income of 48.6% (R\$ 213,158), mainly due to the decrease in monetary adjustments and foreign exchange rate changes (R\$ 212,428).
- Increase in financial expenses of 9.1% (R\$ 28,894), mainly due to the increase in (i) monetary adjustments and foreign exchange rate changes (R\$ 92,915), (ii) CCEE settlement (R\$ 5,591) and (iii) use of the public assets (R\$ 4,992), partially offset by the decrease in interest on debts (R\$ 82,739).

Share of profit (loss) of investees

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

	1st quarter 2020	1st quarter 2020
Epasa	15,049	17,845
Baesa	(2,721)	(307)
Enercan	44,275	34,571
Chapecoense	33,791	33,195
Amortization of fair value adjustment of asset	(145)	(145)
Total	90,249	85,160

Income tax and social contribution

Expenses on income taxes in the 1st quarter of 2021 were R\$ 459,778, a decrease of 5.4% (R\$ 26,344) in relation to those recorded in the same quarter of 2020.

Profit for the period and EBITDA

Due to the factors described above, the profit for this quarter was R\$ 961,237, 6.3% (R\$ 57,111) higher than the one of 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 1st quarter of 2021 was R\$ 1,966,015, 15.9% (R\$ 268,802) higher than the one determined 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 March 31, 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 March 31, 2021 filed with the 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 March 31, 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 March 31, 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 March 31, 2021 filed with the CVM.

Subsidiary: CPFL Comercialização Brasil S.A.

	Consolidated		
	1st quarter		
	2021	2020	%
OPERATING REVENUES	674,130	818,906	-17.7%
Electricity sales to final consumers	483,809	545,229	-11.3%
Electricity sales to wholesaler's	190,299	273,503	-30.4%
Other operating revenues	22	174	-87.1%
Deductions from operating revenues	(83,755)	(102,427)	-18.2%
NET OPERATING REVENUE	590,375	716,479	-17.6%
COST OF ELECTRIC ENERGY SERVICES	(564,976)	(706,866)	-20.1%
Electricity purchased for resale	(564,115)	(706,864)	-20.2%
Electricity network usage charges	(862)	(2)	47678.9%
OPERATING COST/EXPENSE	(10,442)	(11,319)	-7.7%
Personnel	(6,727)	(7,911)	-15.0%
Materials	(23)	(60)	-61.1%
Outside Services	(1,773)	(1,816)	-2.4%
Depreciation and Amortization	(943)	(895)	5.3%
Other	(975)	(635)	53.4%
INCOME FROM ELECTRIC ENERGY SERVICE	14,956	(1,706)	-976.8%
FINANCIAL INCOME (EXPENSE)	16,264	9,029	80.1%
Income	22,415	9,601	133.5%
Expense	(6,151)	(573)	974.2%
Equity in subsidiaries	21,971	27,671	-20.6%
INCOME BEFORE TAXES	53,193	34,996	52.0%
Social Contribution	(2,821)	(685)	311.9%
Income Tax	(7,822)	(1,998)	291.4%
NET INCOME	42,549	32,311	31.7%
Net income attributable to the shareholders of the company	42,550	32,312	31.7%
EBITDA	37,833	28,003	35.1%

Net Income for the Period and Adjusted EBITDA Reconciliation

NET INCOME FOR THE PERIOD	42,550	32,311
Depreciation and Amortization	943	895
Amortization of fair value adjustment of asset	(40)	1,142
Financial Income (Expense)	(16,264)	(9,029)
Social Contribution	2,821	685
Income Tax	7,822	1,998
Adjusted EBITDA	37,833	28,004

Gross operating revenue

The gross operating revenue for the 1st quarter of 2021 was R\$ 674,130, a decrease of R\$ 144,776 (17.7%) compared with the same quarter of 2020, mainly due to (i) decrease of 30.4% in electricity sales to wholesalers (R\$ 83,204) mainly due to the decrease of 29.4% in the volume of electricity sold (R\$ 81,976); (ii) decrease of 11.3% (R\$ 61,420) in electricity supply, basically due to the 12% reduction in volume (R\$ 63,387).

Cost of electricity

Cost of electricity in the 1st quarter of 2021 was R\$ 564,976, a decrease of R\$ 141,889 (20.1%) in relation to the same quarter of 2020, basically explained by a decrease in the volume of electricity purchased by 18.2% (R\$ 125,067), added by a decrease of 2.5% (R\$ 17,843) in average price.

Operating costs and expenses

Operating costs and expenses in the 1st quarter of 2021 were R\$ 10,442, a decrease of 7.7% (R\$ 877) in relation to those recorded in the same quarter of 2020.

- **Personnel:** Decrease of 15% (R\$ 1,184), basically due to the reduction in expenses with Management (R\$ 649) and intercompany expenses (R\$ 520).

Financial income (expenses)

The financial income (expenses), net in the 1st quarter of 2021 was a financial income of R\$ 16,264, an increase of 80.1% (R\$ 7,235) in relation to the same quarter of 2020.

- **Financial income:** Increase of 133.5% (R\$ 12,814) due to income from monetary adjustment of receivables from CCEE (R\$ 20,094), partially offset by the decrease in income from financial investments (R\$ 7,223).
- **Financial expenses:** Increase of 974.2% (R\$ 5,578) due to mark-to-market of derivatives (R\$ 8,199) and interest on Intercompany loan agreements (R\$ 3,212), offset by decrease in monetary adjustments (R\$ 6,482).

The variation in share of profit (loss) of investees in the 1st quarter of 2021 was positive by R\$ 21,971, mainly explained by the effect from the share of profit (loss) of the investee RGE.

Profit for the period and EBITDA

The result determined in the 1st quarter of 2021 was a profit of R\$ 42,550, an increase of R\$ 10,238 (31.7%) when compared with the same quarter of 2020.

EBITDA for the 1st quarter of 2021 was R\$ 37,833, an increase of 35.1% when compared with the same quarter of 2020, which was R\$ 28,004 (information not reviewed by the Independent Auditors).

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CPFL Energia S.A.
Statements of financial position at March 31, 2021 and December 31, 2020
(in thousands of Brazilian Reais)

ASSETS	Note	Parent company		Consolidated	
		March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
Current assets					
Cash and cash equivalents	5	386,707	395,745	4,618,910	3,918,796
Marketable securities	6	-	-	948,806	1,872,079
Consumers, concessionaires and licensees	7	-	-	5,027,956	5,206,854
Inventories		-	-	110,216	96,182
Dividends and interest on capital	13	1,155,427	1,166,469	80,647	80,647
Income tax and social contribution recoverable	8	3,382	3,464	64,175	87,779
Other taxes recoverable	8	5,157	4,600	368,124	337,266
Derivatives	34	-	-	1,252,122	744,660
Sector financial asset	9	-	-	898,077	558,884
Contract assets	15	-	-	25,100	24,833
Other assets	12	947	281	1,022,925	883,824
Total current assets		1,551,619	1,570,560	14,417,057	13,811,803
Noncurrent assets					
Consumers, concessionaires and licensees	7	-	-	663,209	828,314
Intragroup loans	32	474,667	472,775	-	-
Escrow Deposits	23	370	399	770,232	764,760
Income tax and social contribution recoverable	8	-	-	62,860	35,415
Other taxes recoverable	8	-	-	2,552,871	368,979
Sector financial assets	9	-	-	109,187	108,908
Derivatives	34	-	-	1,269,523	1,340,113
Deferred tax assets	10	12,016	25,080	332,278	585,869
Concession financial asset	11	-	-	10,880,072	10,347,567
Investments at cost		-	-	116,654	116,654
Other assets	12	2,834	3,059	205,561	172,140
Investments	13	14,133,341	13,182,704	1,106,167	1,015,918
Property, plant and equipment	14	2,041	2,140	8,705,514	8,797,903
Intangible assets	16	4,071	3,783	8,857,921	8,969,637
Contract asset	15	-	-	2,018,774	1,842,905
Total noncurrent assets		14,629,341	13,689,941	37,650,823	35,295,081
Total assets		16,180,961	15,260,501	52,067,880	49,106,884

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



CPFL Energia S.A.

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

LIABILITIES AND EQUITY	Note	Parent company		Consolidated	
		March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
Current liabilities					
Trade payables	17	1,245	3,237	3,119,367	3,909,517
Borrowings	18	-	-	3,855,493	2,797,195
Debentures	19	-	-	1,157,982	1,191,270
Private pension plan	20	-	-	312,534	199,803
Regulatory liabilities	21	-	-	126,036	108,371
Income tax and social contribution payable	22	-	8,443	61,907	91,470
Other taxes, fees and contributions	22	2,131	472	832,449	873,752
Intragroup loans	32	-	-	2,423,984	2,409,545
Dividends		874,925	874,954	898,838	906,852
Estimated payroll		-	-	144,168	133,429
Derivatives	34	-	-	-	1,354
Sector financial liability	9	-	-	45	41,514
Decommissioning of assets and environmental expenses		-	-	20,221	19,946
Use of public asset		-	-	12,573	12,573
Other payables	24	19,018	23,212	1,616,921	1,709,358
Total current liabilities		897,320	910,317	14,582,519	14,405,951
Noncurrent liabilities					
Trade payables	17	-	-	349,557	456,658
Borrowings	18	-	-	8,463,399	8,624,840
Debentures	19	-	-	6,033,216	6,257,032
Private pension plan	20	-	-	2,607,404	2,759,826
Income tax and social contribution payable	22	-	-	166,645	165,900
Other taxes, fees and contributions	22	-	-	847	839
Deferred tax liabilities	10	-	-	810,343	767,807
Provision for tax, civil and labor risks	23	208	114	608,606	616,136
Intragroup loans	32	401,634	400,025	-	-
Derivatives	34	-	-	5,417	-
Sector financial liability	9	-	-	333,839	185,592
Decommissioning of assets and environmental expenses		-	-	188,270	184,955
Use of public asset		-	-	118,748	112,055
Other payables	24	14,007	14,266	2,620,601	333,516
Total noncurrent liabilities		415,849	414,406	22,306,892	20,465,155
Equity	25				
Issued capital		9,388,071	9,388,071	9,388,071	9,388,071
Capital reserves		(1,643,775)	(1,643,775)	(1,643,775)	(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	865,248	865,248
Accumulated comprehensive income		(1,716,127)	(1,695,235)	(1,716,127)	(1,695,235)
Retained earnings		952,908	-	952,908	-
		14,867,792	13,935,777	14,867,792	13,935,777
Equity attributable to noncontrolling interests		-	-	310,676	300,001
Total equity		14,867,792	13,935,777	15,178,468	14,235,778
Total liabilities and equity		16,180,961	15,260,501	52,067,880	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 March 31, 2021 and 2020

(in thousands of Brazilian Reais, except for Earnings per share)

	Note	Parent company		Consolidated	
		2021	2020	2021	2020
		3 months	3 months	3 months	3 months
Net operating revenue	27	11	(3,983)	8,288,125	7,282,267
Cost of services					
Cost of electric energy	28	-	-	(4,977,287)	(4,341,419)
Cost of operation		-	-	(761,446)	(746,628)
Depreciation and amortization		-	-	(324,563)	(329,217)
Other cost of operation	29	-	-	(436,883)	(417,411)
Cost of services rendered to third parties	29	-	-	(620,087)	(496,177)
Gross profit		11	(3,983)	1,929,305	1,698,043
Operating expenses					
Selling expenses		-	-	(162,246)	(174,392)
Depreciation and amortization		-	-	(2,291)	(1,922)
Allowance for doubtful accounts		-	-	(54,181)	(57,844)
Other selling expenses	29	-	-	(105,774)	(114,626)
General and administrative expenses		(7,591)	(11,258)	(203,978)	(230,056)
Depreciation and amortization		(105)	(96)	(24,795)	(23,578)
Other general and administrative expenses	29	(7,486)	(11,162)	(179,183)	(206,478)
Other operating expenses		-	-	(111,273)	(109,514)
Amortization of concession intangible asset		-	-	(72,161)	(72,109)
Other operating expenses	29	-	-	(39,112)	(37,405)
Income from electric energy services		(7,579)	(15,241)	1,451,809	1,184,081
Equity interests in subsidiaries, associates and joint ventures	13	964,958	899,415	90,249	85,160
Financial income (expenses)	30	957,379	884,174	1,542,058	1,269,241
Financial income		4,107	5,063	225,134	438,292
Financial expenses		(2,086)	(15)	(346,178)	(317,285)
Profit before taxes		2,021	5,048	(121,044)	121,007
Social contribution	10	(3,137)	668	(123,161)	(129,908)
Income tax	10	(9,928)	151	(336,617)	(356,214)
Profit for the year		(13,064)	820	(459,778)	(486,123)
Profit for the year		946,336	890,041	961,237	904,126
Profit (loss) for the period attributable to owners of the Company				946,336	890,041
Profit (loss) for the period attributable to noncontrolling interests				14,901	14,085
Earnings per share attributable to owners of the Company (R\$):	26			0.82	0.77

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



CPFL Energia S.A.

Statements of comprehensive income for the periods ended March 31, 2021 and 2020

(in thousands of Brazilian Reals)

	Parent company	
	2021	2020
	3 months	3 months
Profit for the year	946,336	890,041
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss		
Comprehensive income for the period of subsidiaries	(14,321)	357,004
Total comprehensive income for the year	932,015	1,247,045

	Consolidated	
	2021	2020
	3 months	3 months
Profit for the year	961,237	904,126
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss		
- Actuarial gains (losses), net of tax effects	(873)	272,596
- Credit risk in fair value measurement of financial liabilities	(13,449)	84,409
Total comprehensive income for the year	946,916	1,261,130
Attributable to owners of the Company	932,015	1,247,045
Attributable to noncontrolling interests	14,901	14,085

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 March 31, 2021 and 2020
(in thousands of Brazilian Reais)

	Earnings reserves					Accumulated comprehensive income			Noncontrolling interests			
	Issued capital	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
Balance at December 31, 2019	9,388,081	(1,640,962)	1,036,125	4,046,305	1,433,295	355,049	(1,623,514)	-	12,994,381	8,278	280,578	13,283,238
Total comprehensive income	-	-	-	-	-	-	357,004	890,041	1,247,045	-	14,085	1,261,130
Profit for the period	-	-	-	-	-	-	-	890,041	890,041	-	14,085	904,126
Other comprehensive income - credit risk in fair value measurement	-	-	-	-	-	-	84,409	-	84,409	-	-	84,409
Other comprehensive income - actuarial gains (losses)	-	-	-	-	-	-	272,596	-	272,596	-	-	272,596
Internal changes in equity	-	-	-	-	-	(6,416)	-	6,416	-	(444)	424	(20)
Realization of deemed cost of property, plant and equipment	-	-	-	-	-	(9,721)	-	9,721	-	(673)	673	-
Tax effect on realization of deemed cost	-	-	-	-	-	3,305	-	(3,305)	-	229	(229)	-
Other changes in noncontrolling interests	-	-	-	-	-	-	-	-	-	-	(20)	(20)
Capital transactions with owners	(1)	-	-	-	-	-	-	837	836	-	(4,200)	(3,364)
Public offering costs	(1)	-	-	-	-	-	-	-	(1)	-	-	(1)
Additional proposed dividend	-	-	-	-	-	-	-	-	-	-	(4,200)	(4,200)
Unclaimed dividend	-	-	-	-	-	-	-	837	837	-	-	837
Balance at March 31, 2020	9,388,080	(1,640,962)	1,036,125	4,046,305	1,433,295	348,633	(1,266,510)	897,294	14,242,262	7,834	290,887	14,540,984
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	-	-	-	-	-	-	(14,321)	946,336	932,015	-	14,900	946,915
Profit for the period	-	-	-	-	-	-	-	946,336	946,336	-	14,900	961,236
Other comprehensive income - credit risk in fair value measurement	-	-	-	-	-	-	(13,449)	-	(13,449)	-	-	(13,449)
Other comprehensive income - actuarial gains (losses)	-	-	-	-	-	-	(873)	-	(873)	-	-	(873)
Internal changes in equity	-	-	-	-	-	(6,572)	-	6,572	-	(444)	419	(25)
Realization of deemed cost of property, plant and equipment	-	-	-	-	-	(9,957)	-	9,957	-	(673)	673	-
Tax effect on realization of deemed cost	-	-	-	-	-	3,385	-	(3,385)	-	229	(229)	-
Other changes in noncontrolling interests	-	-	-	-	-	-	-	-	-	-	(25)	(25)
Capital transactions with owners	-	-	-	-	-	-	-	-	-	-	(4,200)	(4,200)
Dividend proposal approved	-	-	-	-	-	-	-	-	-	-	(4,200)	(4,200)
Balance at March 31, 2021	9,388,071	(1,643,775)	1,218,283	5,803,185	865,248	322,930	(2,039,058)	952,908	14,867,792	6,057	304,618	15,178,468

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



CPFL Energia S.A.

Statements of cash flow for the periods ended March 31, 2021 and 2020
(in thousands of Brazilian Reais)

	Parent company		Consolidated	
	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
Profit before taxes	959,400	889,221	1,421,015	1,390,248
Adjustment to reconcile profit to cash from operating activities				
Depreciation and amortization	105	96	423,810	426,826
Provision for tax, civil and labor risks	240	(6)	13,111	28,396
Allowance for doubtful accounts	-	-	54,181	57,844
Interest on debts, monetary adjustment and exchange rate changes	(358)	(4,606)	20,309	(142,459)
Pension plan expense (income)	-	-	56,337	45,440
Equity interests in subsidiaries, associates and joint ventures	(964,958)	(899,415)	(90,249)	(85,160)
Loss (gain) on disposal of noncurrent assets	-	-	36,818	35,034
Others	-	-	4,236	778
	(5,571)	(14,709)	1,939,567	1,756,948
Decrease (increase) in operating assets				
Consumers, concessionaires and licensees	-	-	289,822	78,384
Dividend and interest on capital received	11,042	131,542	-	-
Taxes recoverable	71	32,605	(63,029)	85,721
Escrow deposits	30	(7)	(2,445)	(6,752)
Sector financial asset	-	-	(327,787)	222,325
Receivables - CDE	-	-	(38,549)	7,635
Transmission asset additions	-	-	(38,242)	(7,825)
Advance to suppliers	-	-	(78,010)	(12,219)
Orders in progress	-	-	(9,470)	(20,087)
Other operating assets	(440)	(8)	(177,769)	(154,196)
Increase (decrease) in operating liabilities				
Trade payables	(1,992)	(3,190)	(922,832)	(512,834)
Other taxes and social contributions	1,192	(23,189)	(38,291)	(46,379)
Other liabilities with private pension plan	-	-	(96,900)	(50,420)
Regulatory charges	-	-	17,665	(206,864)
Tax, civil and labor risks paid	(151)	(18)	(34,105)	(83,793)
Sector financial liability	-	-	95,589	241,018
Payables - CDE	-	-	(28,638)	(24,948)
Other operating liabilities	(4,452)	(3,804)	190,399	271,374
Cash flows provided (used) by operations	(271)	119,222	676,975	1,537,087
Interest paid on debts and debentures	-	-	(138,075)	(196,360)
Income tax and social contribution paid	(8,443)	(42,318)	(160,246)	(300,722)
Cash flows provided (used) by operations activities	(8,714)	76,904	378,654	1,040,005
Investing activities				
Purchases of property, plant and equipment	-	(247)	(53,490)	(47,309)
Purchases of contract asset	-	-	(596,819)	(453,978)
Purchases and construction of intangible assets	(295)	-	(7,075)	(7,175)
Securities, pledges and restricted deposits - investment	-	-	(84,782)	(37,655)
Securities, pledges and restricted deposits - redemption	-	-	1,008,600	869,944
Advances for future capital increases	-	(30,000)	-	-
Intragroup loans to subsidiaries	-	(1,445)	-	-
Receiving of intragroup loans from subsidiaries	-	7,244	-	-
Net cash generated by (used) In investing activities	(295)	(24,448)	266,434	323,828
Financing activities				
Public offering costs	-	(2)	-	(2)
Borrowings and debentures raised	-	-	513,910	2,866,989
Repayment of principal of borrowings and debentures	-	-	(519,142)	(708,695)
Repayment of derivatives	-	-	75,598	113,428
Dividend and interest on capital paid	(29)	(114)	(12,213)	(3,211)
Intragroup loans paid	-	-	(3,124)	-
Net cash generated by (used in) financing activities	(29)	(116)	55,028	2,268,509
Net increase (decrease) in cash and cash equivalents	(9,038)	52,340	700,116	3,632,342
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	386,707	86,249	4,618,910	5,569,505

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



CPFL Energia S.A.

Statements of value added for the periods ended March 31, 2021 and 2020

(in thousands of Brazilian Reais)

	Parent company		Consolidated	
	2021 3 months	2020 3 months	2021 3 months	2020 3 months
1. Revenues	307	(3,736)	12,488,797	10,869,758
1.1 Operating revenues	13	(3,983)	11,861,851	10,382,924
1.2 Revenues related to the construction of own assets	295	247	58,592	48,873
1.3 Revenue from infrastructure construction of the concession	-	-	622,535	495,804
1.4 Allowance for doubtful accounts	-	-	(54,181)	(57,844)
2. (-) Inputs	(2,824)	(3,408)	(6,523,883)	(5,733,779)
2.1 Electricity Purchased for Resale	-	-	(5,508,766)	(4,814,656)
2.2 Material	(30)	(292)	(395,364)	(389,194)
2.3 Outsourced Services	(1,845)	(2,253)	(447,607)	(356,789)
2.4 Other	(949)	(864)	(172,146)	(173,140)
3. Gross added value (1 + 2)	(2,516)	(7,144)	5,964,914	5,135,978
4. Retentions	(105)	(96)	(425,907)	(428,777)
4.1 Depreciation and amortization	(105)	(96)	(353,746)	(356,669)
4.2 Amortization of intangible assets of the concession	-	-	(72,161)	(72,109)
5. Net added value generated (3 + 4)	(2,622)	(7,240)	5,539,007	4,707,201
6. Added value received in transfer	969,266	904,725	326,306	532,619
6.1 Financial Income	4,307	5,310	236,057	447,459
6.2 Equity interests in subsidiaries, associates and joint ventures	964,958	899,415	90,249	85,160
7. Added value to be distributed (5 + 6)	966,644	897,485	5,865,314	5,239,820
8. Distribution of added value				
8.1 Personnel and Charges	4,104	6,737	395,324	370,788
8.1.1 Direct Remuneration	2,473	3,395	212,069	201,791
8.1.2 Benefits	1,402	2,748	167,974	153,276
8.1.3 Government severance indemnity fund for employees - F.G.T.S.	229	594	15,281	15,721
8.2 Taxes, Fees and Contributions	14,044	649	4,132,936	3,621,360
8.2.1 Federal	14,023	629	2,150,428	1,804,106
8.2.2 Estate	21	21	1,973,217	1,809,170
8.2.3 Municipal	-	-	9,292	8,084
8.3 Interest and Rentals	2,160	57	375,816	343,546
8.3.1 Interest	2,086	2	352,008	322,151
8.3.2 Rental	74	55	23,808	21,395
8.3.5 Other	-	-	-	-
8.4 Interest on capital	946,336	890,041	961,237	904,126
8.4.1 Retained Earnings	946,336	890,041	961,237	904,126
	966,644	897,485	5,865,314	5,239,820

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

CPFL ENERGIA S.A.
NOTES TO THE INTERIM FINANCIAL STATEMENTS
AT MARCH 31, 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	4,699	30 years	November 2027
Companhia Piratininga de Força e Luz (“CPFL Piratininga”)	Publicly-held corporation	Direct 100%	Interior and coast of São Paulo	27	1,839	30 years	October 2028
RGE Sul Distribuidora de Energia S.A. (“RGE”)	Publicly-held corporation	Direct and Indirect 100%	Interior of Rio Grande do Sul	381	2,988	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	479	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 and 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”)	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, Goiás, 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 March 31, 2021, CPFL Renováveis had a portfolio of 116 enterprises with 3,118.3 MW 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 enterprise (1,390.2 MW) with 45 in operation (1,308.5 MW) and 4 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 March 31, 2021, the Group presented in these interim financial statements, negative net working capital in the amount of R\$ 137,714 (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 COVID-19 impacts

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 the financial statements. The main economies in the world and the main economic blocs have been studying and implementing economic stimulus packages to overcome the potential economic recession that these measures to mitigate the spread of 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.

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 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, 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 March 31, 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 May 10, 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 9 – Sector financial asset and liability (Regulatory discretion and judgement over certain items);
- Note 10 – Deferred tax assets and liabilities (recognition of assets: availability of future taxable profit against which the tax losses can be utilized);
- Note 11 – Concession financial asset (assumptions for fair value measurement, based on significant unobservable inputs, see note 34);
- Note 12 – Other assets (allowance for doubtful accounts: key assumptions regarding to the expected credit loss - ECL);
- Note 14 – Property, plant and equipment (definition of useful lives and key assumptions regarding recoverable amounts);
- Note 15 – 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 March 31, 2021 and December 31, 2020 and for the quarters and three months periods ended March 31, 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 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	
	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
Bank balances	6,458	9,789	269,377	481,532
Short-term financial investments	380,249	385,957	4,349,533	3,437,264
Overnight investment (a)	-	-	31	703
Private credit notes (b)	380,249	385,957	3,641,034	3,320,840
Investment funds (c)	-	-	708,468	115,721
Total	386,707	395,745	4,618,910	3,918,796

- 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).
- Short-term investments in: (i) Bank Certificates of Deposit (CDB) amounting to R\$ 3,390,809 (R\$ 2,595,585 in December 31, 2020), (ii) secured debentures amounting to R\$ 250,225 (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 98.31 % of the CDI (99.67% of the CDI in December 31, 2020).
- Investments funds, with high liquidity and interest equivalent, on average, to 85.91 % of the CDI, subject to floating rates tied to the CDI (81.64% of the CDI in December 31, 2020). Linked to federal government bonds, CDBs, financial bills and secured debentures of major financial institutions, with low credit risk and short term maturity.

(6) MARKETABLE SECURITIES

	Consolidated	
	March 31, 2021	December 31, 2020
Through investment funds (a)	290,860	308,482
Direct investment (b)	657,946	1,563,597
Total	948,806	1,872,079

- It represents amounts invested in government securities, Financial Bills ("LF") and Financial Treasury Bills ("LFT"), through investment fund quotas, yielding on average 85.91% (81.64% of CDI in December 31, 2020).
- This refers to amounts invested in government securities and LFT, yielding on average 100% of SELIC (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 March 31, 2021 and December 31, 2020:

	Consolidated			Total	
	Amounts not due	Past due		March 31, 2021	December 31, 2020
		until 90 days	> 90 days		
Current					
Consumer classes					
Residential	993,167	686,098	94,222	1,773,488	1,683,354
Industrial	180,772	56,961	89,907	327,640	355,145
Commercial	248,326	90,926	34,016	373,268	374,824
Rural	100,969	35,925	12,076	148,970	140,061
Public administration	71,305	11,303	9,683	92,291	74,865
Public lighting	94,398	2,667	4,013	101,078	84,902
Public utilities	58,799	8,434	11,274	78,508	93,163
Billed	1,747,736	892,314	255,191	2,895,243	2,806,314
Unbilled	1,595,818	-	-	1,595,818	1,554,563
Financing of consumers' debts	268,267	55,800	38,191	362,259	330,529
CCEE transactions	128,173	8,068	18,671	154,912	411,718
Concessionaires and licensees	280,869	1,258	41,795	323,922	391,401
Others	56,940	-	-	56,940	56,365
	4,077,804	957,441	353,848	5,389,094	5,550,890
Allowance for doubtful accounts				(361,138)	(344,037)
Total				5,027,956	5,206,854
Noncurrent					
Financing of consumers' debts	206,067	-	-	206,067	193,088
Energia livre	6,957	-	-	6,957	6,925
CCEE transactions	-	-	450,185	450,185	628,301
Total	213,024	-	450,185	663,209	828,314

Allowance for doubtful accounts

The allowance for doubtful debts is set up based on the expected credit loss, 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)	(101,104)	(213)	(101,317)
Revenue recovery	47,052	85	47,137
Write-off of accrued receivables	36,952	(85)	36,867
At March 31, 2021	(361,138)	(29,044)	(390,182)
Current	(361,138)	(29,044)	(390,182)

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	
	March 31, 2021	December 31, 2020
Current		
Prepayments of social contribution – CSLL	287	1,705
Prepayments of income tax - IRPJ	902	2,911
Income tax and social contribution to be offset	62,986	83,163
Income tax and social contribution to be offset	64,175	87,779
Withholding income tax - IRRF on interest on capital	1,414	1,414
Withholding income tax - IRRF	107,617	97,507
State VAT - ICMS to be offset	155,596	153,576
Social Integration Program - PIS	17,512	15,921
Contribution for Social Security Funding - COFINS	78,443	62,176
Others	7,542	6,672
Other taxes to be offset	368,124	337,266
Total current	432,298	425,045
Noncurrent		
Social contribution to be offset - CSLL	5,714	680
Income tax to be offset - IRPJ	57,147	34,735
Income tax and social contribution to be offset	62,860	35,415
State VAT - ICMS to be offset	212,976	208,066
Social Integration Program - PIS	417,243	28,561
Contribution for Social Security Funding - COFINS	1,918,451	128,152
Others	4,201	4,201
Other taxes to be offset	2,552,871	368,979
Total noncurrent	2,615,731	404,394

Exclusion of ICMS from PIS and COFINS calculation base

Some subsidiaries of CPFL Energia are parties to several pending legal proceedings involving the Federal Government related to the exclusion of ICMS amounts from the PIS and COFINS tax base, as well as the rights to receive refunds of other amounts previously paid.

On February 9, 2021, the subsidiary RGE had a final and unappealable decision rendered by the Federal Regional Court of the 4th Region, acknowledging the right to not include the ICMS amounts in the PIS and COFINS tax base, as well as to receive refund of the amounts previously paid (as from June 2002). As a result, the subsidiary recognized a tax credit of R\$ R\$ 2,188,288.

Concurrently, on February 10, 2021, ANEEL started Public Consultation No. 05, in order to obtain grounds for improving the proposal for refund of such credits to consumers, included in Technical Note No. 09/2021, where its initial positioning was that the consumer is the holder of all PIS and COFINS amounts refunded.

It is important to highlight that, based on the opinion of its legal counsel, the Company believes that 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, which would include a transfer to the consumer limited to the approximate amount of R\$ 1,418,944. This position was raised by its parent company CPFL Energia through a contribution presented in Public Consultation No. 05/2021, still in progress.

Considering the open Public Consultation, this quarter the company decided to record 100% of the amount in the group of Assets - Taxes Recoverable against a liability in the group of Liabilities - Other payables to the company RGE SUL, and reverse the amount of R\$ 36,224, previously recognized in profit (loss) for the first quarter of 2019 and updated to this date, of the company CPFL Santa Cruz.

Thus, the company's accounting decision 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.

Therefore, at March 31, 2021, CPFL Santa Cruz and RGE recognized an asset of R\$ 2,329,600 under "Taxes to be offset", against a liability of R\$ 2,339,350 under "Other payables - consumers" (note 24), of which R\$ 29,991 has already been offset by the subsidiary CPFL Santa Cruz. No other amounts have been recognized as the other subsidiaries await final decisions in their respective legal proceedings.

(9) SECTOR FINANCIAL ASSET AND LIABILITY

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

	Consolidated									
	At December 31, 2020			Operating revenue (note 27)		Financial income or expenses (note 30)	Homologation of the PIS / COFINS credit return	At March 31, 2021		
	Deferred	Approved	Total	Constitution	Through billing	Monetary adjustment		Deferred	Approved	Total
Parcel "A"	846,468	126,225	972,694	450,228	(128,601)	5,037	-	1,236,216	63,144	1,299,358
CVA (*)										
CDE (**)	(1,397)	95,905	94,508	163,510	(62,274)	1,108	-	157,059	39,793	196,852
Electric energy cost	(14,381)	(284,385)	(298,765)	(417,891)	111,570	(2,818)	-	(395,633)	(212,270)	(607,904)
ESS and EER (***)	217,177	(193,807)	23,370	161,499	123,570	(1,037)	-	386,922	(79,521)	307,401
Proinfra	(4,146)	(22,590)	(26,736)	24,199	11,188	(52)	-	18,866	(10,269)	8,598
Basic network charges	300,579	86,572	387,151	188,262	(58,265)	2,306	-	464,255	55,201	519,456
Pass-through from Itaipu	627,066	413,761	1,040,827	438,621	(258,841)	6,643	-	989,195	238,056	1,227,250
Transmission from Itaipu	42,186	15,307	57,493	19,120	(9,622)	318	-	59,281	8,028	67,309
Neutrality of sector charges	(141,768)	16,554	(125,214)	(66,845)	(6,134)	(297)	-	(211,387)	12,897	(198,490)
Overcontracting	(178,848)	(1,092)	(179,940)	(60,247)	20,208	(1,135)	-	(232,342)	11,229	(221,114)
Other financial components	(440,264)	(91,744)	(532,008)	(81,048)	11,860	(4,541)	(20,241)	(474,356)	(151,622)	(625,978)
Total	406,204	34,481	440,686	369,180	(116,741)	496	(20,241)	761,860	(88,478)	673,380
Current assets			558,884							898,077
Noncurrent assets			108,908							109,187
Current liabilities			(41,514)							(45)
Noncurrent liabilities			(185,592)							(333,839)

(*) 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	
	March 31, 2021	December 31, 2020
<u>Social contribution credit/(debit)</u>		
Tax losses carryforwards	192,204	196,979
Tax benefit of merged intangible	79,789	81,733
Temporarily nondeductible/taxable differences	(400,933)	(331,326)
Subtotal	(128,940)	(52,614)
<u>Income tax credit / (debit)</u>		
Tax losses carryforwards	534,222	550,159
Tax benefit of merged intangible	256,357	262,643
Temporarily nondeductible/taxable differences	(1,111,483)	(918,139)
Subtotal	(320,904)	(105,339)
<u>PIS and COFINS credit/(debit)</u>		
Temporarily nondeductible/taxable differences	(28,221)	(23,985)
Total	(478,065)	(181,938)
 Total tax credit	 332,278	 585,869
Total tax debit	(810,343)	(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			
	March 31, 2021		December 31, 2020	
	Social Contribution	Income tax	Social Contribution	Income tax
CPFL Paulista	30,838	85,661	31,994	88,873
CPFL Piratininga	7,851	26,943	8,110	27,832
RGE	41,100	133,952	41,629	136,137
CPFL Renováveis	-	9,800	-	9,800
Total	79,789	256,357	81,733	262,643

10.3 Accumulated balances on nondeductible temporary / taxable differences

	Consolidated					
	March 31, 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	43,311	120,309	-	42,961	119,337	-
Private pension fund	6,376	17,711	-	5,283	14,674	-
Allowance for doubtful accounts	35,476	98,545	-	33,927	94,241	-
Research and development and energy efficiency programs	24,431	67,863	-	23,990	66,638	-
Personnel-related provisions	8,872	24,646	-	7,066	19,629	-
Depreciation rate difference	3,303	9,174	-	3,477	9,657	-
Derivatives	(234,631)	(651,754)	-	(174,570)	(484,916)	-
Recognition of concession - adjustment of intangible asset	(4,309)	(11,969)	-	(4,521)	(12,558)	-
Recognition of concession - adjustment of financial asset	(229,849)	(638,471)	-	(206,554)	(579,845)	-
Actuarial losses	25,798	71,660	-	25,798	71,660	-
Fair value measurement - Derivatives	9,526	26,461	-	(12,634)	(35,094)	-
Fair value measurement - Debts	(17,043)	(47,342)	-	2,661	7,389	-
Other	(19,568)	(53,697)	(28,221)	(20,270)	(59,374)	(23,985)
Temporarily nondeductible differences - accumulated comprehensive income:						
Property, plant and equipment - adjustment of deemed cost	(41,556)	(115,434)	-	(40,438)	(112,327)	-
Actuarial losses	189,514	526,429	-	189,514	526,429	-
Fair value measurement - Derivatives	1,024	2,843	-	1,519	4,222	-
Fair value measurement - Debts	(5,834)	(16,205)	-	(8,164)	(22,678)	-
Temporarily nondeductible differences - business combination						
Deferred taxes - asset:						
Provision for tax, civil and labor risks	9,381	26,057	-	10,209	28,357	-
Fair value of property, plant and equipment (negative value added of assets)	16,669	46,301	-	16,965	47,125	-
Deferred taxes - liability:						
Value added derived from determination of deemed cost	(17,457)	(48,491)	-	(18,323)	(50,897)	-
Intangible asset - exploration right/authorization in indirect subsidiaries acquired	(200,588)	(555,625)	-	(205,445)	(559,317)	-
Other temporary differences	(3,778)	(10,494)	-	(3,778)	(10,494)	-
Total	(400,933)	(1,111,483)	(28,221)	(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 March 31, 2021 and 2020:

	Parent Company			
	1st quarter 2021		1st quarter 2020	
	Social Contribution	Income tax	Social Contribution	Income tax
Income before taxes	959,400	959,400	889,221	889,221
Adjustments to reflect effective rate:				
Equity in subsidiaries, associates and joint ventures	(964,958)	(964,958)	(899,415)	(899,415)
Amortization of intangible asset acquired	(3,382)	-	(3,382)	-
Other permanent additions (exclusions), net	1,676	2,638	6,150	9,589
Tax base	(7,264)	(2,920)	(7,426)	(605)
Statutory rate	9%	25%	9%	25%
Tax credit/(debit)	654	730	668	151
Tax credit adjustments	(3,791)	(10,658)	-	-
Total	(3,137)	(9,928)	668	151
Current	-	-	-	(100)
Deferred	(3,137)	(9,928)	668	251

	Consolidated			
	1st quarter 2021		1st quarter 2020	
	Social Contribution	Income tax	Social Contribution	Income tax
Profit before taxes	1,421,015	1,421,015	1,390,248	1,390,248
Reconciliation to reflect effective rate:				
Equity in subsidiaries, associates and joint ventures	(90,249)	(90,249)	(85,160)	(85,160)
Amortization of intangible asset acquired	12,178	15,689	12,162	15,689
Effect of presumed profit system	(115,818)	(133,553)	(78,281)	(95,070)
Adjustment of revenue from excess demand and excess reactive power	47,219	47,219	43,383	43,383
Other permanent additions (exclusions), net	65,933	63,747	71,892	76,754
Tax base	1,340,278	1,323,868	1,354,244	1,345,844
Statutory rate	9%	25%	9%	25%
Tax credit/(debit)	(120,625)	(330,967)	(121,882)	(336,461)
Tax credit adjustments	(2,182)	(5,650)	(8,000)	(19,581)
Provision for tax risks	(355)	-	(26)	(172)
Total	(123,161)	(336,617)	(129,908)	(356,214)
Current	(45,002)	(115,957)	(15,687)	(39,201)
Deferred	(78,159)	(220,660)	(114,221)	(317,013)

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

	Consolidated
At December 31, 2020	10,347,567
Current	10,347,567
Transfer - contract asset	291,657
Transfer - intangible asset	(1,745)
Fair value adjustment	265,165
Disposals	(22,572)
At March 31, 2021	10,880,072
Noncurrent	10,880,072

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 three-month period of 2021, the balance of write-offs of R\$ 22,572 (R\$ 9,752 in the three-month of 2020) refers to the write-off of the adjustment related to the asset in the amount of R\$ 6,331 (R\$ 3,672 in the three-month of 2020) and the write-off of the asset of R\$ 16,241 (R\$ 6,080 in the three-month of 2020).

(12) OTHER ASSETS

	Consolidated			
	Current		Noncurrent	
	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
Advances - Pension plan	8,274	8,621	6,797	6,797
Advances to suppliers	201,336	123,325	-	-
Pledges, funds and restricted deposits	564	1,592	16,754	13,994
Orders in progress	316,512	307,042	11,723	10,813
Services rendered to third parties	20,082	17,747	-	-
Energy pre-purchase agreements	-	-	6,176	7,751
Prepaid expenses	92,878	83,542	15,909	10,860
Receivables - CDE	180,952	142,403	-	-
Advances to employees	43,652	22,674	-	-
Others	187,719	205,709	148,202	121,924
(-) Allowance for doubtful debts (note 7)	(29,044)	(28,831)	-	-
Total	1,022,925	883,824	205,561	172,140

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\$ 34,124 (R\$ 26,663 at December 31, 2020), and (ii) other tariff discounts granted to consumers amounting to R\$ 146,828 (R\$ 115,740 at December 31, 2020).

(13) INVESTMENTS

	Parent Company		Consolidated	
	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
Equity method				
By equity method of the subsidiary (and joint venture)	12,560,689	11,594,504	1,097,410	1,007,016
Advances for future capital increases	1,092,000	1,092,000	-	-
Subtotal	13,652,689	12,686,504	1,097,410	1,007,016
Fair value of assets, net	474,598	490,146	8,757	8,902
Goodwill	6,054	6,054	-	-
Total	14,133,341	13,182,704	1,106,167	1,015,918

The advance balances for future capital increase refers to advances basically to the subsidiary CPFL Geração.

13.1 Equity interests – equity method

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

	March 31, 2021				March 31, 2021	December 31, 2020	1st quarter 2021	1st quarter 2020
Investment	Total assets	Issued capital	Equity	Profit or loss for the period	Share of equity of investees	Share of profit (loss) of investees		
CPFL Paulista	12,691,806	1,325,848	1,082,724	246,813	1,082,724	839,291	246,813	308,659
CPFL Piratininga	4,944,548	253,909	346,836	161,941	346,836	188,193	161,941	131,154
CPFL Santa Cruz	1,848,744	170,413	517,596	(11,813)	517,596	529,951	(11,813)	31,152
RGE	14,420,320	2,820,677	3,771,231	199,747	3,300,390	3,128,857	177,645	233,388
CPFL Geração	6,414,424	935,783	4,786,644	228,277	4,786,644	4,558,486	228,277	176,326
CPFL Renováveis	10,831,244	4,032,292	6,073,036	208,868	2,984,897	2,882,354	102,658	(14,745)
CPFL Jaguarí Geração	60,086	40,108	60,029	3,254	60,029	56,775	3,254	2,600
CPFL Brasil	1,283,375	3,000	131,666	42,550	131,666	89,871	42,550	32,312
CPFL Planalto	6,680	630	5,988	1,062	5,988	4,926	1,062	1,114
CPFL Serviços	344,823	150,929	187,483	4,304	187,483	183,179	4,304	115
CPFL Atende	26,716	5,991	15,866	3,655	15,866	12,211	3,655	2,704
CPFL Infra	13,771	38	1,419	821	1,419	598	821	(102)
CPFL Pessoas	12,508	811	7,942	2,760	7,942	5,183	2,760	2,468
CPFL Finanças	18,695	385	11,376	3,329	11,376	8,047	3,329	3,066
CPFL Supri	7,928	826	4,674	1,022	4,674	3,652	1,022	764
CPFL Total	49,787	9,005	38,586	7,756	-	-	-	7,183
CPFL Telecom	3,632	1,928	3,234	4	3,234	3,231	4	11
CPFL Centrais Geradoras	-	-	-	-	-	-	-	158
CPFL Eficiência	148,830	90,234	138,223	4,437	138,223	133,786	4,437	408
AUTHI	23,133	10	12,455	30	12,455	12,425	30	77
CPFL Alesta	53,355	38,126	53,247	7,756	53,247	45,490	7,756	-
Subtotal - by subsidiary's equity					13,652,689	12,686,504	980,505	918,812
Amortization of fair value adjustment of assets					-	-	(15,548)	(19,399)
Total					13,652,689	12,686,504	964,958	899,415
Investment					12,560,689	11,594,504		
Advances for future capital increases					1,092,000	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\$ 15,548 (R\$ 19,399 in the three-month period 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	Share of profit (loss) of investees	Other comprehensive income	Investment at March 31, 2021
CPFL Paulista	839,291	246,813	(3,380)	1,082,724
CPFL Piratininga	188,193	161,941	(3,297)	346,836
CPFL Santa Cruz	529,951	(11,813)	(543)	517,596
RGE	3,128,857	177,645	(6,113)	3,300,390
CPFL Geração	4,558,486	228,277	(119)	4,786,644
CPFL Renováveis	2,882,354	102,658	(115)	2,984,897
CPFL Jaguarí Geração	56,775	3,254	-	60,029
CPFL Brasil	89,871	42,550	(755)	131,666
CPFL Planalto	4,926	1,062	-	5,988
CPFL Serviços	183,179	4,304	-	187,483
CPFL Atende	12,211	3,655	-	15,866
CPFL Infra	598	821	-	1,419
CPFL Pessoas	5,183	2,760	-	7,942
CPFL Finanças	8,047	3,329	-	11,376
CPFL Supri	3,652	1,022	-	4,674
CPFL Telecom	3,231	4	-	3,234
CPFL Eficiência	133,786	4,437	-	138,223
AUTHI	12,425	30	-	12,455
CPFL Alesta	45,490	7,756	-	53,247
	12,686,504	980,505	(14,321)	13,652,689

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

	March 31, 2021	December 31, 2020	1st quarter 2021	1st quarter 2020
Investments in joint ventures	Share of equity		Share of profit (loss)	
Baesa	167,445	170,166	(2,721)	(307)
Enercan	323,339	279,064	44,275	34,571
Chapecoense	353,514	319,723	33,791	33,195
EPASA	253,112	238,062	15,049	17,845
Fair value adjustments of assets, net	8,757	8,902	(145)	(145)
	1,106,167	1,015,918	90,249	85,160

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

Subsidiary	Dividend		Interest on capital		Total	
	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
CPFL Paulista	142,692	142,692	88,151	88,151	230,843	230,843
CPFL Piratininga	320,186	320,186	28,191	28,191	348,377	348,377
CPFL Santa Cruz	3,337	3,337	19,206	19,206	22,543	22,543
RGE	145,362	145,362	-	-	145,362	145,362
CPFL Geração	205,120	205,120	87,820	87,820	292,940	292,940
Jaguari de Geração	-	11,042	-	-	-	11,042
CPFL Brasil	-	-	1,315	1,315	1,315	1,315
CPFL Serviços	6,852	6,852	-	-	6,852	6,852
CPFL Atende	-	-	580	580	580	580
CPFL Infra	4,000	4,000	-	-	4,000	4,000
AUTHI	10,000	10,000	-	-	10,000	10,000
CPFL Renováveis	92,509	92,509	-	-	92,509	92,509
CPFL Alesta	108	108	-	-	108	108
	930,166	941,208	225,261	225,263	1,155,427	1,166,469

The consolidated balance includes dividends and interest on capital receivable amounting to R\$ 80,467 at March 31, 2021 and R\$ 122,552 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	9,248	3,969	(931)	2,615	14,900
Dividends	-	(4,200)	-	-	(4,200)
Other movements	-	-	2	(27)	(25)
At March 31, 2021	116,733	37,676	66,816	89,451	310,676
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 March 31, 2021 and December 31, 2020 and the three-month period ended at March 31, 2021 and 2020, is as follows:

BALANCE SHEET

	March 31, 2021				December 31, 2020		
	CERAN	LUDESA	Other subsidiaries of CPFL Renováveis	Paulista Lajeado	CERAN	CPFL Renováveis	Paulista Lajeado
Current assets	79,691	9,372	187,921	23,050	48,362	1,470,489	26,472
Cash and cash equivalents	45,148	1,217	71,820	16,086	14,580	326,991	18,458
Noncurrent assets	743,859	87,408	384,039	143,262	755,415	10,798,816	151,258
Current liabilities	202,840	3,139	66,365	19,747	237,318	3,396,333	37,039
Borrowings and debentures	106,823	-	0	-	105,718	280,309	-
Intragroup loan	-	-	25,521	-	-	2,084,052	-
Other financial liabilities	14,224	429	5,209	230	13,560	36,969	297
Noncurrent liabilities	287,187	-	200,900	794	259,359	2,902,917	792
Borrowings and debentures	105,648	-	92,289	-	105,531	1,807,460	-
Other financial liabilities	118,748	-	-	-	112,055	-	-
Equity	333,523	93,641	304,696	145,772	307,100	5,970,055	139,899
Equity attributable to owners of the Company	333,523	93,641	304,697	145,772	307,100	5,864,403	139,899
Equity attributable to noncontrolling interests	-	-	-	-	-	105,653	-

PROFIT OR LOSS

	1st quarter 2021				1st quarter 2020		
	CERAN	LUDESA	Other subsidiaries of CPFL Renováveis	Paulista Lajeado	CERAN	CPFL Renováveis	Paulista Lajeado
Net operating revenue	79,217	12,274	13,802	12,343	81,379	384,542	10,682
Operational costs and expenses	(17,600)	(708)	(5,413)	(6,883)	(19,442)	(161,845)	(5,752)
Depreciation and amortization	(10,663)	(1,242)	(3,296)	(1)	(10,937)	(162,656)	(1)
Interest income	106	7	193	129	403	12,650	101
Interest expense	(10,941)	-	(427)	-	(8,331)	(78,014)	-
Income tax expense	(13,587)	(389)	(969)	(1,171)	(14,629)	(16,813)	(631)
Profit (loss) for the year	26,423	9,923	4,940	6,526	28,628	(29,482)	5,072
Attributable to owners of the Company	26,423	9,923	4,940	6,526	28,628	(31,532)	5,072
Attributable to noncontrolling interests	-	-	-	-	-	2,050	-

13.4.3 Joint ventures

The summarized financial information on joint ventures at March 31, 2021 and December 31, 2020 and the three-month periods ended at March 31, 2021 and 2020, is as follows:

BALANCE SHEET

	March 31, 2021				December 31, 2020			
	Enercan	Baesa	Chapecoense	Epasa	Enercan	Baesa	Chapecoense	Epasa
Current assets	292,809	99,295	291,100	358,723	265,347	88,780	265,109	349,437
Cash and cash equivalents	138,085	72,801	148,177	168,314	108,113	15,338	122,642	104,598
Noncurrent assets	1,021,158	1,049,170	2,289,687	343,753	1,036,903	1,062,369	2,328,892	382,076
Current liabilities	363,679	66,101	302,133	71,349	446,195	74,545	371,414	90,428
Borrowings and debentures	128,180	-	137,966	16,519	129,386	-	138,128	35,583
Other financial liabilities	7,288	35,760	80,222	982	5,577	36,057	79,396	1,281
Noncurrent liabilities	286,661	412,741	1,585,489	156,633	283,300	396,099	1,595,678	194,804
Borrowings and debentures	127,930	-	744,177	38,631	127,895	-	778,003	80,750
Other financial liabilities	32,064	342,521	816,000	-	30,081	321,057	789,590	-
Equity	663,627	669,623	693,165	474,494	572,756	680,505	626,909	446,282

PROFIT OR LOSS

	1st quarter 2021				1st quarter 2020			
	Enercan	Baesa	Chapecoense	Epasa	Enercan	Baesa	Chapecoense	Epasa
Net operating revenue	192,904	61,324	239,360	177,322	161,225	56,202	229,913	71,055
Operational costs and expenses	(38,930)	(35,020)	(56,774)	(118,767)	(36,232)	(30,547)	(57,434)	(18,781)
Depreciation and amortization	(12,432)	(12,698)	(23,223)	(22,649)	(12,422)	(12,675)	(31,294)	(8,701)
Interest income	514	268	866	626	814	373	2,686	1,319
Interest expense	(4,152)	(30,033)	(60,963)	(1,951)	(5,599)	(14,400)	(45,463)	(2,859)
Income tax expense	(46,812)	5,335	(33,080)	(6,305)	(36,471)	(226)	(33,506)	(8,434)
Profit (loss) for the period	90,871	(10,881)	66,256	28,212	70,955	(1,227)	65,089	33,453
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 ventures 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	-	-	-	-	-	-	58,670	58,670
Disposals	-	-	(11,318)	(2,139)	(635)	-	(5,179)	(19,271)
Transfers	-	180	1,078	4,612	5,943	799	(12,611)	-
Depreciation	(1,172)	(13,602)	(13,154)	(108,721)	(3,757)	(230)	-	(140,636)
Write-off of depreciation	-	-	6,382	1,900	566	-	-	8,847
At March 31, 2021	162,533	1,248,297	911,166	5,792,534	55,217	7,965	527,802	8,705,514
Historical cost	223,864	2,244,323	1,640,513	10,059,592	129,073	25,308	527,802	14,850,473
Accumulated depreciation	(61,331)	(996,025)	(729,347)	(4,267,058)	(73,856)	(17,343)	-	(6,144,958)
Average depreciation rate	3.86%	2.12%	3.19%	4.31%	14.53%	5.92%		

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\$ 466,179 (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\$ 160,846 (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	605,537	38,243	643,780
Transfer - intangible assets in service	(183,350)	-	(183,350)
Transfer - financial assets	(291,657)	-	(291,657)
Monetary adjustment	-	13,461	13,461
Cash inputs - RAP	-	(6,097)	(6,097)
At March 31, 2021	1,569,163	474,712	2,043,875
Current	-	25,100	25,100
Noncurrent	1,569,163	449,611	2,018,774

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

	Consolidated				
	Concession right				Total
	Acquired in business combinations	Distribution infrastructure - operational	Public utilities/ Concession asset	Other intangible assets	
At December 31, 2020	6,115	3,182,597	5,605,725	76,809	8,969,637
Historical cost	6,152	7,495,458	13,508,846	91,003	21,375,646
Accumulated amortization	(37)	(4,312,861)	(7,903,120)	(14,194)	(12,406,009)
Additions	-	-	-	6,961	6,961
Amortization	-	(72,161)	(208,385)	(355)	(285,023)
Transfer - contract assets	-	-	183,144	206	183,350
Transfer - financial asset	-	-	1,745	-	1,745
Disposal and transfer - other assets	-	(454)	(17,843)	(451)	(18,749)
At March 31, 2021	6,115	3,109,982	5,564,386	76,454	8,857,921
Historical cost	6,152	7,495,458	13,675,891	91,003	21,545,021
Accumulated amortization	(37)	(4,385,476)	(8,111,505)	(14,549)	(12,687,100)

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.

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			Annual amortization rate	
	March 31, 2021		December 31, 2020		
	Historic cost	Accumulated amortization	Net value	2021	2020
Intangible asset - acquired in business combinations					
Intangible asset acquired and not merged					
CPFL Paulista	304,861	(239,455)	65,406	67,902	3.28%
CPFL Piratininga	39,065	(29,247)	9,817	10,141	3.31%
RGE	3,768	(2,589)	1,179	1,223	4.67%
CPFL Geração	54,555	(41,485)	13,070	13,531	3.38%
Jaguari Geração	7,896	(4,728)	3,168	3,236	3.41%
CPFL Renováveis	3,653,906	(1,422,765)	2,231,143	2,271,452	4.41%
Subtotal	4,064,052	(1,740,270)	2,323,784	2,367,486	
Intangible asset acquired and merged					
RGE	1,433,007	(1,088,338)	344,669	357,683	3.63%
CPFL Renováveis (CPFL Geração on December 31,2019)	426,450	(355,854)	70,595	73,087	2.34%
Subtotal	1,859,457	(1,444,193)	415,263	430,769	
Intangible asset acquired and merged – reassembled					
CPFL Paulista	1,074,026	(859,330)	214,696	222,747	3.00%
CPFL Piratininga	115,762	(86,670)	29,091	30,050	3.31%
Jaguari Geração	15,275	(9,871)	5,403	5,518	3.01%
RGE	366,887	(245,141)	121,746	126,025	4.67%
Subtotal	1,571,949	(1,201,014)	370,936	384,340	
Total	7,495,458	(4,385,476)	3,109,982	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	
	March 31, 2021	December 31, 2020
Current		
System service charges	193,339	275,379
Energy purchased	1,874,258	2,571,296
Electricity network usage charges	375,743	336,451
Materials and services	507,210	558,390
Free market energy	168,817	168,001
Total	3,119,367	3,909,517
Noncurrent		
Energy purchased	337,421	431,038
Materials and services	12,135	25,621
Total	349,557	456,658

(18) BORROWINGS

The movement in borrowings are as follows:

Category	Consolidated						At March 31, 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	-	(891)	61	-	(62)	7,799
Post fixed							
TJLP	476,405	-	(14,272)	7,170	-	(7,240)	462,064
IPCA	2,791,276	173,910	(56,269)	100,024	-	(29,803)	2,979,139
CDI	129,843	-	(22,100)	580	-	(839)	107,484
IGP-M	38,922	-	(3,742)	3,224	-	(819)	37,585
Subtotal	3,445,137	173,910	(97,273)	111,059	-	(38,763)	3,594,070
Measured at fair value							
Pre fixed	-	340,000	-	930	-	-	340,930
Fair value measurement	-	-	-	(14,607)	-	-	(14,607)
Subtotal	-	340,000	-	(13,676)	-	-	326,324
Total at local currency	3,445,137	513,910	(97,273)	97,383	-	(38,763)	3,920,392
Borrowing costs (*)	(49,894)	-	-	1,913	-	-	(47,981)
Foreign currency							
Measured at fair value							
Dollar	5,072,184	-	(132,197)	38,220	544,696	(41,113)	5,481,791
Euro	3,053,302	-	-	5,287	174,785	(5,278)	3,228,095
Fair value measurement	(98,695)	-	-	(164,710)	-	-	(263,405)
Total at foreign currency	8,026,792	-	(132,197)	(121,205)	719,481	(46,391)	8,446,481
Total	11,422,035	513,910	(229,470)	(21,911)	719,481	(85,153)	12,318,892
Current	2,797,195						3,855,493
Noncurrent	8,624,840						8,463,399

(*) 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 borrowings are as follows:

Category	Consolidated			Maturity range	Collateral
	Annual interest	March 31, 2021	December 31, 2020		
Measured at cost - Local currency					
Pre fixed					
FINAME	Fixed rate from 2.5% to 10%	(a) 7.799	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) 460.488	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%	1.575	2.117	2017 to 2022	Bank guarantee
		462.064	476.405		
IPCA	IPCA + 4.27% to 4.80%	2.804.855	2.791.276	2020 to 2040	CPFL Energia guarantee and receivables
FINEM					
BNB	IPCA + from 1.06 to 2.08%	174.283	-	2020	Bank guarantee
		2.979.138	2.791.276		
CDI					
Bank loans	(i) 105% of CDI (ii) CDI - 1.25% a + 1.90%	(c) 107.484	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%	37.585	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		3.594.069	3.445.137		
Measured at fair value - Local currency					
Pre fixed					
Bank loans (Law 4,131)	Pre fixed de 6.1574%	340.930	-	2024	CPFL Energia guarantee and Promissory notes
		(14.607)	-		
Fair value measurement					
Subtotal		326.324	-		
Total - Local currency					
		3.920.393	3.445.137		
Borrowing costs (*)					
		(47.982)	(49.894)		
Measured at fair value - Foreign Currency					
Dollar					
Bank loans (Law 4,131)	US\$ + Libor 3 months + de 0.87% a 1.41%	807.845	728.348	2019 to 2025	CPFL Energia guarantee and Promissory notes
Bank loans (Law 4,131)	US\$ + de 1.83% to 4.32%	4.673.946	4.343.836	2018 to 2025	CPFL Energia guarantee and Promissory notes
		5.481.791	5.072.184		
Euro					
Bank loans (Law 4,131)	Euro + de 0.43% to 0.82%	3.228.095	3.053.302	2021 to 2025	CPFL Energia guarantee and Promissory notes
Fair value measurement					
		(263.405)	(98.695)		
Total in foreign currency					
		8.446.481	8.026.792		
Total					
		12.318.892	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 March 31, 2021, the unrealized accumulated gains obtained from the fair value measurement of these debts were R\$ 263,405 (R\$ 98,695 at December 31, 2020) plus the unrealized losses obtained from the fair value measurement of derivative financial instruments of R\$ 174,039 (gains of R\$ 45,046 at December 31, 2020), contracted as a hedge against exchange rate variation (note 34), generated total net unrealized gain of R\$ 89,365 (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 April 1st, 2022	446,164
2023	2,819,565
2024	1,492,914
2025	2,025,931
2026	354,992
2027 to 2031	1,335,067
2032 to 2036	104,447
2037 to 2041	79,527
2042 to 2046	14,674
Subtotal	8,673,281
Fair value measurement	(209,882)
Total	8,463,399

Borrowings raised in the period:

Category Subsidiary	Released (R\$ thousand)			Interest payment	Repayment	Utilization	Annual rate	Effective annual rate
	Total approved	Released in 2020	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	37,500	37,500	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%	CDI + 0.69%
	585,057	513,910	513,910					

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 adjusted 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 March 31, 2021, all covenants, financial and non-financial clauses are properly complied, in the opinion of the Group's Management.

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

(19) DEBENTURES

The movement in debentures are as follows:

	Consolidated				
Category	At December 31, 2020	Repayment	Interest, monetary adjustment and fair value measurement	Interest paid	At March 31, 2021
Measured at cost - Post fixed					
Post fixed					
CDI	5,600,262	(289,672)	28,136	(7,933)	5,330,794
IPCA	1,379,121	-	49,638	(31,967)	1,396,792
Total at cost	6,979,384	(289,672)	77,774	(39,899)	6,727,586
Borrowing costs (*)	(26,355)	-	1,816	-	(24,540)
Measured at fair value - Post fixed					
IPCA	464,414	-	17,454	(13,022)	468,844
Fair value measurement	30,860	-	(11,552)	-	19,308
Total at fair value	495,274	-	5,902	(13,022)	488,153
Total	7,448,303	(289,672)	85,489	(52,921)	7,191,198
Current	1,191,270				1,157,982
Noncurrent	6,257,032				6,033,216

The detail on debentures are as follows :

Category	Annual Interest		Consolidated		Maturity range	Collateral
			March 31, 2021	December 31, 2020		
Measured at cost - Post fixed						
CDI	(i) From 103.6% to 109.75% of CDI	(a)	4,486,394	4,760,146	2018 to 2025	CPFL Energia guarantee
	(ii) CDI + 0.75% to 0.83%					
	From 104.75% to 110% do CDI	(a)	844,400	840,117	2020 to 2023	No guarantee
IPCA	IPCA + from 4.42% to 5.8%	(b)	1,396,792	1,379,121	2021 to 2027	CPFL Energia guarantee
			6,727,586	6,979,384		
Borrowing costs (*)			(24,540)	(26,355)		
Measured at fair value - Post fixed						
IPCA	IPCA + 5.80%	(b)	468,844	464,413	2024 to 2025	CPFL Energia guarantee
Fair value measurement			19,308	30,860		
Total			7,191,198	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% a 0.89%

(b) IPCA + 4.84% a 6.31%

(*) 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 March 31, 2021, the accumulated unrealized losses obtained from the fair value measurement of such debentures amounted to R\$ 19,308 (R\$ 30,860 at December 31, 2020) which, reduced to the unrealized gains obtained from the fair value measurement of the derivative instruments of R\$ 45,750 (R\$ 73,339 at December 31, 2020), undertaken to hedge the interest rate changes (note 34), generated a total net unrealized gain of R\$ 26,422 (R\$ 42,478 at December 31, 2020).

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

Maturity	Consolidated
From April 1st, 2022	1,397,463
2023	2,221,605
2024	1,920,402
2025	375,767
2026	49,059
2027 to 2031	49,611
Subtotal	6,013,908
Fair value measurement	19,308
Total	6,033,216

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.

The Group's management monitors these ratios on a systematic and constant basis, so that all conditions are met. As of March 31, 2021, all covenants, financial and non-financial clauses are properly complied, in the opinion of the Group's Management.

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

(20) PRIVATE PENSION PLAN

The subsidiaries sponsor supplementary retirement and pension plans for their employees, the characteristics of which are described in note 20 to the financial statements for the year ended December 31, 2020.

Movements in the defined benefit plans

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

	CPFL Paulista	CPFL Piratininga	CPFL Renováveis	RGE		Total
				Plan 1	Plan 2	
Net actuarial liability at December 31, 2020	2,158,594	563,509	52,421	-	176,444	2,950,968
Expenses (income) recognized in the statement of profit or loss	40,012	12,495	646	(385)	3,609	56,738
Sponsors' contributions transferred during the year	(71,683)	(23,117)	(1,118)	(488)	(500)	(97,267)
Effect of asset ceiling	-	-	-	873	-	873
Net actuarial liability at March 31, 2021	2,126,923	552,887	51,949	-	179,553	2,911,312
Other contributions						8,626
Total liability						2,919,938
Current						312,534
Noncurrent						2,607,404

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

	1st quarter 2021 actual					
	CPFL Paulista	CPFL Piratininga	CPFL Renováveis	RGE		Total
				Plan 1	Plan 2	
Service cost	419	2,331	37	(292)	286	2,781
Interest on actuarial obligations	132,545	38,306	2,894	8,437	12,521	194,703
Expected return on plan assets	(92,952)	(28,142)	(2,285)	(8,745)	(9,198)	(141,322)
Effect of asset ceiling	-	-	-	216	-	216
Total expense (income)	40,012	12,495	646	(385)	3,609	56,377

	1st quarter 2020 actual					
	CPFL Paulista	CPFL Piratininga	CPFL Renováveis	RGE		Total
				Plan 1	Plan 2	
Service cost	383	2,284	31	(77)	561	3,182
Interest on actuarial obligations	110,446	32,007	2,729	8,359	12,298	165,838
Expected return on plan assets	(80,982)	(24,597)	(1,891)	(8,471)	(9,068)	(125,009)
Effect of asset ceiling	1,390	-	-	38	-	1,428
Total expense (income)	31,237	9,694	869	(151)	3,791	45,439

Actuarial assumptions

The main assumptions considered in the actuarial calculations as of the balance sheet date were:

	CPFL Paulista, CPFL Renováveis and CPFL Piratininga		RGE (Plans 1 and 2)	
	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
Nominal discount rate for actuarial liabilities:	7,72% p.a.	7,72% p.a.	7,72% p.a.	7,72% p.a.
Nominal return rate on plan assets:	7,72% p.a.	7,72% p.a.	7,72% p.a.	7,72% p.a.
Estimated rate of nominal salary increase:	5,31% p.a.(*)	5,31% p.a.(*)	5,48% p.a.(**)	5,48% p.a.(**)
Estimated rate of nominal benefits increase:	3,75% p.a.	3,75% p.a.	3,75% p.a.	3,75% p.a.
Estimated long-term inflation rate (basis for the nominal rates above)	3,75% p.a.	3,75% p.a.	3,75% p.a.	3,75% 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 filiation and 35 years of service time for men and 30 years of service time for women	After 15 years of filiation and 35 years of service time for men and 30 years of service time for women	100% when a beneficiary first becomes eligible for a full benefit	100% when a beneficiary first becomes eligible for a full benefit

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

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

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	
	March 31, 2021	December 31, 2020
Financial compensation for the use of water resources - CFURH	1,237	848
Global reversal reserve - RGR	17,313	17,258
ANEEL inspection fee - TFSEE	7,499	7,560
Energy development account - CDE	3,151	1,393
Tariff flags and others	96,835	81,312
Total	126,036	108,371

(22) TAXES, FEES AND CONTRIBUTIONS

	Consolidated	
	March 31, 2021	December 31, 2020
Current		
IRPJ (corporate income tax)	44,237	52,333
CSLL (social contribution on net income)	17,670	39,137
Income tax and social contribution	61,907	91,470
ICMS (State VAT)	571,763	568,598
PIS (tax on revenue)	35,072	36,229
COFINS (tax on revenue)	165,728	164,705
Income tax withholding on interest on capital	-	24,176
Other taxes	59,886	80,044
Other taxes	832,449	873,752
Total current	894,356	965,222
Noncurrent		
Prepayments of income tax - IRPJ	162,343	161,970
CSLL (social contribution on net income)	4,302	3,929
Income tax and social contribution	166,645	165,900
ICMS (State VAT)	847	839
Other taxes	847	839
Total noncurrent	167,492	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 which the effect of potential contingencies is disclosed in note 23 – Provisions for tax, civil and labor risks and escrow deposits.

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

	Consolidated			
	March 31, 2021		December 31, 2020	
	Provision for tax, civil and labor risks	Escrow deposits	Provision for tax, civil and labor risks	Escrow deposits
Labor	221,882	89,498	219,113	91,156
Civil	277,766	68,492	284,766	72,274
Tax				
Income Tax and tax contribution	-	426,916	89	425,528
Others	41,538	185,242	44,836	175,718
	41,538	612,159	44,924	601,246
Others	67,419	83	67,332	83
Total	608,606	770,232	616,136	764,760

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

	Consolidated					At March 31, 2021
	At December 31, 2020	Additions	Reversals	Payments	Monetary adjustment	
Labor	219,113	10,696	(5,632)	(7,503)	5,208	221,882
Civil	284,766	17,987	(15,092)	(22,182)	12,286	277,766
Tax	44,924	796	(89)	(4,419)	329	41,538
Others	67,332	-	-	-	87	67,419
Total	616,136	29,480	(20,814)	(34,105)	17,910	608,606

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 March 31, 2021 and December 31, 2020 were as follows:

	Consolidated		
	March 31, 2021	December 31, 2020	
Labor	656,470	609,335	Work accidents, risk premium for dangerousness at workplace and overtime
Civil	2,391,448	2,139,333	Compensation claims, electrical damages, overfed tariffs, review of contracts and charges for occupation of the right-of-way.
Tax	4,805,449	4,774,906	Income tax and social contribution
Tax - others	2,385,677	2,345,775	INSS, ICMS, FINSOCIAL, PIS and COFINS
Regulatory	132,182	100,358	Technical, commercial and economic-financial supervisions
Total	10,371,225	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 1,498,032, with escrow deposits in the amount of R\$ 22,990 and financial guarantees (insurance and letters of guarantee) in the total amount of R\$ 1,845,108, 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\$ 255,696 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 the initial stage of processing at the Supreme Federal Court (STF). Additionally, the subsidiary has an extraordinary appeal in the initial stage at the Federal Supreme Court (STF). Consequently, based on the current stage of the appeal, both at the STJ and at the STF, and based on the opinion of its legal advisors, the subsidiary remains confident in the legal grounds consubstantiating the appeal and will continue to defend its arguments before the judiciary branch, assessing the chances of loss as not probable, there is a new opportunity for the analysis of the case at the Federal Supreme Court (STF), with a constitutional approach with solid bases, indicating possible success in the extraordinary appeals, and will continue to try to avoid possible cash outflows should it be required to replace existing judicial guarantees with cash deposits.

Labor:

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	
	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
Consumers and concessionaires	181,852	199,833	2,398,035	177,693
Energy efficiency program - PEE	368,631	375,746	21,279	911
Research & Development - P&D	191,543	216,021	57,349	26,075
EPE / FNDCT / PROCEL (*)	41,880	35,112	-	-
Reversion fund	1,666	1,712	10,476	10,904
Advances	487,718	507,167	42,466	44,026
Tariff discounts - CDE	31,385	60,023	-	-
Payroll	14,899	19,128	-	-
Profit sharing	123,350	111,788	26,836	26,836
Collection agreements	103,093	102,954	-	-
Business acquisition	10,446	9,838	-	-
Others	60,458	70,036	64,160	47,071
Total	1,616,921	1,709,358	2,620,601	333,516

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

Consumers and concessionaires: refer to liabilities with consumers in connection with overpayments and adjustments of billing to be offset or returned. In noncurrent, this refers mainly to the transfer of PIS and COFINS to consumers (Note 8) and to spot market electricity (CCEE) related to ANEEL Order No. 288.

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.

(25) EQUITY

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

Shareholders	Number of shares			
	March 31, 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%
Members of the Board of Directors	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

Earnings per share – basic and diluted

The calculation of the basic and diluted earnings per share for the quarters and three months periods ended at March 31, 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:

	1st quarter 2021	1st quarter 2020
Numerator		
Profit attributable to controlling shareholders	946,336	890,041
Denominator		
Weighted average number of shares held by shareholders	1,152,254,440	1,152,254,440
Earnings per share	0.82	0.77

(27) NET OPERATING REVENUE

	Number of consumers		Consolidated GWh		R\$ thousand	
	1st quarter 2021	1st quarter 2020	1st quarter 2021	1st quarter 2020	1st quarter 2021	1st quarter 2020
Revenue from Electric Energy Operations						
Consumer class						
Residential	8,985,066	8,766,720	5,697	5,444	4,566,001	4,042,130
Industrial	53,339	56,564	2,604	3,027	1,109,645	1,170,674
Commercial	519,238	528,841	2,658	2,837	1,699,784	1,718,790
Rural	361,447	364,626	927	960	472,506	422,016
Public administration	63,361	62,144	320	362	222,033	231,646
Public lighting	10,154	11,892	497	506	213,783	202,597
Public services	10,863	10,589	536	568	315,234	302,041
Billed	10,003,468	9,801,376	13,239	13,705	8,598,986	8,089,894
Own consumption	-	-	9	10	-	-
Unbilled (net)	-	-	-	-	18,124	60,580
(-) Reclassification to Network Usage Charge - TUSD - Captive Consumers	-	-	-	-	(3,826,251)	(3,505,637)
Electricity sales to final consumers	10,003,468	9,801,376	13,248	13,714	4,790,859	4,644,837
Furnas Centrais Elétricas S.A.			709	717	155,287	147,008
Other concessionaires and licensees			1,255	2,731	705,288	684,034
(-) Reclassification to Network Usage Charge - TUSD - Captive Consumers			-	-	(36,741)	(33,310)
Spot market energy			2,820	1,761	203,664	296,454
Electricity sales to wholesalers			4,784	5,209	1,027,498	1,094,186
Revenue due to Network Usage Charge - TUSD - Captive Consumers					3,862,991	3,538,948
Revenue due to Network Usage Charge - TUSD - Free Consumers					1,148,167	928,151
(-) Compensation paid for failure to comply with the limits of continuity					(38,008)	(32,301)
Revenue from construction of concession infrastructure					622,535	495,804
Sector financial asset and liability (Note 9)					252,439	(463,343)
Concession financial asset - fair value adjustment (Note 11)					258,834	138,572
Energy development account - CDE - Low-income, Tariff discounts - judicial injunctions ,and other tariff discounts					382,535	375,501
Other revenues and income					176,535	158,374
Other operating revenues					6,666,028	5,139,706
Total gross operating revenue					12,484,386	10,878,728
Deductions from operating revenues						
ICMS					(1,971,659)	(1,807,580)
PIS					(192,857)	(165,391)
COFINS					(886,808)	(761,828)
ISS					(6,198)	(5,052)
Energy development account - CDE					(1,011,771)	(940,748)
Research and development and energy efficiency programs					(63,877)	(56,085)
PROINFA					(43,961)	(47,027)
Tariff flags and others					(6,981)	198,046
Financial compensation for the use of water resources - CFURH					(2,165)	(1,336)
Other					(9,983)	(9,461)
					(4,196,261)	(3,596,461)
Net operating revenue					8,288,125	7,282,267

In the first quarter of 2021, of the total amount of R\$ 176,535 (R\$ 158,374 in the first quarter of 2020) presented under the heading of other revenues and income, there is R\$ 13,454 (R\$ 8,632 in the first quarter of 2020) referring to the remuneration of the contractual assets of the transmission companies.

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	(b)	17.62%	8.95%	14.90%	6.05%
CPFL Piratininga	October	(c)	(c)	(c)	18.31%	9.82%
RGE	June	(c)	(c)	(c)	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) As described in note 36.2 in April 2020, there was the RTA for the subsidiary CPFL Paulista;
- (c) The adjustments for 2021 have not yet occurred

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

In the three months period of 2021, revenue of R\$ 382,535 was recognized (R\$ 375,501 in the three months period of 2020), considering (i) R\$ 41,403 for low-income subsidy (R\$ 30,245 in the three months period of 2020), (ii) R\$ 318,642 for other tariff discounts (R\$ 317,236 in the three months period of 2020), and (iii) R\$ 22,490 for tariff discounts – CCRBT injunctions and subsidy (R\$ 28,021 in the three months period of 2020). These items were recognized against other assets in the line item Receivables – CDE (note 11) 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.

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			
	GWh		R\$ thousand	
	1st quarter 2021	1st quarter 2020	1st quarter 2021	1st quarter 2020
<u>Electricity Purchased for Resale</u>				
Itaipu Binacional	2,587	2,721	972,067	910,022
PROINFA	222	252	96,594	69,102
Energy purchased through auction in the regulated market, bilateral contracts and spot market	14,964	16,446	3,076,867	3,082,591
PIS and COFINS credit	-	-	(362,556)	(357,763)
Subtotal	17,774	19,419	3,782,971	3,703,952
<u>Electricity network usage charge</u>				
Basic network charges			780,442	562,660
Transmission from Itaipu			82,652	69,775
Connection charges			47,832	40,421
Charges for use of the distribution system			15,359	10,656
System service charges - ESS net of CONER pass through (*)			353,366	17,608
PIS and COFINS credit			(120,483)	(63,654)
Subtotal			1,194,315	637,466
Total			4,977,287	4,341,419

(*) Energy reserve account.

(29) OTHER OPERATING COSTS AND EXPENSES

	Consolidated											
	Operating Expenses											
	Cost of operation		Cost of Services Rendered to Third Parties		General and administrative expenses							
					Selling expenses		General and administrative expenses		Other operating expenses		Total	
	1st quarter 2021	1st quarter 2020	1st quarter 2021	1st quarter 2020	1st quarter 2021	1st quarter 2020	1st quarter 2021	1st quarter 2020	1st quarter 2021	1st quarter 2020	1st quarter 2021	1st quarter 2020
Personnel	245,136	227,138	-	-	39,022	41,617	78,804	85,379	-	-	362,962	354,134
Private Pension Plans	56,337	45,440	-	-	-	-	-	-	-	-	56,337	45,440
Materials	71,361	62,949	325	265	1,953	3,468	(442)	7,426	-	-	73,197	74,108
Third party services	36,961	62,435	745	821	41,255	44,665	67,919	62,865	-	-	146,880	170,786
Costs of infrastructure construction	-	-	618,998	495,091	-	-	-	-	-	-	618,998	495,091
Others	27,087	19,450	19	(1)	23,544	24,875	32,900	50,807	39,111	37,405	122,661	132,536
Collection fees	-	-	-	-	23,322	24,486	-	-	-	-	23,322	24,486
Leases and rentals	16,407	12,696	-	-	-	-	3,421	5,787	-	-	19,828	18,483
Publicity and advertising	-	-	-	-	-	-	2,950	3,328	-	-	2,950	3,328
Legal, judicial and indemnities	-	-	-	-	-	-	23,487	37,510	-	-	23,487	37,510
Donations, contributions and subsidies	-	39	-	-	-	-	896	994	-	-	896	1,033
Gain (loss) on disposal, retirement and other noncurrent assets	-	-	-	-	-	-	-	-	36,818	35,034	36,818	35,034
Others	10,680	6,715	19	(1)	222	389	2,146	3,188	2,293	2,371	15,360	12,662
Total	436,883	417,411	620,087	496,177	105,774	114,626	179,183	206,478	39,112	37,405	1,381,035	1,272,097

(30) FINANCIAL INCOME (COSTS)

	Consolidated	
	2021	2020
	1st quarter	1st quarter
Financial income		
Income from financial investments	21,681	36,042
Late payment interest and fines	82,326	80,579
Adjustment for inflation of tax credits	5,795	4,217
Adjustment for inflation of escrow deposits	3,024	5,617
Adjustment for inflation and exchange rate changes	62,741	275,169
Discount on purchase of ICMS credit	2,905	3,563
Adjustments to the sector financial asset (note 9)	3,247	7,737
PIS and COFINS on other financial income	(10,924)	(9,168)
Other	54,339	34,536
Total	225,134	438,292
Financial expenses		
Interest on debts	(146,787)	(229,526)
Adjustment for inflation and exchange rate changes	(145,196)	(52,281)
(-) Capitalized interest	7,641	5,862
Adjustments to the sector financial liability (note 9)	(2,750)	(141)
Use of public asset	(9,837)	(4,845)
Other	(49,250)	(36,353)
Total	(346,178)	(317,285)
Financial income (expenses), net	(121,044)	121,007

In line item of monetary adjustment and exchange rate changes, the expense includes the net effects of gains of R\$ 504,748 in the three-month period of 2021 (R\$ 1,934,102 in the three months period of 2020) on derivative instruments (note 34).

(31) SEGMENT INFORMATION

	Distribution	Generation	Commercialization	Services	Subtotal	Other (*)	Elimination	Total
1st quarter 2021								
Net operating revenue	7,091,088	579,802	586,068	31,155	8,288,114	11	-	8,288,125
(-) Intersegment revenues	2,146	221,751	6,179	167,524	397,600	-	(397,600)	-
Cost of electric energy	(4,542,175)	(102,314)	(564,976)	-	(5,209,466)	-	232,179	(4,977,287)
Operating costs and expenses	(1,289,528)	(139,997)	(10,110)	(153,519)	(1,593,154)	(7,485)	165,421	(1,435,220)
Depreciation and amortization	(222,182)	(177,295)	(942)	(7,608)	(408,027)	(15,784)	-	(423,810)
Income from electric energy service	1,039,348	381,947	16,219	37,552	1,475,066	(23,257)	-	1,451,809
Equity interests in subsidiaries, associates and joint ventures	-	90,249	-	-	90,249	-	-	90,249
Financial income	172,139	30,697	22,443	846	226,125	4,118	(5,108)	225,134
Financial expenses	(260,490)	(81,927)	(6,159)	(618)	(349,194)	(2,092)	5,108	(346,178)
Profit (loss) before taxes	950,997	420,967	32,504	37,779	1,442,247	(21,232)	-	1,421,015
Income tax and social contribution	(354,309)	(71,877)	(10,862)	(9,665)	(446,712)	(13,066)	-	(459,778)
Profit (loss) for the period	596,688	349,090	21,641	28,114	995,534	(34,298)	-	961,237
Purchases of contract asset PP&E and intangible assets	596,818	82,089	2,711	13,713	695,332	295	-	695,627
1st quarter 2020								
Net operating revenue	6,099,983	435,017	717,621	33,628	7,286,249	(3,983)	-	7,282,267
(-) Intersegment revenues	2,519	249,470	197	118,456	370,642	-	(370,642)	-
Cost of electric energy	(3,788,024)	(101,305)	(706,866)	-	(4,596,195)	-	254,776	(4,341,419)
Operating costs and expenses	(1,177,675)	(122,723)	(10,529)	(123,701)	(1,434,628)	(11,180)	115,866	(1,329,941)
Depreciation and amortization	(210,886)	(192,420)	(895)	(6,850)	(411,051)	(15,776)	-	(426,826)
Income from electric energy service	925,917	268,040	(472)	21,533	1,215,017	(30,936)	-	1,184,081
Equity interests in subsidiaries, associates and joint ventures	-	85,160	-	-	85,160	-	-	85,160
Financial income	387,632	39,252	9,654	1,287	437,825	5,093	(4,626)	438,292
Financial expenses	(181,629)	(139,090)	(578)	(599)	(321,895)	(15)	4,626	(317,285)
Profit (loss) before taxes	1,131,920	253,361	8,605	22,221	1,416,107	(25,860)	-	1,390,248
Income tax and social contribution	(403,616)	(74,936)	(2,850)	(5,539)	(486,940)	817	-	(486,123)
Profit (loss) for the period	728,305	178,425	5,755	16,682	929,167	(25,042)	-	904,126
Purchases of contract asset PP&E and intangible assets	453,978	38,389	6,343	17,329	516,039	247	-	516,287

(*) Other – 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 three-month period of 2021, in accordance with CVM Decision 642/2010 and CPC 05(R1), was R\$ 22,318 (R\$ 20,793 in the three-month period of 2020). This amount comprises R\$ 21,893 related to short-term benefits (R\$ 20,210 in the three months period of 2020) and R\$ 425 (R\$ 583 in the three months period of 2020) of post-employment benefits

The balance of the parent company loan asset in 2021, in the amount of R \$ 474,667, 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\$ 2,423,984 (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	
	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020	1st quarter 2021	1st quarter 2020	1st quarter 2021	1st quarter 2020
Energy purchase and sales, and charges								
Entities under common control (State Grid Corporation of China subsidiaries)	-	-	-	-	7	-	93,311	67,836
BAESA – Energética Barra Grande S.A.	(0)	-	4,409	16,785	3	4	15,460	15,910
Foz do Chapecó Energia S.A.	-	1,745	47,843	47,822	4	5,129	138,064	127,594
ENERCAN - Campos Novos Energia S.A.	1,270	1,226	69,660	72,021	3,691	3,119	106,260	92,984
EPASA - Centrais Elétricas da Paraíba	-	-	8,844	20,994	1	1	37,160	14,308
Intangible assets, property, plant and equipment, materials and service rendered								
Entities under common control (State Grid Corporation of China subsidiaries)	-	-	1,095	474	-	-	2,735	-
BAESA – Energética Barra Grande S.A.	167	161	-	-	522	632	-	-
Foz do Chapecó Energia S.A.	5	17	-	-	555	553	-	-
ENERCAN - Campos Novos Energia S.A.	-	-	-	-	507	501	-	-
EPASA - Centrais Elétricas da Paraíba S.A.	-	-	-	-	47	46	-	-
Intragroup loans								
State Grid Brazil Power Participações S.A.	-	-	2,423,984	2,409,545	-	-	18,048	-
Dividends and interest on capital								
BAESA – Energética Barra Grande S.A.	3,545	3,545	-	-	-	-	-	-
Chapecoense Geração S.A.	0	0	-	-	-	-	-	-
ENERCAN - Campos Novos Energia S.A.	77,102	77,102	-	-	-	-	-	-
Others								
Instituto CPFL	-	-	-	-	-	-	868	994

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

				Consolidated March 31, 2021	
	Note	Category / Measurement	Level (*)	Carrying amount	Fair value
Assets					
Cash and cash equivalent	5	(a)	Level 2	4,618,910	4,618,910
Securities	6	(a)	Level 1	948,806	948,806
Derivatives	34	(a)	Level 2	2,521,645	2,521,645
Concession financial asset - distribution	11	(a)	Level 3	10,880,072	10,880,072
Total				18,969,433	18,969,433
Liabilities					
Borrowings - principal and interest	18	(b)	Level 2 (***)	3,872,411	3,545,779
Borrowings - principal and interest (**)	18	(a)	Level 2	8,446,481	8,446,481
Debentures - Principal and interest	19	(b)	Level 2 (***)	6,703,046	6,622,022
Debentures - Principal and interest (**)	19	(a)	Level 2	488,151	488,151
Derivatives - others	34	(a)	Level 3	5,417	5,417
Total				19,515,506	19,107,850

(*) Refers to the hierarchy for fair value measurement

(**) As a result of the initial designation of this financial liability, the consolidated balances reported a gain of R\$ 176,263 in 1st quarter 2021 (a gain of R\$ 238,534 in 1st quarter 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 (x) intragroup loans.

In addition, in the three months period 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 concessionaries classified the respective concession financial assets as fair value through profit or loss, the relevant factors for fair value measurement are not publicly observable. Therefore, the fair value hierarchy classification is level 3. The movements and respective gains (losses) in profit for or loss for the three months period of 2021 are R\$ 265,165 (R\$ 142,244 in the three months period 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 rating of at least AA-, 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 March 31, 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.

At March 31, 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	1,649,827	-	1,649,827	1,721,045	(71,218)	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	3,752,257
Bank Loans - Law 4.131	771,628	-	771,628	868,444	(96,816)	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	2,355,270
	2,421,455	-	2,421,455	2,589,489	(168,033)				
Hedge variation price index									
Debentures	96,597	-	96,597	50,848	45,750	IPCA + 5.8%	104.3% of CDI	August/24 to August/25	416,600
Bank Loans - Law 4.131	-	(5,417)	(5,417)	589	(6,006)	pre fixed 6.16%	CDI + 0.69%	March/24	340,000
	96,597	(5,417)	91,180	51,437	39,744				
Subtotal debt hedge	2,518,052	(5,417)	2,512,636	2,640,926	(128,290)				
Others derivatives (2)						Currency / debt index	Maturity range	Notional in US\$	
Commodity forward contract (aluminum)	1,760	-	1,760	-	1,760	aluminum (US\$/ton)	may/21	3,989	
NDF Dollar	1,832	-	1,832	2,602	(770)	US\$	may/21	6,349	
Subtotal others	3,592	-	3,592	2,602	990				
Total	2,521,645	(5,417)	2,516,228	2,643,528	(127,300)				
Current	1,252,122	-							
Noncurrent	1,269,523	(5,417)							

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 derivatives the notional amount is presented in U.S. dollar.

Changes in derivatives are stated below:

	At December 31,2020	Monetary adjustment and exchange rate and fair value	Repayment	At March 31,2021
Derivatives				
To debts designated at fair value	1,966,378	750,146	(75,598)	2,640,926
Others	(978)	3,580	-	2,602
Fair value measurement (*)	118,018	(245,318)	-	(127,300)
Total	2,083,418	508,408	(75,598)	2,516,228
Assest - Current	744,660			1,252,122
Assets - Noncurrent	1,340,113			1,269,523
Liabilities - Current	(1,354)			-
Liabilities - Noncurrent	-			(5,417)

(*) 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\$ 247,414 for the debts designated at fair value and (ii) gains of R\$ 2,096 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 three months period ended at March 31, 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) on the profit or loss		Gain (Loss) in Comprehensive Income	
	2021	2020	2021	2020
	1st quarter	1st quarter	1st quarter	1st quarter
Interest rate variation	15,928	6,800	-	-
Fair Value Measurement	(33,792)	(21,877)	197	5,599
Exchange variation	737,797	1,788,093	-	-
Fair Value Measurement	(215,185)	161,086	3,464	(226)
Total	504,748	1,934,102	3,661	5,373

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 quantifies 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 March 31, 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	(5,351,562)		(100,826)	1,262,271	2,625,368
Derivatives - Plain Vanilla Swap	5,462,068		102,908	(1,288,336)	(2,679,580)
	110,506	drop in the dollar	2,082	(26,065)	(54,212)
Financial liability instruments	(3,094,919)		(86,182)	709,093	1,504,368
Derivatives - Plain Vanilla Swap	3,161,748		88,043	(724,404)	(1,536,852)
	66,829	drop in the euro	1,861	(15,311)	(32,484)
Total	177,335		3,943	(41,376)	(86,696)
Effects in the accumulated comprehensive income			752	(8,317)	(17,385)
Effects in the income of the period			3,191	(33,059)	(69,311)

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)	3,989 (d)	drop in aluminum (US\$/ton)	-	(5,000)	(6,965)
NDF Dollar	6,587 (d)	drop in the dollar	-	(8,937)	(17,875)

(a) The exchange rate considered at 03/31/2021 was R\$ 5.76 per US\$ 1.00 and R\$ 6.76 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\$ 5.87 and 6.95, and the currency depreciation at 1.88% and 2.78% for US\$ and €\$, respectively at 03/31/2021.

(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 March 31, 2021 is maintained, the net finance cost for the next 12 months for each of the three scenarios defined, would be:

Instruments	Exposure R\$ thousand	Risk	Rate in the period	Likely scenario rate (a)	Consolidated Income (expense)		
					Likely scenario	Raising/Drop index by 25% (b)	Raising/Drop index by 50% (b)
Financial asset instruments	4,677,731				246,984	308,730	370,476
Financial liability instruments	(7,862,261)				(415,127)	(518,909)	(622,691)
Derivatives - Plain Vanilla Swap	(6,965,838)				(367,796)	(459,745)	(551,694)
	(10,150,368)	CDI apprec.	2.23%	5.28%	(535,939)	(669,924)	(803,909)
Financial liability instruments	(168,907)				(3,327)	(4,159)	(4,991)
	(168,907)	IGP-M apprec.	31.16%	1.97%	(3,327)	(4,159)	(4,991)
Financial liability instruments	(462,063)				(21,301)	(26,626)	(31,952)
	(462,063)	TJLP apprec.	4.70%	4.61%	(21,301)	(26,626)	(31,952)
Financial liability instruments	(4,864,082)				(271,416)	(203,562)	(135,708)
Derivatives - Plain Vanilla Swap	512,914				28,621	21,465	14,310
Concession financial asset	10,880,072				607,108	455,331	303,554
	6,528,904	drop in the IPCA	6.10%	5.58%	364,313	273,234	182,156
Setorial financial assets and liabilities	673,380				35,554	26,666	17,777
Financial instruments - assets	657,946				34,740	26,055	17,370
	1,331,326	drop in the SELIC	2.23%	5.28%	70,294	52,721	35,147
Total	(2,921,108)				(125,960)	(374,754)	(623,549)
Effects on the comprehensive income					1,040	431	(178)
Effects on the net profit					(127,000)	(375,185)	(623,371)

(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.

Consumers, Concessionaires and Licensees

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 and cash equivalents and Marketable securities

The Group limits its exposure to credit risk by investing only in liquid debt securities and only with counterparties 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 quarter ended March 31, 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 rating of at least AA-, based on the main credit rating agencies in the market (note 34). 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 a policy of providing financial guarantees for the obligations of its subsidiaries and joint ventures. At March 31, 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	
	March 31, 2021	December 31, 2020
Interest capitalized	7,641	5,862

(36) EVENTS AFTER THE REPORTING PERIOD

36.1 - New regulatory measures to preserve the public electricity distribution service

On April 1, 2021, ANEEL published Normative Resolution (REN) No. 928, approved on March 26, 2021, which revokes REN No. 878 of March 24, 2020, REN No. 886 of June 15, 2020 and REN No. 886 of July 21, 2020. In addition, it establishes new commercial procedures to be adopted by the distributors to face the second wave of COVID 19 between the date of its publication until June 30, 2021. Among the measures, the most relevant are the restriction of suspension of delinquency cuts for low-income residential subclasses until June 30, in addition to specific rules to be complied with so that cuts can be made to other consumer classes and restrictions on the collection of fines and interest for delinquency. .

36.2 Annual Tariff Readjustment (“RTA”) of the subsidiary CPFL Paulista

On April 22, 2021, ANEEL published Homologatory Resolution (“REH”) No. 2,854, related to the annual tariff readjustment - RTA, which fixed the average tariff readjustment of the subsidiary CPFL Paulista, at 17.62%, being 19.53% related to the economic tariff adjustment and -1.91% related to financial components. The total average effect to be perceived by consumers is 8.95%.

As the tariff readjustment was postponed until April 22, 2021 by means of Homologatory Resolution nº 2,831/2021, so that the calculations by ANEEL could be finalized, the tariffs presented in Homologatory Resolution nº 2,670/2020 were in effect until the April 21, 2021.

BOARD OF DIRECTORS

Bo Wen
Chairman

Yuehui Pan
Gustavo Estrella
Antonio Kandir

Marcelo Amaral Moraes
Anselmo Henrique Seto Leal
Li Hong

Directors

EXECUTIVE BOARD

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Chief Executive Officer (CEO)

YUEHUI PAN
Chief Financial Officer (CFO) and of Investors Relations Officer

Futao Huang
Executive Vice President (interim)
Strategy, Innovation and Business Excellence Vice President

GUSTAVO PINTO GACHINEIRO
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Regulated Operations Vice President

KARIN REGINA LUCHESI
Market Operations Vice President

VITOR FAGALI
Business Development Vice President

ACCOUNTING DIVISION

SERGIO LUIS FELICE
Accounting Director
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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 March 31, 2021, which comprises the statement of financial position as of March 31, 2021 and the respective statements of profit or loss, other comprehensive income, of changes in shareholders equity and cash flows for the three-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 three-month period ended March 31, 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, May 11, 2021.

KPMG Auditores Independentes
CRC 2SP027612/O-4

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

DECLARAÇÃO	STATEMENT
<p>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:</p> <p>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 31 de março de 2021;</p> <p>b) reviram, discutiram e concordam com as demonstrações financeiras da CPFL Energia S.A. de 31 de março de 2021.</p> <p>Campinas, 10 de maio de 2021.</p>	<p>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:</p> <p>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 March 31, 2021;</p> <p>b) they have reviewed and discussed, and agree with, the financial statements of CPFL Energia S.A., of March 31, 2021.</p> <p>Campinas, May 10, 2021.</p>

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
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Gustavo Estrella
Diretor Presidente
Chief Executive Officer