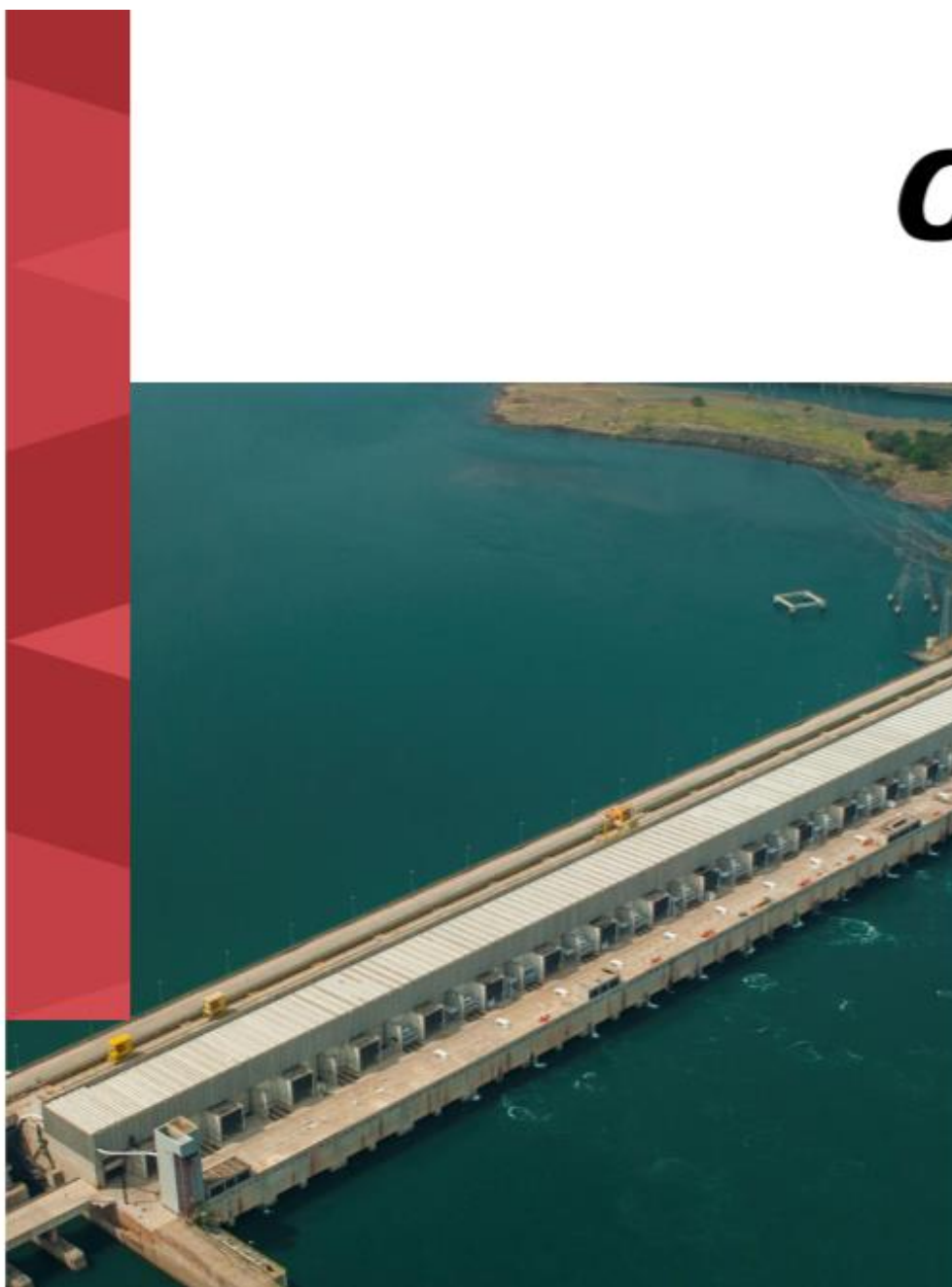


(A free translation of the original in Portuguese)

CESP – COMPANHIA ENERGÉTICA DE SÃO PAULO



**CONDENSED PARENT COMPANY AND CONSOLIDATED INTERIM FINANCIAL STATEMENTS AT JUNE 30, 2020
AND INDEPENDENT AUDITOR'S REPORT ON REVIEW OF QUARTERLY INFORMATION**



(A free translation of the original in Portuguese)

Report on review of quarterly information

To the Board of Directors and Stockholders
Companhia Energética de São Paulo - CESP

Introduction

We have reviewed the accompanying parent company and consolidated interim accounting information of Companhia Energética de São Paulo - CESP ("Company"), included in the Quarterly Information Form (ITR) for the quarter ended June 30, 2020, comprising the balance sheet as at that date and the statements of income and comprehensive income (loss) for the quarter and six-month period then ended, and the statements of changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory information.

Management is responsible for the preparation of the parent company and consolidated interim accounting information in accordance with the accounting standard CPC 21, Interim Financial Reporting, of the Brazilian Accounting Pronouncements Committee (CPC), and International Accounting Standard (IAS) 34 - "Interim Financial Reporting" issued by the International Accounting Standards Board (IASB), as well as the presentation of this information in accordance with the standards issued by the Brazilian Securities 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 Brazilian and International Standards on Reviews of Interim Financial Information (NBC TR 2410 - "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" 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 Brazilian and International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion on the interim information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying parent company and consolidated interim accounting information included in the quarterly information referred to above has not been prepared, in all material respects, in accordance with CPC 21 and IAS 34 applicable to the preparation of the Quarterly Information, and presented in accordance with the standards issued by the CVM.



(A free translation of the original in Portuguese)

Emphasis of matter - Indemnification assets

Note 7 to the interim accounting information details that the Company has recorded R\$ 1,719,390 thousand as "Indemnification assets", net of provision, receivable from the Federal Government for indemnifications on terminated concession contracts of the Três Irmãos, Jupia, and Ilha Solteira power plants. The Company has a claim in court for the determination of the amounts of the indemnifiable assets and the mean of receipt. Our review report is not qualified in respect of this matter.

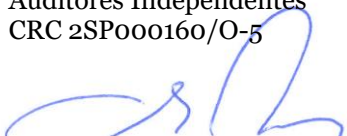
Other matters

Statements of value added

The quarterly information includes the parent company and consolidated statements of value added for the six-month period ended June 30, 2020. These statements are the responsibility of the Company's management and are presented as supplementary information for the purposes of IAS 34. These statements have been submitted to the same review procedures carried out together with the review of the quarterly information, with the purpose of concluding whether they are reconciled with the interim accounting information and accounting records, as applicable, and if their form and content are in accordance with the criteria defined in Technical Pronouncement CPC 09 - "Statement Value Added". Based on our review, nothing has come to our attention that causes us to believe that these statements of value added have not been prepared, in all material respects, in accordance with the criteria established in CPC 09 and in a manner consistent with the parent company and consolidated interim accounting information taken as a whole.

São Paulo, July 29, 2020

PRICewaterhouseCOOPERS
PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5


Carlos Eduardo Guaraná Mendonça
Contador CRC 1SP196994/O-2

Contents

Condensed parent company and consolidated interim financial statements

Condensed interim balance sheet	3
Condensed interim statement of income	4
Condensed interim statement of comprehensive income	5
Condensed interim statement of changes in equity	6
Condensed interim statement of cash flows	7
Condensed interim statement of value added	8
Performance comments	9

Notes to the condensed interim financial statements

1. General information	15
2. Presentation of parent company and consolidated financial statements and summary of significant accounting policies	17
3. Cash and cash equivalents	18
4. Trade receivables	18
5. Collaterals and judicial deposits	19
6. Deferred income tax and social contribution	19
7. Indemnification assets	21
8. Property, plant and equipment	21
9. Intangible assets	22
10. Electricity purchased for resale	23
11. Borrowings and debentures	23
12. Employee private pension fund	24
13. Taxes payable	24
14. Sector charges	24
15. Use of public assets	25
16. Provision for legal claims	26
17. Related-party transactions	27
18. Electric power futures contracts	27
19. Equity	28
20. Revenue	29
21. Costs and expenses	31
22. Finance result, net	34
23. Income tax and social contribution expenses	35
24. Financial instruments and risk management	36
25. Insurance (not reviewed by auditor)	40
26. Event after the reporting period	40
Independent auditor's report on review of quarterly information	40

CESP

CONDENSED INTERIM BALANCE SHEET

All amounts in thousand of reais

		Parent company		Consolidated				Parent company		Consolidated	
	Note	6/30/2020	12/31/2019	6/30/2020	12/31/2019		Note	6/30/2020	12/31/2019	6/30/2020	12/31/2019
ASSETS						LIABILITIES AND EQUITY					
CURRENT ASSETS						CURRENT LIABILITIES					
Cash and cash equivalents	3	709.708	690.276	784.549	741.444	Trade payables		8.529	8.824	10.711	8.849
Derivative financial instruments	24.5		18.718		18.718	Electricity purchased for resale	10	21.333	35.755	56.773	35.755
Trade receivables	4	184.652	198.930	236.967	198.930	Borrowing	11	1.889	3.002	1.889	3.002
Taxes recoverable		13.156	8.357	20.393	8.357	Lease liabilities		1.700	1.584	1.700	1.584
Electric power futures contracts	18			18.686		Derivative financial instruments	24.5	75.933		129.693	
Prepaid expenses		3.955	11.186	3.955	11.186	Estimated obligations and payroll		16.784	21.497	17.373	21.497
Other assets		96.712	93.153	96.235	93.153	Taxes payable	13	78.572	23.494	98.404	23.535
		1.008.183	1.020.620	1.160.785	1.071.788	Sector charges	14	115.420	115.673	115.420	115.673
						Dividends payable and interest on capital		196.618	606.176	196.618	606.176
						Use of public assets	15	45.811	29.275	45.811	29.275
						Social and environmental obligations		31.369	23.474	31.369	23.474
						Other liabilities		38.044	88.038	38.047	88.038
								632.002	956.792	743.808	956.858
NON-CURRENT ASSETS						NON-CURRENT LIABILITIES					
Long-term receivables						Borrowing	11	1.782.696	1.781.123	1.782.696	1.781.123
Derivative financial instruments	24.5		21.225		21.225	Lease liabilities		5.419	5.624	5.419	5.624
Electric power futures contracts	18			3.555		Sector charges	14	12.014	12.014	12.014	12.014
Collaterals and judicial deposits	5	292.940	343.979	292.940	343.979	Use of public assets	15	140.935	158.355	140.935	158.355
Deferred income tax and social contribution	6	1.895.167	1.877.412	1.915.075	1.877.412	Derivative financial instruments	24.5	57.100		83.767	
Storeroom supplies		6.170	7.611	6.170	7.611	Provision for legal claims	16	1.782.843	1.814.375	1.782.843	1.814.375
Indemnification asset	7	1.719.390	1.719.390	1.719.390	1.719.390	Social and environmental obligations		156.391	164.536	156.391	164.536
		3.913.667	3.969.617	3.937.130	3.969.617	Employee private pension fund	12	866.326	836.995	866.326	836.995
						Other liabilities		45.616	54.969	45.616	54.969
								4.849.340	4.827.991	4.876.007	4.827.991
						TOTAL LIABILITIES					
						5.481.3425.784.7835.619.8155.784.849					
						EQUITY					
Investments		37.592	51.102			Share capital	19	5.975.433	5.975.433	5.975.433	5.975.433
Property, plant and equipment	8	6.143.150	6.305.943	6.143.150	6.305.943	Capital reserves		1.929.098	1.929.098	1.929.098	1.929.098
Intangible assets	9	1.548.484	1.575.300	1.548.484	1.575.300	Revenue reserves		1.084.883	1.084.883	1.084.883	1.084.883
Right-of-use assets on lease agreements		7.013	7.106	7.013	7.106	Carrying value adjustments		(928.708)	(948.623)	(928.708)	(948.623)
		11.649.906	11.909.068	11.635.777	11.857.966	Other comprehensive income		(1.055.655)	(895.886)	(1.055.655)	(895.886)
						Retained earnings		171.696		171.696	
						TOTAL EQUITY					
						7.176.7477.144.9057.176.7477.144.905					
TOTAL ASSETS						TOTAL LIABILITIES AND EQUITY					
12.658.08912.929.68812.796.56212.929.754						12.658.08912.929.68812.796.56212.929.754					

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

CESP
CONDENSED INTERIM STATEMENT OF INCOME
Periods ended June 30
All amounts in thousands of reais unless otherwise stated

	Note	Parent company		Consolidated		Parent company		Consolidated	
				Quarters ended in				Semesters ended in	
		6/30/2020	6/30/2019	6/30/2020	6/30/2019	6/30/2020	6/30/2019	6/30/2020	6/30/2019
Net revenue	20	363.552	368.377	485.532	368.377	762.761	723.995	946.072	723.995
Cost of electricity services	21	(187.220)	(211.747)	(281.056)	(211.747)	(360.915)	(561.629)	(507.391)	(561.629)
Cost of electricity		(78.724)	(105.219)	(172.560)	(105.219)	(142.351)	(356.455)	(288.827)	(356.455)
Cost of operation		(108.496)	(106.528)	(108.496)	(106.528)	(218.564)	(205.174)	(218.564)	(205.174)
Gross profit		176.332	156.630	204.476	156.630	401.846	162.366	438.681	162.366
Operating income (expenses)	21								
General and administrative		(21.347)	(34.348)	(23.036)	(34.348)	(41.987)	(178.246)	(46.864)	(178.246)
Other operating income (expenses), net		119.091	(22.158)	116.484	(22.158)	92.672	12.894	114.904	12.894
		97.744	(56.506)	93.448	(56.506)	50.685	(165.352)	68.040	(165.352)
Operating profit (loss) before equity results and finance results		274.076	100.124	297.924	100.124	452.531	(2.986)	506.721	(2.986)
Results from equity investments									
Equity in the results of investees		16.012				36.328			
		16.012				36.328			
Finance result, net	22								
Finance income		7.520	20.986	7.941	20.986	17.571	54.088	18.454	54.088
Finance costs		(102.240)	(123.220)	(102.267)	(123.220)	(221.932)	(208.664)	(221.990)	(208.664)
Foreign exchange gains (losses), net		2.260	2.260	2.260	2.260	2.940	2.940		
		(94.720)	(99.974)	(94.326)	(99.974)	(204.361)	(151.636)	(203.536)	(151.636)
Profit (loss) before income tax and social contribution		195.368	150	203.598	150	284.498	(154.622)	303.185	(154.622)
Income tax and social contribution	23								
Current		(19.993)		(29.855)		(54.000)		(66.932)	
Deferred		(37.577)	(4.152)	(35.945)	(4.152)	(38.887)	(7.623)	(44.642)	(7.623)
Profit (loss) for the period		137.798	(4.002)	137.798	(4.002)	191.611	(162.245)	191.611	(162.245)
Basic earnings (loss) per thousand shares, in reais		0,42	(0,01)	0,42	(0,01)	0,59	(0,50)	0,59	(0,50)

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

CESP
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
Periods ended June 30
All amounts in thousands of reais

	Note	Parent company and Consolidated			
		Quarters ended in		Semesters ended in	
		6/30/2020	6/30/2019	6/30/2020	6/30/2019
Profit (loss) for the period		137.798	(4.002)	191.611	(162.245)
Other components of comprehensive loss to be subsequently reclassified to profit or loss					
Operating hedge accounting	19.5	(7.205)		(159.769)	
Other components of comprehensive income that will not be reclassified to profit or loss					
Adjustment of employee benefits - CPC 33 (R1)	12		2.363		4.366
Total comprehensive profit (loss) for the period		130.593	(1.639)	31.842	(157.879)

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

CESP
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
Semesters ended June 30
All amounts in thousands of reais

		Share capital (Note 19.1)	Capital reserves (Note 19.2)	Revenue reserves (Note 19.3)	Carrying value adjustments (Note 19.4)	Other comprehensive income (Note 19.5)	Retained earnings	Total equity
	Note							
At January 1, 2019		5.975.433	1.929.098	554.588	(976.752)	(380.301)		7.102.066
Realization of carrying value adjustment (depreciation)					11.758		(11.758)	
Loss for the semester							(162.245)	(162.245)
Adjustment of employee benefits - CPC 33 (R1)	12					4.366		4.366
At June 30, 2019		5.975.433	1.929.098	554.588	(964.994)	(375.935)	(174.003)	6.944.187
At January 1, 2020		5.975.433	1.929.098	1.084.883	(948.623)	(895.886)		7.144.905
Realization of carrying value adjustment (depreciation)					19.915		(19.915)	
Profit for the semester							191.611	191.611
Operating hedge accounting	19.5					(159.769)		(159.769)
At June 30, 2020		5.975.433	1.929.098	1.084.883	(928.708)	(1.055.655)	171.696	7.176.747

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

CESP
CONDENSED INTERIM STATEMENT OF CASH FLOWS
Semesters ended June 30
All amounts in thousands of reais

		Parent company		Consolidated	
	Note	6/30/2020	6/30/2019	6/30/2020	6/30/2019
Cash flow from operating activities					
Profit (loss) before income tax and social contribution		284.498	(154.622)	303.185	(154.622)
Adjustments to items that do not represent changes in cash and cash equivalents					
Depreciation and amortization	21	200.163	171.131	200.271	171.131
Equity in the results of investees		(36.328)			
Interest and indexations	11.3	46.367	70.058	46.367	70.058
Recognition of borrowing costs	11.3	1.573	1.568	1.573	1.568
Present value adjustment of leases		98		98	
Provision (reversal) for legal claims	16	(107.188)	(12.747)	(107.188)	(12.747)
Monetary restatement of provision for legal claims	16	115.792	129.473	115.792	129.473
Reversal of provision for impairment of storeroom supplies	21	(66)	(7.450)	(66)	(7.450)
Premium on renegotiation of hydrological risk		7.511	7.512	7.511	7.512
Disposal of property, plant and equipment	8	488	39	488	39
Monetary restatement of judicial deposits	22	(4.425)	(7.740)	(4.425)	(7.740)
Judicial deposits write-off	21 and 22	39.676		39.676	
Present value adjustment - Use of public assets	15	4.125	1.707	4.125	1.707
Provision for impairment of trade receivables			364		364
Reversal of PIS/COFINS on monetary restatement of judicial deposits	21	(300)	213	(300)	213
Operating hedge accounting	24.5	20.890		38.248	
Monetary restatement of employee private pension fund	12	29.567	6.752	29.567	6.752
Electric power futures contracts	18			(22.241)	
Present value adjustment of social and environmental obligations	22	4.344		4.344	
		606.785	206.258	657.025	206.258
Decrease (increase) in assets					
Trade receivables	4	14.278	59.856	(38.037)	59.856
Taxes recoverable		(4.799)	43.165	(12.036)	43.165
Storeroom supplies		1.507	(775)	1.507	(775)
Prepaid expenses		(280)	558	(280)	558
Collaterals and judicial deposits		15.788	(14.806)	15.788	(14.806)
Derivative financial instruments		(14.512)		(26.919)	
Other assets		(3.559)	33.539	(3.082)	33.539
Increase (decrease) in liabilities					
Trade payables		(295)	(5.786)	1.862	(5.786)
Taxes payable		25.332	(2.934)	39.846	(2.934)
Payments to pension fund entities	12	(236)	(2.386)	(236)	(2.386)
Sector charges	14	(253)	(30.710)	(253)	(30.710)
Payments of legal claims	16	(40.136)	(152.600)	(40.136)	(152.600)
Social and environmental obligations		(4.594)		(4.594)	
Payments of use of public assets	15	(7.316)		(7.316)	
Estimated obligations and payroll		(4.713)	(6.862)	(4.124)	(6.862)
Other liabilities		(58.913)	79.243	(59.044)	79.243
Electricity purchased for resale	10	(14.422)	(35.123)	21.018	(35.123)
Cash from operations		509.662	170.637	540.989	170.637
Interest paid on borrowing and debentures	11.3	(47.458)	(69.727)	(47.458)	(69.727)
Income tax and social contribution paid		(24.254)		(31.908)	
Net cash provided by operating activities		437.950	100.910	461.623	100.910
Cash flow from investing activities					
Acquisitions of property, plant and equipment	8	(7.379)	(2.859)	(7.379)	(2.859)
Acquisitions of intangible assets	9	(774)	(770)	(774)	(770)
Grant payment	9		(1.398.703)		(1.398.703)
Net cash used in investment activities		(8.153)	(1.402.332)	(8.153)	(1.402.332)
Cash flow from financing activities					
New borrowing	11.3		1.777.982		1.777.982
Repayment of borrowing	11.3	(22)	(124.576)	(22)	(124.576)
Repayment of leasing contracts		(785)		(785)	
Dividends paid		(409.558)	(297.164)	(409.558)	(297.164)
Net cash provided by (used in) financing activities		(410.365)	1.356.242	(410.365)	1.356.242
Increase in cash and cash equivalents		19.432	54.820	43.105	54.820
Cash and cash equivalents at the beginning of the semester		690.276	410.886	741.444	410.886
Cash and cash equivalents at the end of the semester		709.708	465.706	784.549	465.706

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

CESP
CONDENSED INTERIM STATEMENT OF VALUE ADDED
Semesters ended June 30
All amounts in thousands of reais

		Parent company		Consolidated	
	Note	6/30/2020	6/30/2019	6/30/2020	6/30/2019
Generation of value added					
Gross revenue	20	882.176	857.265	1.085.767	857.265
Estimated loss on doubtful accounts			(364)		(364)
		882.176	856.901	1.085.767	856.901
Inputs					
Electricity purchased	21	142.351	356.455	288.827	356.455
Outsourced services		13.061	25.517	13.587	25.517
Materials		634	2.170	1.012	2.170
Other operating costs		5.030	7.772	5.030	7.772
		161.076	391.914	308.456	391.914
Gross value added		721.100	464.987	777.311	464.987
Retentions					
Depreciation and amortization	21	200.163	171.131	200.271	171.131
Electric power futures contracts	21			(22.241)	
		200.163	171.131	178.030	171.131
Net value added generated by the Company		520.937	293.856	599.281	293.856
Value added received through transfers					
Finance income	22	17.571	54.088	18.454	54.088
Foreign exchange gains (losses), net	22		2.940		2.940
Employee private pension fund	21	244	(6.752)	244	(6.752)
Equity in the results of investees		36.328			
Deferred income tax and social contribution	23	(38.887)	(7.623)	(44.642)	(7.623)
		15.256	42.653	(25.944)	42.653
Other					
Reversal of provision for legal claims	20	107.188	12.747	107.188	12.747
Legal claims expenses		(23.643)		(23.643)	
Reversal of provision for impairment of storeroom supplies		66	7.450	54	7.450
Reversal of PIS/COFINS on monetary restatement of judicial deposits		300	(213)	300	(213)
Insurance		(4.169)	(690)	(4.169)	(690)
Other income (expenses), net		6.431	(7.907)	6.030	(7.907)
		86.173	11.387	85.760	11.387
Total value added to distribute		622.366	347.896	659.097	347.896
Distribution of value added					
Personnel					
Payroll		30.148	157.590	33.458	157.590
Compensation of key management personnel	17	2.470	804	2.470	804
		32.618	158.394	35.928	158.394
Lenders and leases					
Interest and debt charges	22	46.367	74.566	46.367	74.566
Other finance costs	22	175.565	134.098	175.623	134.098
Rentals	21	1.081	1.461	1.081	1.461
		223.013	210.125	223.071	210.125
Intrasectoral - Regulatory charges					
Financial compensation for use of water resources - CFURH	20	25.221	23.837	25.221	23.837
Global Reserve for Reversion - RGR		1.687	24.617	1.687	24.617
Research and Development - R&D		7.944	7.229	7.944	7.229
Electric energy service inspection charge - TFSEE		2.439	1.568	2.439	1.568
		37.291	57.251	37.291	57.251
Taxes and contributions					
Federal		137.789	84.302	171.152	84.302
State	20	44	69	44	69
		137.833	84.371	171.196	84.371
Stockholders					
Profit (loss) for the semester		191.611	(162.245)	191.611	(162.245)
		191.611	(162.245)	191.611	(162.245)
Value added distributed		622.366	347.896	659.097	347.896

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

OPERATING REVENUES

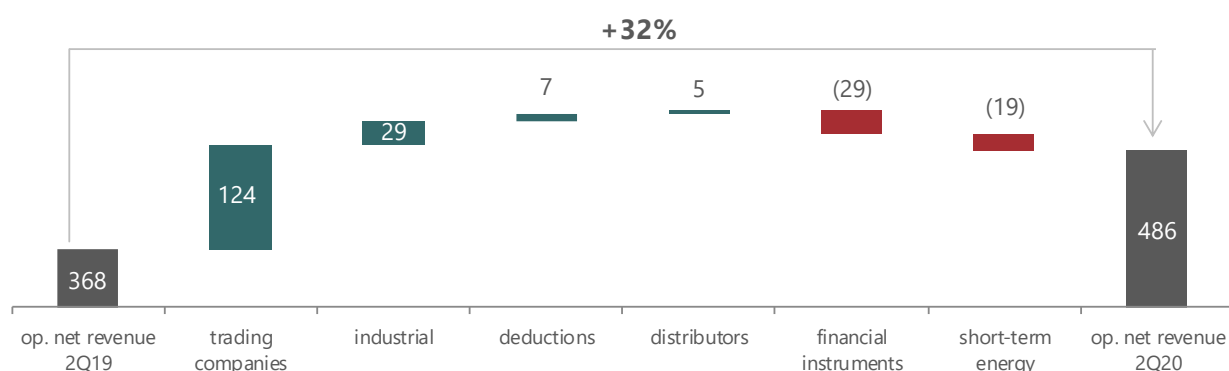
Net Operating Revenues in 2Q20 amounted to BRL486 million, up by BRL118 million (+32%) against BRL368 million in 2Q19, mainly due to:

- **Trading Companies:** Increase of BRL124 million, mainly from: (i) contractual conditions previously agreed with the counterparties (seasonality of the energy sold); (ii) start-up of operations of CESP Trading Company, with revenues of BRL27 million in 2Q20; (iii) settlement of the balance in the CCEE, in the amount of approximately BRL15 million; and (iv) adjustments of contracts indexed to the US dollar.
- **Manufacturing:** Increase of BRL29 million in sales volume, due to contractual conditions previously agreed with the counterparties (flexibility and seasonality).
- **Distribution companies:** Increase of BRL5 million due to contractual adjustment clause.

These effects were partially offset by:

- **Derivative Instruments:** Decrease of BRL29 million as a result of the settlement of derivative financial instruments contracted to hedge exchange rate exposure of free market contracts, which are indexed to the US dollar.
- **Short-term energy:** Decrease of BRL19 million due to the new strategy for equalizing the Company's energy balance, combined with optimum management of CCEE receivables in view of systemic default.

Net Operating Revenues 2Q19 vs. 2Q20 (BRL millions)



OPERATING COSTS AND EXPENSES

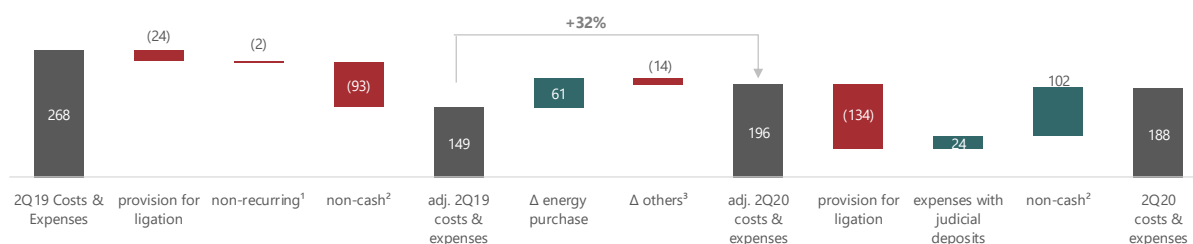
Operating costs and expenses amounted to BRL188 million in 2Q20, against BRL268 million in 2Q19.

In both quarters, there were non-recurring and non-cash effects, as follows:

- **Reversal of provision for litigation:** A provision of BRL134 million was reversed in 2Q20, in line with our strategy to continuously review risk forecasts for court cases and amounts under discussion, to supplement the procedural strategy for reducing contingent liabilities. A provision of BRL24 million was set up in 2Q19, plus expenses of BRL2 million with the Voluntary Dismissal Plan (PDV).
- **Write-off of judicial deposits:** In 2Q20, expenses of BRL24 million were recognized regarding the write-off of court deposits to counterparties. These expenses were not recorded at that time, and they were identified upon reconciliation of court deposits. It is important to note that the recording of these deposits was the result of improvements in the analysis of contingent liabilities and court deposits corresponding to the proceedings.
- **Non-cash effects:** Include depreciation/amortization, inventory provisions and marking-to-market of energy futures. In 2Q20, non-cash amount totaled BRL102 million, due to increased depreciation and amortization expenses in the amount of BRL100 million, arising from changes in useful lives of the assets of Porto Primavera, and from the amortization of UBP and grant, plus marking-to-market of trading contracts in the amount of BRL3 million. In 2Q19, cash effects amounted to BRL93 million, due to depreciation and amortization in the period.

Excluding non-recurring and non-cash effects, operating costs and expenses in 2Q20 totaled BRL196 million, up by 32% against BRL149 million in 2Q19.

Costs and Expenses 2Q20 vs. 2Q19 (BRL millions)



(1) Considering expenses for PDV / (2) Considering depreciation/amortization and provision (reversal) for impairment of warehouses, provision for PIS/COFINS on court deposits and marking-to-market of energy futures contracts. / (3) Excludes costs and expenses for energy purchases.

- **Energy purchases:** Increase of 80% against 2Q19, as a result of seasonality strategy with less allocation of physical guarantee in 2Q20 vs. 2Q19 and increased sales volume allocated in 2Q20 vs. 2Q19, in line with the energy balance strategy. In the 2Q20, 225 average MW

All amounts in thousands of reais unless otherwise stated

were acquired, 44% above the volume of 2Q19 at an average price of BRL207/MWh, 8% lower than last year's price.

It is important to note that the Company took various measures to gain operating efficiency and rationalize its costs and expenses.

- **Personnel and Management:** Reduction of 26%, due to a fall of approximately 50% in staff, and changes in professional profiles, as well as reformulation of targets, performance assessment, development and professional training, management recognized by the Great Place to Work – GPTW seal.
- **Third-party services, materials and rents:** Fall of 42% due to renegotiation of contracts and review of processes, enabling efficiency gains in costs and operations.

EBITDA

CONSOLIDATED EBIT / EBITDA	2Q20	2Q19	Chg.(%)	1H20	1H19	Chg.(%)
BRL thousand						
Net Income	137,798	(4,002)	n.m.	191,611	(162,245)	n.m.
Net IR/CSLL ¹	65,800	4,152	n.m.	111,574	7,623	n.m.
Financial Result	94,326	99,974	-6%	203,536	151,636	34%
= EBIT	297,924	100,124	198%	506,721	(2,986)	n.m.
Depreciation / amortization	99,876	92,530	8%	200,271	171,131	17%
EBITDA	397,800	192,654	106%	706,992	168,145	n.m.
VDP - Voluntary Dismissal Program	-	2,287	n.m.	-	104,791	n.m.
Reversal of provision for litigation	(134,167)	23,855	n.m.	(107,188)	(12,747)	n.m.
Write-off of judicial deposits	23,643	-	n.m.	23,643	-	n.m.
Adjusted EBITDA	287,276	218,796	31%	623,447	260,189	140%
Adjusted EBITDA margin	59%	59%	0p.p.	66%	36%	30p.p.

(1) It considers BRL67 million in current tax, (BRL32 million out of cash) and BRL45 million deferred.

Adjusted EBITDA totaled BRL287 million in 2Q20, with margin of 59%, up by BRL68 million over the same period in 2019.

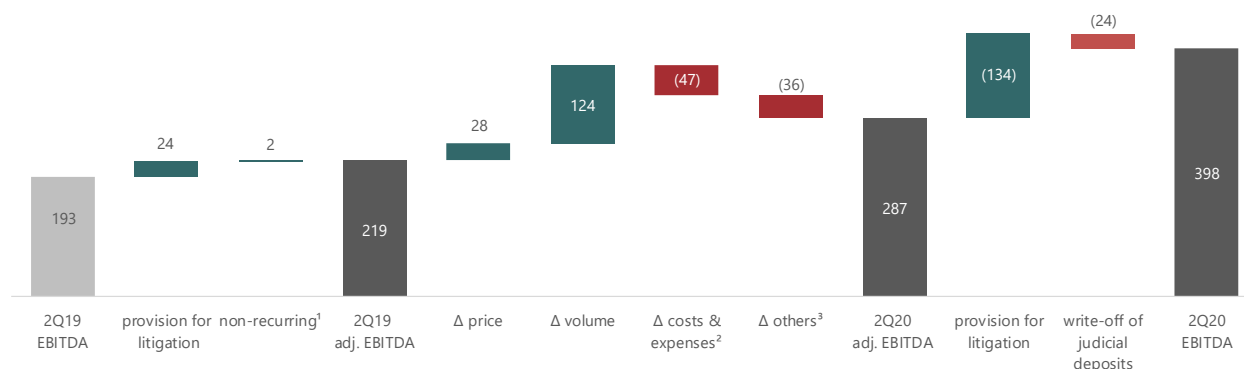
The increase in Adjusted EBITDA in the quarterly comparison is mainly due to the increase in revenues and reduction in manageable costs and expenses.

CESP

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AT JUNE 30, 2020

All amounts in thousands of reais unless otherwise stated

EBITDA 2Q19 vs. 2Q20 (BRL millions)



(1) Includes PDV expenses / (2) Excludes non-cash items: PIS/COFINS provision, court deposits and marking-to-market of energy futures contracts. / (3) Others are mostly derivative financial instruments

FINANCIAL RESULT

Financial Results – BRL thousand	2Q20	2Q19	Chg.(%)	1H20	1H19	Chg.(%)
Financial revenues	7,941	20,986	-62%	18,454	54,088	-66%
Financial expenses	(102,267)	(123,220)	-17%	(221,990)	(208,664)	6%
Debt charges	(20,763)	(39,179)	-47%	(46,367)	(74,566)	-38%
Provision for litigation	(46,707)	(80,023)	-42%	(115,792)	(129,473)	-11%
Write-off of judicial deposits	(13,527)	-	n.m.	(16,033)	-	n.m.
Monetary variation	-	2,260	n.m.	-	2,940	n.m.
Other finance costs	(21,270)	(4,018)	n.m.	(43,798)	(4,625)	n.m.
Financial results	(94,326)	(99,974)	-6%	(203,536)	(151,636)	34%

Net financial result for 2Q20 included an expense of BRL94 million compared to an expense of BRL100 million in 2Q19. This 6% reduction in the quarterly comparison was mainly due to:

- **Adjustment in the balance of provision for litigation:** Reduction of BRL33 million, due to a smaller adjustment in the balance of the provision for litigation.
- **Debt charges:** Reduction of BRL18 million due to lower interbank deposit (CDI) rates in the period, as the remuneration of debentures, in the amount of BRL1,8 billion, is indexed to that rate, and the settlement of BNDES Brady loans in the last quarter of 2019.

The items above were partially offset by:

- **Other financial expenses:** Increase of BRL17 million, mainly due to the adjustment of the balance of actuarial liabilities (CPC 33), in the amount of BRL14 million.
- **Write-off of judicial deposits:** Expense of BRL13 million on the reversal of monetary adjustments of court deposits received by the counterparties.

- **Financial revenues:** Reduction of BRL14 million as a result of lower levels of CDI, to which the Company's investments are indexed.

INCOME TAX (IR) AND SOCIAL CONTRIBUTION (CSLL)

IR and CSLL ("taxes") amounts for the year include current and deferred taxes. Taxes are calculated on an accrual basis, according to the legislation in effect. The Company adopts the annual taxable income regime, with payments based on monthly estimates, which may result in a mismatch between the payment and the calculation of the taxes, being adjusted in the annual calculations of IR and CSLL.

Deferred tax assets arising from tax losses and deductible temporary differences are recorded based on the probability that future taxable income will be available and may be used. Their recognition is based on an impairment test, as provided for in CVM Instruction 371/2002.

IR and CSLL expenses in 2Q20 amounted to BRL66 million, of which BRL30 million refers to current IR and CSLL, and BRL36 million corresponds to deferred amounts. Taxes paid in 2Q20, which were based on estimates, amounted to BRL21 million (cash), and the effective tax rate for the period was 32%.

It is important to highlight that CESP has a tax loss to be offset in the amount of BRL3,007 million, of which BRL394 million has already been recorded in the Company's balance sheet as a deferred tax at a rate of 34%, which can be offset through the realization of results.

There is also a BRL2,613 million tax loss, not recorded in the financial statements (off-balance), which may be recognized as deferred tax to be offset, as soon as its realization is envisaged.

Additionally, tax losses may be offset in each reporting period at the limit of 30% of the actual or taxable income = EBT (earnings before taxes) +/- temporary and permanent adjustments.

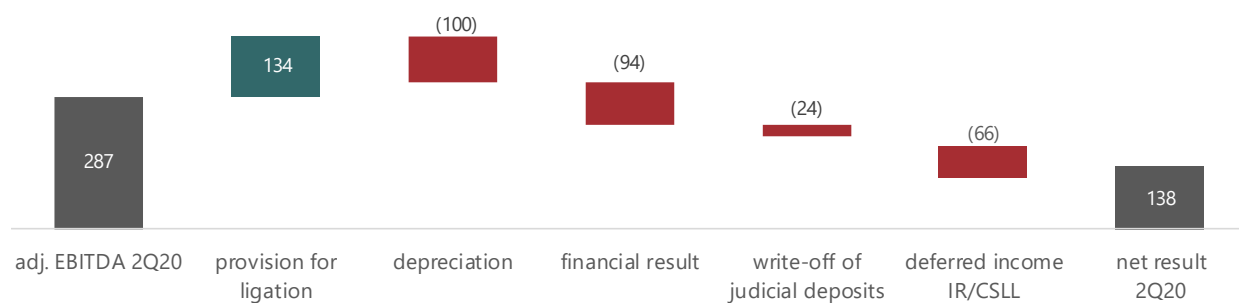
NET RESULT

Net income for 2Q20 was BRL138 million, against a loss of BRL4 million in 2T19. The growth in net result was mainly due to the increase of 32% in net revenues, due to increased revenues and lower manageable costs and expenses.

The chart below shows the key factors that influenced net result in 2Q20, based on the adjusted EBITDA for this period (BRL millions):

CESP
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AT JUNE 30, 2020

All amounts in thousands of reais unless otherwise stated



CESP **NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AT JUNE 30, 2020**

All amounts in thousands of reais unless otherwise stated

1. General information

1.1 Operations

CESP - Companhia Energética de São Paulo ("CESP" or "the Company") is a publicly held corporation headquartered in the city of São Paulo. The Company's controlling shareholder is VTRM Energia Participações S.A. ("VTRM"). Together with its subsidiary CESP Comercializadora de Energia ("CESP Comercializadora"), its main activities are the planning, construction and operation of power generation systems and power trading. It carries other complementary operational activities, such as forestation, reforestation and fish farming, as a means of protecting environments modified by the construction of its hydro dams and facilities.

The Company's shares are traded on B3 S.A. - Brasil, Bolsa, Balcão ("B3") and, since July 28, 2006, they have been traded on B3's Corporate Governance Level 1. The Company's Management continuously seeks to enhance information provided to the market.

The Company is included in the IBrA, IBrX 100, IEE, IGCT, ICG, ITAG and UTIL indexes.

The Company currently has two hydroelectric power plants that operate under a price regime, and one which operates under a quota regime (Note 1.2 (c)), with a total installed capacity of 1,655 MW and mean physical guarantee of 948 MW.

The Company's classification was changed from a power generation utility under public concession to an independent power generation concession holder upon executing a new concession agreement for the Engenheiro Sérgio Motta Hydroelectric Power Plant (Porto Primavera) ("HPP Porto Primavera"), which extended the concession period to 2049. It continues to be regulated and supervised by the National Electric Energy Agency ("ANEEL"), linked to the Ministry of Mines and Energy ("MME"). The operations of its plants are integrated with the National Operator of the Electric System ("ONS"). Optimal distribution of power generated by the plant is managed by ONS, as per the table below which shows gross power generation:

	Gross generation in MWh (*)					
	2020			2019		
Plants	1 st Quarter	2 nd Quarter	Accumulated	1 st Quarter	2 nd Quarter	Accumulated
Porto Primavera	2.387.980	2.016.725	4.404.705	2.302.154	2.009.596	4.311.750
Paraibuna	23.401	74.572	97.973	22.718	56.530	79.248
Jaguari	3.007	19.510	22.517	2.710	7.070	9.780
Total	2.414.388	2.110.807	4.525.195	2.327.582	2.073.196	4.400.778

(*) Data related to power and energy volumes not reviewed by independent auditors

CESP

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AT JUNE 30, 2020

All amounts in thousands of reais unless otherwise stated

1.2 Main events occurring during the semester ended June 30, 2020

a) Startup of operations of CESP Comercializadora

In January 2020, CESP Comercializadora started its activities in the power trading market, thereby streamlining management of CESP's power balance as well as hydrological and market risks, and improving the Company's commercial strategy.

b) Approval of the proposal for payment of dividends

The Ordinary Shareholders' Meeting held on March 30, 2020 approved Management's proposal for payment of dividends for the year ended December 31, 2019, of R\$ 605,880, to be paid in Brazilian Reais in two installments, the first of R\$ 409,375 on April 22, 2020 and the second of R\$ 196,505 on October 22, 2020. Dividends will be paid based on the existing shareholding positions at close of B3's trading session on April 2, 2020 ("the base date"), taking into consideration trades of such shares carried out up to that date, inclusive. The Company's shares were traded on an "ex-dividend" basis as from April 3, 2020, inclusive.

c) Temporary operation of HPP Jaguari

On May 19, 2020, MME published Ordinance No. 218/2020, which defined CESP as the temporary operator of the Jaguari Hydroelectric Power Plant ("HPP Jaguari"), in the physical guarantee quota regime, as of May 21, 2020, until a new concession is awarded to a bidder by the Federal Government. HPP Jaguari, whose physical guarantee represents less than 2% of the Company's total assured energy, now operates pursuant to applicable protocols including for the generation of energy in a quota regime. ANEEL ratified the Annual Initial Generation Revenue ("Initial RAG") of the Jaguari HPP for the cycle ended on June 30, 2020, which resulted in an annual net revenue of R\$ 9,032, adjusted annually for inflation after the end of each cycle, for the next cycle.

d) I-REC certificates

In June 2020, the Company was enabled to issue International Renewable Energy Certificates ("I-RECs") certifying the clean energy origin and environmental traceability of its energy. The certificates can be issued according to the physical guarantee of HPP Porto Primavera, each I-REC being equivalent to 1 MWh.

e) Effects from the COVID-19 (coronavirus) pandemic

Owing to the COVID 19 pandemic declared by the World Health Organization ("WHO") that has been affecting Brazil and several countries worldwide, bringing risks to public health and affecting economies all over the world, the Company has been taking preventive and risk mitigation measures pursuant to the guidelines established by the national and international health authorities, seeking to minimize, as much as possible, any impacts on the health and safety of its employees, family members, partners and communities, and the continuity of its operations and business.

Since power generation is an essential activity, the Company has adopted contingency protocols to assure the health of its professionals, safe access to workplaces, respecting recommended distancing and hygiene conditions and providing access to protective equipment that have enabled it to fully maintain the operations of its three hydroelectric power plants. Currently, 83% of employees are working from home.

This scenario has been taken into account when making the following estimates for the interim financial statements:

e.1 - Expected credit losses due to the impacts from COVID-19

A potentially significant risk for the Company from COVID-19 arises from the default of customers and other counterparties in electric energy purchase agreements. Accordingly, the Company maintains regular contact with its main trading partners. The position of the Company's trade receivables at June 30, 2020, adjusted by a provision for impairment of trade receivables, reflects Management's best estimate of the quality and solvency of such receivables.

e.2 - Impairment of tangible and intangible assets

The Company assessed its assets for indicators of impairment from the pandemic and concluded that there is no change to the recoverable amount of its property, plant and equipment and intangible asset.

e.3 - Recoverability of deferred tax assets

The Company and its subsidiary recorded R\$ 1,077,546 for deferred tax assets on income tax and social contribution tax losses and temporary differences in the balance sheet as at June 30, 2020. The Company limits the balances to those recognized at December 31, 2019 and did not identify the need for a provision for impairment.

All amounts in thousands of reais unless otherwise stated

e.4 - Compliance with obligations assumed with customers and suppliers

Despite the economic impact resulting from the pandemic, there has been no default by clients. The few contractual renegotiations should not have a material impact on the Company's results and are structured to preserve the present value of the original contracts. The Company also evaluated its main supply and supplier contracts, and concluded that, despite the impacts caused by the pandemic, the contractual obligations are still being fulfilled and there is no evidence or formalization of insolvency or any discontinuity.

e.5 - Compliance with obligations in debt contracts - Covenants

At June 30, 2020, the Company evaluated the covenants contained in its debt contracts and concluded that it was in compliance with the required ratios.

The management of the Company's energy balance for this year has been adjusted and the Company is well positioned to meet any potentially unfavorable changes in the GSF (Generation Scaling Factor or MRE's adjustment factor) and significant changes in energy market prices. In addition, CESP currently has a solid cash position and few significant financial obligations falling due over the next two years.

COVID-19 has had no material impact on the operations and settlement of receivables and payables. However, it is not possible to ensure that there will be no impact on operations or results of operations from future effects arising from the pandemic which may cause operational risks from the health of its employees and third parties and from legal and market restrictions.

2. Presentation of parent company and consolidated financial statements and summary of significant accounting policies

The condensed parent company and consolidated interim financial statements at June 30, 2020 have been prepared in accordance with the accounting pronouncement CPC 21 (R1) - Interim Financial Reporting and the international accounting standard IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board ("IASB"), applicable to the preparation of Quarterly Information - ITR, and presented in a manner consistent with the standards issued by the Securities Commission of Brazil ("CVM"). Accordingly, this quarterly information considers circular letter CVM/SNC/SEP 003 of April 28, 2011, which allows entities to present selected explanatory notes, in cases of redundancy of information already disclosed in the annual financial statements.

These financial statements, therefore, do not incorporate all the notes and disclosures required by the standards for the annual financial statements and, therefore, should be read in conjunction with the annual financial statements at December 31, 2019, available on the Investor Relations page (ri.cesp.com.br) and by consulting companies that are listed on B3, prepared in accordance with the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB), and in accordance with the accounting practices adopted in Brazil that follow the pronouncements issued by the Accounting Pronouncements Committee ("CPC").

All (and only) the applicable significant information relevant to the condensed interim financial statements is disclosed and is consistent with the information utilized by management in the performance of its duties.

The Company's Board of Directors approved the parent company and consolidated condensed interim financial statements for issue on July 29, 2020.

2.1 Consolidation

The Company obtained authorization from ANEEL to operate as an electricity-trading agent within the scope of the Power Trading Chamber ("CCEE"), through CESP Comercializadora (Note 1.2 (a)). Upon starting its electricity trading operations in January 2020, the Company now also discloses its consolidated financial statements.

The Company consolidates CESP Comercializadora over which it has control and is exposed or has rights to variable returns from its involvement with the investee and the ability to direct the significant activities of the investee.

Transactions, balances and gains or losses on transactions between the subsidiary and the Company are eliminated.

CESP

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AT JUNE 30, 2020

All amounts in thousands of reais unless otherwise stated

2.2 Main accounting policies

The condensed interim financial statements were prepared in a manner consistent with the accounting policies disclosed in the annual financial statements for the year ended December 31, 2019.

2.3 New standards, changes and interpretations of standards issued by the CPC and IASB

There were no changes, interpretations or new accounting standards and practices in the semester ended June 30, 2020, when compared with the annual financial statements for the year ended December 31, 2019.

2.4 Main accounting judgments and sources of uncertainty in estimates

Accounting estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

There was no change in estimates and assumptions that presented a significant risk, with the probability of causing a material adjustment in the carrying amounts of assets and liabilities for the semester ended June 30, 2020 in relation to those detailed in the latest annual financial statements for the year ended December 31, 2019, except for the first time adoption for estimates detailed in Note 18 – Electric power futures contracts.

3. Cash and cash equivalents

	Average rate of remuneration	Parent company		Consolidated	
		6/30/2020	12/31/2019	6/30/2020	12/31/2019
Cash					
Bank deposits		1.376	286	1.489	317
Financial investments					
Bank Deposit Certificates ("CDBs")	101,1% of CDI	700.132	630.744	774.860	681.881
Repurchase agreements	75% of CDI	7.784	55.390	7.784	55.390
Investment funds	61% of CDI	416	3.856	416	3.856
		708.332	689.990	783.060	741.127
		709.708	690.276	784.549	741.444

The increase in the balance of cash and cash equivalents refers mainly to operating activities, partially offset by the payment of dividends.

4. Trade receivables

				Parent company	
				6/30/2020	12/31/2019
	Current	Over 360 days past due	(-) Estimated loss on doubtful accounts	Total	Total
Consumers					
Industrial	32.635	4.172	(4.172)	32.635	75.142
Resellers					
Trading agents	30.208			30.208	45.871
Trading agents - related parties (Note 17)	43.390			43.390	3.931
Electricity auctions	52.658			52.658	61.380
Supply - quotas		2.036	(2.036)		
	126.256	2.036	(2.036)	126.256	111.182
	158.891	6.208	(6.208)	158.891	186.324
Free energy / CCEE					
Free energy (RTE)		13.712	(13.712)		
Spot market electricity (CCEE)	25.761			25.761	12.606
	25.761	13.712	(13.712)	25.761	12.606
	184.652	19.920	(19.920)	184.652	198.930

CESP

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AT JUNE 30, 2020

All amounts in thousands of reais unless otherwise stated

				Consolidated	
				6/30/2020	12/31/2019
	Current	Over 360 days past due	(-) Estimated loss on doubtful accounts	Total	Total
Consumers					
Industrial	73.375	4.172	(4.172)	73.375	75.142
Resellers					
Trading agents	78.880			78.880	45.871
Trading agents - related parties (Note 17)	5.286			5.286	3.931
Electricity auctions	53.665			53.665	61.380
Supply - quotas		2.036	(2.036)		
	137.831	2.036	(2.036)	137.831	111.182
	211.206	6.208	(6.208)	211.206	186.324
Free energy / CCEE					
Free energy (RTE)		13.712	(13.712)		
Spot market electricity (CCEE)	25.761			25.761	12.606
	25.761	13.712	(13.712)	25.761	12.606
	236.967	19.920	(19.920)	236.967	198.930

Change in accounts receivable balances mainly due to the start of CESP Comercializadora's operations (Note 1.2 (a)).

5. Collaterals and judicial deposits

	Parent company and Consolidated	
	6/30/2020	12/31/2019
Judicial deposits		
Civil lawsuits	172.926	171.625
Labor lawsuits	58.574	93.729
Tax lawsuits	12.102	29.940
Social and environmental lawsuits	44.458	43.963
Other judicial deposits	3.335	3.181
	291.395	342.438
Collaterals		
Restricted deposits - CCEE	1.281	1.277
Restricted deposits - ANEEL	264	264
	1.545	1.541
	292.940	343.979

The reduction in balances is mainly due to releases of judicial deposits.

6. Deferred income tax and social contribution

	Assets (a)		Liabilities (b)		Parent company	
	6/30/2020	12/31/2019	6/30/2020	12/31/2019	6/30/2020	12/31/2019
Income tax and social contribution						
Recognized amounts						
Effect on profit or loss (a)						
Deferred income tax and social contribution	134.070	157.324			134.070	157.324
Monetary restatement of judicial deposits			53.488	53.488	(53.488)	(53.488)
Provision for legal claims	478.077	489.663			478.077	489.663
Provision for impairment - CPC 01	127.870	127.870			127.870	127.870
Provision regulatory assets	341.722	341.722			341.722	341.722
Other provisions	56.732	52.689			56.732	52.689
	1.138.471	1.169.268	53.488	53.488	1.084.983	1.115.780
Effect on other comprehensive income (b)						
Operating hedge accounting	45.231			13.581	45.231	(13.581)
Deemed cost of property, plant and equipment (Note 19.4)	480.191	490.451			480.191	490.451
Employee pension fund	284.762	284.762			284.762	284.762
	810.184	775.213		13.581	810.184	761.632
Total recognized (a+b)	1.948.655	1.944.481	53.488	67.069	1.895.167	1.877.412
Unrecognized amounts						
Effect on profit or loss						
Deferred income tax and social contribution	888.506	888.506			888.506	888.506
Monetary restatement of judicial deposits			13.897	13.897	(13.897)	(13.897)
Provision for legal claims	127.224	127.224			127.224	127.224
Provision for impairment - CPC 01	386.319	386.319			386.319	386.319
Provision for regulatory assets	119.309	119.309			119.309	119.309
	1.521.358	1.521.358	13.897	13.897	1.507.461	1.507.461
	3.470.013	3.465.839	67.385	80.966	3.402.628	3.384.873

CESP

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AT JUNE 30, 2020

All amounts in thousands of reais unless otherwise stated

	Assets (a)		Liabilities (b)		Consolidated Net assets (a-b)	
	6/30/2020	12/31/2019	6/30/2020	12/31/2019	6/30/2020	12/31/2019
Income tax and social contribution						
Recognized amounts						
Effect on profit or loss (a)						
Deferred income tax and social contribution	134.070	157.324			134.070	157.324
Monetary restatement of judicial deposits			53.488	53.488	(53.488)	(53.488)
Provision for legal claims	478.077	489.663			478.077	489.663
Provision for impairment - CPC 01	127.870	127.870			127.870	127.870
Provision regulatory assets	341.722	341.722			341.722	341.722
Electric power futures contracts			7.562		(7.562)	
Other provisions	56.857	52.689			56.857	52.689
	1.138.596	1.169.268	61.050	53.488	1.077.546	1.115.780
Effect on other comprehensive income (b)						
Hedge accounting	72.576			13.581	72.576	(13.581)
Deemed cost of property, plant and equipment (Note 19.4)	480.191	490.451			480.191	490.451
Employee private pension fund	284.762	284.762			284.762	284.762
	837.529	775.213		13.581	837.529	761.632
Total recognized (a+b)	1.976.125	1.944.481	61.050	67.069	1.915.075	1.877.412
Unrecognized amounts						
Effect on profit or loss						
Deferred income tax and social contribution	888.506	888.506			888.506	888.506
Monetary restatement of judicial deposits			13.897	13.897	(13.897)	(13.897)
Provision for legal claims	127.224	127.224			127.224	127.224
Provision for impairment - CPC 01	386.319	386.319			386.319	386.319
Provision for regulatory assets	119.309	119.309			119.309	119.309
	1.521.358	1.521.358	13.897	13.897	1.507.461	1.507.461
	3.497.483	3.465.839	74.947	80.966	3.422.536	3.384.873

CESP

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AT JUNE 30, 2020

All amounts in thousands of reais unless otherwise stated

7. Indemnification assets

	Parent company and Consolidated				
				6/30/2020	12/31/2019
	Três Irmãos	Ilha Solteira	Jupia	Total	Total
Breakdown of indemnification asset					
Indemnification asset	3.529.080	2.165.858	642.318	6.337.256	6.337.256
Impairment adjustment		(1.657.484)	(337.826)	(1.995.310)	(1.995.310)
Contingent asset adjustment	(1.811.718)	(506.346)	(304.492)	(2.622.556)	(2.622.556)
Total provisions	(1.811.718)	(2.163.830)	(642.318)	(4.617.866)	(4.617.866)
Indemnification asset (net)	1.717.362	2.028		1.719.390	1.719.390

Refers to the amount receivable from the Federal Government for the indemnification for concession contracts terminated at the Três Irmãos, Jupia and Ilha Solteira plants. Note 12 to the financial statements for the year ended December 31, 2019 provides further details. The Company is seeking redress through the courts to determination the amounts of indemnifiable assets and means of receipt. It has recorded the asset balance for the portion management considers not to be controversial. No significant progress made in the semester ended June 30, 2020.

8. Property, plant and equipment

8.1 Breakdown

	Parent company and Consolidated				
	6/30/2020				12/31/2019
	Annual average rates %	Total cost	Accumulated depreciation	Net	Net
In operation					
Land	3,3%	273.351	(11.125)	262.226	267.453
Reservoirs, dams and water mains	2,0%	8.054.347	(3.770.668)	4.283.679	4.376.995
Buildings and improvements	2,3%	2.086.009	(1.478.861)	607.148	632.413
Machinery and equipment	2,9%	2.281.710	(1.439.076)	842.634	879.058
Vehicles	5,4%	6.124	(4.507)	1.617	1.778
Furniture and fittings	3,9%	2.888	(943)	1.945	468
Social and environmental costs	10,0%	157.936	(23.691)	134.245	142.142
		12.862.365	(6.728.871)	6.133.494	6.300.307
In progress					
Buildings and improvements		1.541		1.541	1.541
Machinery and equipment		7.673		7.673	2.831
Other		442		442	1.264
		9.656		9.656	5.636
		12.872.021	(6.728.871)	6.143.150	6.305.943

8.2 Changes

	Parent company and Consolidated					
	1/1/2020	Additions	Disposals	Activations	Depreciation	6/30/2020
In operation						
Land	267.453		(441)		(4.786)	262.226
Reservoirs, dams and water mains	4.376.995				(93.316)	4.283.679
Buildings and improvements	632.413		(40)	1.294	(26.519)	607.148
Machinery and equipment	879.058			524	(36.948)	842.634
Vehicles	1.778				(161)	1.617
Furniture and fittings	468		(7)	1.541	(57)	1.945
Social and environmental costs	142.142				(7.897)	134.245
	6.300.307		(488)	3.359	(169.684)	6.133.494
In progress						
Buildings and improvements	1.541					1.541
Machinery and equipment	2.831	7.182		(2.340)		7.673
Other	1.264	197		(1.019)		442
	5.636	7.379		(3.359)		9.656
	6.305.943	7.379	(488)		(169.684)	6.143.150

	Parent company and Consolidated					
	1/1/2019	Additions	Disposals	Activations	Depreciation	6/30/2019
In operation						
Land	309.281				(1.594)	307.687
Reservoirs, dams and water mains	3.842.287				(91.265)	3.751.022
Buildings and improvements	955.412				(25.288)	930.124
Machinery and equipment	1.244.302		(25)		(38.087)	1.206.190
Vehicles	2.104				(164)	1.940
Furniture and fittings	1.008		(14)		(55)	939
	6.354.394		(39)		(156.453)	6.197.902
In progress						
Reservoirs, dams and water mains	69					69
Buildings and improvements		898				898
Machinery and equipment	2.152	945				3.097
Other	2	1.016				1.018
	2.223	2.859				5.082
	6.356.617	2.859	(39)		(156.453)	6.202.984

CESP

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AT JUNE 30, 2020

All amounts in thousands of reais unless otherwise stated

8.3 Deemed cost

8.3.1 Breakdown

Plant	Parent company and Consolidated		
	Property, plant and equipment	Deferred taxes	Equity
HPP Porto Primavera (step down)	(1.435.618)	490.294	(945.324)
HPP Paraibuna	20.237	(7.626)	12.611
HPP Jaguarí	6.482	(2.477)	4.005
	(1.408.899)	480.191	(928.708)

8.3.2 Changes

	Parent company and Consolidated		
	Property, plant and equipment	Deferred taxes	Equity
Opening balance at 01/01/2009	3.553.278	(1.208.115)	2.345.163
Realization	(4.992.352)	1.698.566	(3.293.786)
Closing balance at 12/31/2019	(1.439.074)	490.451	(948.623)
Realization in the semester (depreciation)	30.175	(10.260)	19.915
Closing balance at 6/30/2020	(1.408.899)	480.191	(928.708)

9. Intangible assets

9.1 Breakdown

	Parent company and Consolidated				
	Annual average rates %	Total cost	Accumulated amortization	Net	Net
In operation					
Software and use license	4,9%	26.048	(16.814)	9.234	11.724
Renegotiation of hydrological risk	8,1%	26.533	(9.477)	17.056	18.101
Use of public assets	3,3%	184.066	(7.341)	176.725	177.468
Grant	3,3%	1.398.703	(56.337)	1.342.366	1.365.678
		1.635.350	(89.969)	1.545.381	1.572.971
In progress					
Software and use license		3.103		3.103	2.329
		3.103		3.103	2.329
		1.638.453	(89.969)	1.548.484	1.575.300

9.2 Changes

	Parent company and Consolidated			
	1/1/2020	Additions	Amortization	6/30/2020
In operation				
Software and use license	11.724		(2.490)	9.234
Renegotiation of hydrological risk	18.101		(1.045)	17.056
Use of public assets	177.468	2.307	(3.050)	176.725
Grant	1.365.678		(23.312)	1.342.366
	1.572.971	2.307	(29.897)	1.545.381
In progress				
Software and use license	2.329	774		3.103
	2.329	774		3.103
	1.575.300	3.081	(29.897)	1.548.484

	Parent company and Consolidated			
	1/1/2019	Additions	Amortization	6/30/2019
In operation				
Software and use license	15.880		(2.417)	13.463
Renegotiation of hydrological risk	20.166		(1.077)	19.089
Use of public assets		181.760	(1.262)	180.498
Grant		1.398.703	(9.710)	1.388.993
	36.046	1.580.463	(14.466)	1.602.043
In progress				
Software and use license	754	770		1.524
	754	770		1.524
	36.800	1.581.233	(14.466)	1.603.567

CESP

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AT JUNE 30, 2020

All amounts in thousands of reais unless otherwise stated

10. Electricity purchased for resale

	Parent company		Consolidated	
	6/30/2020	12/31/2019	6/30/2020	12/31/2019
Electricity purchased for resale	7.129	33.634	40.428	33.634
Spot market electricity - CCEE	14.204		14.204	
Electricity purchased for resale - Related parties (Note 17)		2.121	2.141	2.121
	21.333	35.755	56.773	35.755

11. Borrowings and debentures

11.1 Breakdown

		Parent company and Consolidated						
Annual financial charges		6/30/2020			12/31/2019			
		Current	Noncurrent	Total	Current	Non-current	Total	
		Charges	Principal	Principal		Charges	Principal	Principal
Local currency								
Debentures	CDI + 1.64% p.y.	1.878		1.782.696	1.784.574	2.969		1.781.123
Eletrobras (RGR and IRD)	Fixed rate of 5% and 8% p.y.		11		11		33	
		1.878	11	1.782.696	1.784.585	2.969	33	1.781.123

At June 30, 2020, the Company assessed its debt covenants and concluded that it was in compliance with the required ratios. The calculation of the financial ratio linked to the debentures is presented in Note 24.1. The contract determines that the net debt-to-EBITDA ratio must be less than or equal to 3.5.

11.2 Repayment schedule of borrowing and debentures in non-current liabilities

	Local currency
2022	450.000
2023	450.000
2024	450.000
2025	450.000
Borrowing costs	(17.304)
	1.782.696

11.3 Changes in borrowing and debentures

	Parent company and Consolidated
	Local currency
Opening balance at 1/1/2020	1.784.125
Interest and commissions	46.367
Borrowing costs	1.573
Payments - principal	(22)
Payments - interest	(47.458)
Closing balance at 6/30/2020	1.784.585

The amount of R\$ 47,458 refers to the amortization of interest on debentures, which occurs every six months.

	Parent company and Consolidated		
	Local currency	Foreign currency	Total
Opening balance at 1/1/2019	4.754	210.882	215.636
New borrowings	1.800.000		1.800.000
New borrowing costs	(22.018)		(22.018)
Interest and commissions	66.840	6.158	72.998
Borrowing costs	1.568		1.568
Foreign exchange variation		(2.940)	(2.940)
Payments - principal	(2.581)	(121.995)	(124.576)
Payments - interest	(63.478)	(6.249)	(69.727)
Closing balance at 6/30/2019	1.785.085	85.856	1.870.941

CESP **NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AT JUNE 30, 2020**

All amounts in thousands of reais unless otherwise stated

12. Employee private pension fund

	Parent company and Consolidated	
	6/30/2020	12/31/2019
Net actuarial obligation	6.695.144	6.665.813
Fair value of plan assets	(5.866.462)	(5.866.462)
Effect of ceiling for recognition of defined benefit asset	37.644	37.644
Total net liability	866.326	836.995

12.1 Changes in actuarial liabilities

	Parent company and Consolidated	
	6/30/2020	12/31/2019
Opening balance	836.995	
Current service cost	(244)	6.752
Interest cost on the obligation	29.811	
Contributions paid	(236)	(2.386)
Actuarial (gains) / losses		(4.366)
Closing balance	866.326	

12.2 Actuarial income (expenses)

The estimated actuarial expenses for 2020 are shown below, based on the actuarial valuation of 2019:

	Parent company and Consolidated			
	2020			
	BSPS	DB	VC	Total
Current service cost		(667)	178	(489)
Interest cost on the obligation	388.022	63.703	9.082	460.807
Expected return on plan assets	(330.368)	(66.705)	(6.807)	(403.880)
Expense/(Income) on the "asset ceiling"		2.695		2.695
Estimated (income)/expense for the year	57.654	(974)	2.453	59.133

13. Taxes payable

	Parent company		Consolidated	
	6/30/2020	12/31/2019	6/30/2020	12/31/2019
Income tax - IRPJ	24.591		28.913	20
Social Contribution on net income - CSLL	5.155		6.111	12
Withholding taxes	2.319	4.178	2.336	4.178
Social Contribution on revenue - COFINS	34.573	5.464	39.857	5.472
Social Integration Program - PIS	10.716	4.408	11.862	4.409
State tax - ICMS	1.206	9.433	9.313	9.433
Other payable taxes	12	11	12	11
	78.572	23.494	98.404	23.535

The increase in the balances of income tax and social contribution payable reflect the taxable profit in the semester ended on June 30, 2020, net of prepayments made on an estimated basis by the Company and its subsidiary.

The increase in the PIS and COFINS balances is due to the extension of due dates for taxes due to the Federal Revenue, according to ordinances of the Ministry of Economy no. 139 of April 3, 2020 and no. 245 of June 15, 2020, to take account of the effects of the COVID-19 pandemic.

CESP

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AT JUNE 30, 2020

All amounts in thousands of reais unless otherwise stated

14. Sector charges

	Parent company and Consolidated	
	6/30/2020	12/31/2019
Current		
Global Reserve for Reversion - RGR	137	137
Financial Compensation for Use of Water Resources - CFURH	7.582	8.459
Electric energy service inspection charge - TFSEE	1.834	2.377
Quotas for R&D - FNDCT	1.265	1.316
Quotas for R&D - MME	250	282
R&D - Projects	87.417	87.036
Electricity network usage charges - TUSD and TUST	16.336	15.473
Distribution network usage charges - TUSDg	599	593
	115.420	115.673
Noncurrent		
R&D - Projects	12.014	12.014
	12.014	12.014
	127.434	127.687

15. Use of public assets

15.1 Breakdown

	6/30/2020				12/31/2019			
	Intangible assets (Note 9)		Liabilities		Intangible assets (Note 9)		Liabilities	
	Current	Noncurrent	Total		Current	Noncurrent	Total	
Plant								
Porto Primavera	176.725	45.811	140.935	186.746	177.468	29.275	158.355	187.630
	176.725	45.811	140.935	186.746	177.468	29.275	158.355	187.630

The change in the classification between current and noncurrent liabilities between December 31, 2019 and June 30, 2020 was due to the beginning of payments to ANEEL in May 2020.

15.2 Changes

	Parent company and Consolidated			
	Assets		Liabilities	
	Intangible assets (Note 9)	Use of public assets	(-) Present value adjustment	Total
Opening balance at 1/1/2020	177.468	212.308	(24.678)	187.630
Amortization	(3.050)			
Realization of present value adjustment			4.125	4.125
Remeasurement	2.307	1.770	537	2.307
Payments		(7.316)		(7.316)
Closing balance at 6/30/2020	176.725	206.762	(20.016)	186.746

	Parent company and Consolidated			
	Assets		Liabilities	
	Intangible assets (Note 9)	Use of public assets	(-) Present value adjustment	Total
Opening balance at 4/15/2019	181.760	212.308	(30.548)	181.760
Amortization	(1.262)			
Realization of present value adjustment			1.707	1.707
Closing balance at 6/30/2019	180.498	212.308	(28.841)	183.467

CESP

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AT JUNE 30, 2020

All amounts in thousands of reais unless otherwise stated

16. Provision for legal claims

16.1 Breakdown and changes

At June 30, 2020, legal claims, of varying nature, were assessed and classified according to the economic and financial risk and the consequent likelihood of estimated loss for the Company, as shown below.

	Parent company and Consolidated			
	1/1/2020	Monetary restatement	Provision / (Reversal)	Changes
	Balance			(-) Payments
Labor	138.597	8.122	1.561	(27.446)
Tax	5.435	280	(510)	(138)
Environmental	443.627	28.925	(311.502)	(194)
Civil	1.226.716	78.465	203.263	(12.358)
	1.814.375	115.792	(107.188)	(40.136)

	Parent company and Consolidated			
	1/1/2019	Monetary restatement	Provision / (Reversal)	Changes
	Balance			(-) Payments
Labor	247.663	13.160	(33.828)	(16.819)
Tax	5.828	286	483	
Environmental	189.136	15.556	(27.693)	
Civil	1.713.535	100.471	48.291	(135.781)
	2.156.162	129.473	(12.747)	(152.600)

The Company, under advice of its legal counsel, in its best and current understanding regarding the process of constantly monitoring its legal claims portfolio, reclassified the nature of some lawsuits previously classified as environmental to civil. This reclassification, in the amount of R\$ 334.172 reflects the reparations which are of a financial nature, without claims for environmental restoration. Management believes this is consistent with the classifications in its financial statements.

The reversal in the first semester of 2020 follows the strategy of constant review of projected risks cash outgoing and of amounts under discussion, in addition to the efforts to reduce contingent liabilities. The change in the provision reflects: (i) revision of the amount attributed to strategic cases resulting from changes linked to the actual progress of the lawsuits that occurred in the period; and (iii) new processes received by the Company.

In relation to contingencies arising from lawsuits assessed as involving a remote unfavorable outcome, the Company has elected to maintain the practice historically adopted in the preparation of its financial statements, disclosing the total amount of the lawsuits corresponding to this type of contingency. However, despite disclosures being consistent, the Company highlights that, among the various lawsuits being of remote risk loss, there are claims that are clearly unrealistic, for which the amount disclosed in the table represents the amount claimed by the plaintiffs, but does not necessarily represent the amount that would be due in the event of a ruling unfavorable to the Company.

Currently, contingencies arising from legal claims, at judicial or administrative level, are classified as follows:

Nature	Likelihood of loss			Total
	Probable	Possible	Remote	
Labor	120.834	47.077	112.945	280.856
Tax	5.067	430.375	161.219	596.661
Environmental	160.856	250.536	671.697	1.083.089
Civil	1.496.086	1.902.261	5.591.386	8.989.733
Total at June 30, 2020	1.782.843	2.630.249	6.537.247	10.950.339
Total at December 31, 2019	1.814.375	2.528.446	7.062.373	11.405.194

CESP

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AT JUNE 30, 2020

All amounts in thousands of reais unless otherwise stated

17. Related-party transactions

17.1 Breakdown

							Parent company	
							6/30/2020	6/30/2019
							Assets	Liabilities
							Current	Noncurrent
Companies	Note	Nature of transaction	Current	Noncurrent	Current	Equity	Profit or loss	
Votener - Votorantim Comercializadora de Energia Ltda.	4	Purchase and sale of electricity	5.286				Income/	
CESP Comercializadora de Energia S.A.	4	Purchase and sale of electricity	38.104				(expense)	
VTRM Energia Participações S.A.		Dividends payable			78.577			
Votorantim S.A.		Shared services			228			
Eletrobras - Centrais Elétricas Brasileiras S.A.	11	Loans			11			
Funcesp - Fundação CESP		Employee pension fund	11.469					
Banco Votorantim		Derivative financial instruments			25.770	(14.464)		
			54.859		104.586	(14.464)		

							Consolidated	
							6/30/2020	6/30/2019
							Assets	Liabilities
							Current	Noncurrent
Companies	Note	Nature of transaction	Current	Noncurrent	Current	Equity	Profit or loss	
Votener - Votorantim Comercializadora de Energia Ltda.	4	Purchase and sale of electricity	5.286		2.141		Income/	
VTRM Energia Participações S.A.		Dividends payable			78.577		(expense)	
Votorantim S.A.		Shared services			265			
Eletrobras - Centrais Elétricas Brasileiras S.A.	11	Loans			11			
Funcesp - Fundação CESP		Employee pension fund	11.469					
Banco Votorantim		Derivative financial instruments			54.187	(40.923)		
			16.755		135.181	(40.923)		

							Parent company and Consolidated	
							12/31/2019	6/30/2019
							Assets	Liabilities
							Current	Noncurrent
Companies	Note	Nature of transaction	Current	Noncurrent	Current	Equity	Profit or loss	
Votener - Votorantim Comercializadora de Energia Ltda.	4	Purchase and sale of electricity	3.931		2.121		Income/	
VTRM Energia Participações S.A.		Dividends payable			121.176		(expense)	
SF Ninety Two Participações Societárias S.A.		Dividends payable			121.176			
Votorantim S.A.		Shared services			1.542			
Eletrobras - Centrais Elétricas Brasileiras S.A.	11	Loans			33			
Funcesp - Fundação CESP		Employee pension fund	8.824		564			
Banco Votorantim		Derivative financial instruments	8.408	5.743		8.890		
			21.163	5.743	246.612	8.890		

In 2019, the Company hired consultancy services from Compart Serviços e Assessorias Ltda., a subsidiary of Votorantim S.A., for implementation of SAP ERP. The total amount of R\$ 1,375 was paid in December 2019 and booked as an intangible asset in the balance sheet, being amortized along with the value of the software.

17.2 Compensation of key management personnel

Compensation of key management personnel of the Company and its subsidiary, which includes the Board of Directors, Statutory Executive Board, Statutory Audit Committee and Supervisory Board, was R\$ 2,470 in the semester ended June 30, 2020 (R\$ 804 in the semester ended June 30, 2019), of which R\$ 2,007 is related to fixed and variable compensation (R\$ 669 in the semester ended June 30, 2019) and R\$ 463 related to social charges (R\$ 135 in the semester ended June 30, 2019).

18. Electric power futures contracts

CESP Comercializadora carries out power trading operations in an active market that fit the definition of financial instruments, as they are settled in electric energy and readily convertible into a known cash amount. Such contracts are recorded in the balance sheet at fair value, on the date they are entered, and remeasured at fair value at the balance sheet date, matched against operating income (expenses).

The fair value of such financial instruments is estimated partly based on price quotations in an active market, to the extent that observable market inputs exist, and partly by using valuation techniques considering: (i) prices set in purchase and sale transactions, (ii) risk margin in the power supply and (iii) market price projected in the availability period. Whenever the fair value at the initial recognition of these contracts differs from the transaction price, a fair value gain or loss is recorded in other operating income (expenses), net.

CESP

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AT JUNE 30, 2020

All amounts in thousands of reais unless otherwise stated

Until June 30, 2020, the Company booked a gain from the mark-to-market of future energy contracts of R\$ 22,241, with a corresponding entry in the balance sheet of R\$ 18,686 in current assets and R\$ 3,555 in non-current assets.

19. Equity

19.1 Share capital

The paid-up capital of R\$ 5,975,433 is divided into 109,167,801 common shares (CESP3), 7,386,323 class A preferred shares (CESP5) and 210,948,549 class B preferred shares (CESP6).

The Company's major shareholders at June 30, 2020 were the following:

	Number of shares - In units							
	Common shares	%	Preferred shares Class A	%	Preferred shares Class B	%	Total	%
Stockholders								
VTRM Energia e Participações S/A	102.091.755	93,52			28.928.300	13,71	131.020.055	40,01
	102.091.755	93,52			28.928.300	13,71	131.020.055	40,01
Other								
Treasury shares	3		1		2.560		2.564	
Shares outstanding	7.076.043	6,48	7.386.322	100,00	182.017.689	86,29	196.480.054	59,99
	7.076.046	6,48	7.386.323	100,00	182.020.249	86,29	196.482.618	59,99
	109.167.801	100,00	7.386.323	100,00	210.948.549	100,00	327.502.673	100,00
Paid-up capital per share in R\$ thousand	1.991.815		134.767		3.848.851		5.975.433	

19.2 Capital reserves

	Parent company and Consolidated	
	3/31/2020	12/31/2019
Remuneration of property, plant and equipment in progress - Own capital	1.929.098	1.929.098

19.3 Revenue reserve

	Controladora e Consolidado	
	6/30/2020	12/31/2019
Legal reserve	171.751	171.751
Statutory reserve	506.805	506.805
Profit retention	406.327	406.327
	1.084.883	1.084.883

19.4 Carrying value adjustments (deemed cost)

	Controladora e Consolidado		
	Property, plant and equipment	Deferred taxes	Equity
Opening balance at 1/1/2020	(1.439.074)	490.451	(948.623)
Realization in the semester (depreciation)	30.175	(10.260)	19.915
Closing balance at 6/30/2020	(1.408.899)	480.191	(928.708)

CESP

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AT JUNE 30, 2020

All amounts in thousands of reais unless otherwise stated

19.5 Other comprehensive income

	Parent company and Consolidated	
	6/30/2020	6/30/2019
Opening balance	(895.886)	(370.669)
Operating hedge accounting		
Provision for operating hedge accounting	(242.074)	
(-) Deferred income tax and social contribution	82.305	
	(159.769)	
Adjustment CPC 33 (R1) in the semester		4.366
Closing balance	(1.055.655)	(366.303)

20. Revenue

20.1 Electricity Trading Agreements in the Regulated Market – CCEAR's and price updates (not reviewed)

The Company has contracts with 33 energy distributors for the supply of energy from auctions. These contracts are inflation indexed to the IPCA, applied on the energy distributors' adjustment dates by ANEEL, as follows:

Tariff adjustments in 2020		Products and prices R\$/MWh		Adjustment in the year (%)
Concessionaires	Month of adjustment	2009 to 2038	2010 to 2039	
Energisa Borborema	February	258,81	243,92	4,19
Ampla e CPFL Jaguarí	March	259,45	259,45	4,00
Light	March	259,45	259,45	4,00
Celpe, Coelba, Coelce, Cosern, CPFL Paulista, Energisa MS, Energisa MT e Energisa SE	April	259,63	244,70	3,30
Cemig	May	258,83	243,95	2,40
Copel e RGE	June	257,85	243,02	1,88

Tariff adjustments in 2019		Products and prices R\$/MWh		Adjustment in the year (%)
Concessionaires	Month of adjustment	2009 to 2038	2010 to 2039	
Energisa Borborema	February	248,39	234,11	3,78
Ampla e CPFL Jaguarí	March	249,46	235,12	3,89
Light	March	249,46	235,12	3,89
Celpe, Coelba, Coelce, Cosern, CPFL Paulista, Energisa MS, Energisa MT e Energisa SE	April	251,33	236,88	4,58
Cemig	May	252,77	238,23	4,94
Copel e RGE	June	253,09	238,54	4,66

20.2 Electricity sold

The tables below show electricity sold in the period, as well as distributed power in MWh and corresponding amounts by class of consumption and by trading environment:

Electricity sold in the 2 nd Quarter		MWh (*)		R\$ thousand		Parent company R\$/MWh (Average) (*)	
	6/30/2020	6/30/2019	6/30/2020	6/30/2019	6/30/2020	6/30/2019	6/30/2019
Free market							
Free consumers - Industrial	446.373	847.221	95.194	176.733	213.26		208.60
Trading agents	1.178.948	642.349	214.032	116.787	181.54		181.81
	1.625.321	1.489.570	309.226	293.520	190.26		197.05
Regulated market							
Electricity auctions - Electricity distributors	490.505	491.956	120.562	115.453	245.79		234.68
Spot market electricity	289.530	399.856	6.129	25.483	21.17		63.73
	780.035	891.812	126.691	140.936	162.42		158.03
	2.405.356	2.381.382	435.917	434.456	181,23		182,44

Electricity sold in the 2 nd Quarter		MWh (*)		R\$ thousand		Consolidated R\$/MWh (Average) (*)	
	6/30/2020	6/30/2019	6/30/2020	6/30/2019	6/30/2020	6/30/2019	6/30/2019
Free market							
Free consumers - Industrial	907.197	847.221	205.595	176.733	226.63		208.60
Trading agents	1.248.500	642.349	240.634	116.787	192.74		181.81
	2.155.697	1.489.570	446.229	293.520	207.00		197.05
Regulated market							
Electricity auctions - Electricity distributors	490.505	491.956	120.562	115.453	245.79		234.68
Spot market electricity	289.530	399.856	6.129	25.483	21.17		63.73
	780.035	891.812	126.691	140.936	162.42		158.03
	2.935.732	2.381.382	572.920	434.456	195,15		182,44

CESP

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AT JUNE 30, 2020

All amounts in thousands of reais unless otherwise stated

Electricity sold until June, 30					Parent company	
	MWh (*)		R\$ thousand		R\$/MWh (Average) (*)	
	6/30/2020	6/30/2019	6/30/2020	6/30/2019	6/30/2020	6/30/2019
Free market						
Free consumers - Industrial	963.684	1.777.553	193.288	355.854	200.57	200.19
Trading agents	2.283.128	1.180.094	439.085	214.764	192.32	181.99
	3.246.812	2.957.647	632.373	570.618	194.77	192.93
Regulated market						
Electricity auctions - Electricity distributors	1.011.263	1.001.955	247.339	236.338	244.58	235.88
Spot market electricity	633.009	1.464.496	22.011	49.030	34.77	33.48
	1.644.272	2.466.451	269.350	285.368	163.81	115.70
	4.891.084	5.424.098	901.723	855.986	184.36	157.81

Electricity sold until June, 30					Consolidated	
	MWh (*)		R\$ thousand		R\$/MWh (Average) (*)	
	6/30/2020	6/30/2019	6/30/2020	6/30/2019	6/30/2020	6/30/2019
Free market						
Free consumers - Industrial	1.885.332	1.777.553	413.388	355.854	219.27	200.19
Trading agents	2.205.824	1.180.094	439.934	214.764	199.44	181.99
	4.091.156	2.957.647	853.322	570.618	208.58	192.93
Regulated market						
Electricity auctions - Electricity distributors	1.011.263	1.001.955	247.339	236.338	244.58	235.88
Spot market electricity	633.010	1.464.496	22.011	49.030	34.77	33.48
	1.644.273	2.466.451	269.350	285.368	163.81	115.70
	5.735.429	5.424.098	1.122.672	855.986	195.74	157.81

(*) Information not reviewed by independent auditors.

20.3 Net revenue

Reconciliation between gross revenue for tax purposes and net revenue presented in the statement of income:

	Parent company		Consolidated	
	Quarters ended in		Quarters ended in	
	6/30/2020	6/30/2019	6/30/2020	6/30/2019
Gross revenue				
Revenue from electricity				
Free consumers - Industrial	95.194	176.733	205.595	176.733
Trading agents	214.032	116.787	240.634	116.787
Electricity auctions - Electricity distributors	120.562	115.453	120.562	115.453
Spot market electricity	6.129	25.483	6.129	25.483
	435.917	434.456	572.920	434.456
Derivative financial instruments	(15.222)		(28.611)	
Other income	596	648	596	648
	(14.626)	648	(28.015)	648
	421.291	435.104	544.905	435.104
Deductions from revenue				
Quota for Global Reserve for Reversion - RGR	(844)	(12.309)	(844)	(12.309)
Research and Development - R&D	(4.011)	(3.678)	(4.011)	(3.678)
Service tax (ISS)	(21)	(35)	(21)	(35)
PIS on operating revenues	(7.115)	(6.901)	(7.407)	(6.901)
COFINS on operating revenues	(32.773)	(31.791)	(34.115)	(31.791)
Financial Compensation for Use of Water Resources - CFURH	(11.765)	(11.229)	(11.765)	(11.229)
Electric energy service inspection charge - TFSEE	(1.210)	(784)	(1.210)	(784)
	(57.739)	(66.727)	(59.373)	(66.727)
Net revenue	363.552	368.377	485.532	368.377

CESP

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AT JUNE 30, 2020

All amounts in thousands of reais unless otherwise stated

	Parent company		Consolidated	
	6/30/2020	6/30/2019	6/30/2020	6/30/2019
Gross revenue				
Revenue from electricity				
Free consumers - Industrial	193.288	355.854	413.388	355.854
Trading agents	439.085	214.764	439.934	214.764
Electricity auctions - Electricity distributors	247.339	236.338	247.339	236.338
Spot market electricity	22.011	49.030	22.011	49.030
	901.723	855.986	1.122.672	855.986
Derivative financial instruments (Note 24.5)	(20.890)		(38.248)	
Other income	1.343	1.279	1.343	1.279
	(19.547)	1.279	(36.905)	1.279
	882.176	857.265	1.085.767	857.265
Deductions from revenue				
Quota for Global Reserve for Reversion - RGR	(1.687)	(24.617)	(1.687)	(24.617)
Research and Development - R&D	(7.944)	(7.229)	(7.944)	(7.229)
Service tax (ISS)	(44)	(69)	(44)	(69)
PIS on operating revenues	(14.641)	(13.547)	(18.259)	(13.547)
COFINS on operating revenues	(67.439)	(62.403)	(84.101)	(62.403)
Financial Compensation for Use of Water Resources - CFURH	(25.221)	(23.837)	(25.221)	(23.837)
Electric energy service inspection charge - TFSEE	(2.439)	(1.568)	(2.439)	(1.568)
	(119.415)	(133.270)	(139.695)	(133.270)
Net revenue	762.761	723.995	946.072	723.995

The change in revenue from trading agents is substantially due to startup of CESP Comercializadora's operations (Note 1.2 (a)).

The result of derivative financial instruments are from cash flow hedges used to protect foreign exchange exposure arising from energy sales contracts with an adjustment clause linked to the US dollar (Note 24.2).

The reduction of RGR is due to the change of UHE Porto Primavera from a public utility concessionaire for electricity generation to an independent electricity utility, as of April 23, 2019.

21. Costs and expenses

	Parent company			
	In the quarter ended 6/30/2020			
Nature of costs and expenses	Cost of electricity	Cost of operation	General and administrative expenses	Other operating income (expenses), net
Depreciation and amortization		(97.848)	(1.961)	(20)
Sector charges	(35.427)			
Electricity purchased	(43.297)			
Reversal of provision for legal claims				134.167
Judicial deposits write-off				(23.643)
Personnel		(5.509)	(8.550)	
Outsourced services		(2.290)	(5.446)	
Insurance			(1.919)	
Employee pension fund			122	
Rentals		(176)	(285)	
Materials		(60)	(55)	
Management			(1.230)	
Reversal of provision for impairment of storeroom supplies				12
Provision for PIS/COFINS on monetary restatement of judicial deposits				315
Other operating income (expenses), net		(2.613)	(2.023)	8.260
Total	(78.724)	(108.496)	(21.347)	119.091

CESP

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AT JUNE 30, 2020

All amounts in thousands of reais unless otherwise stated

	Consolidated				
	In the quarter ended 6/30/2020				
	Cost of electricity	Cost of operation	General and administrative expenses	Other operating income (expenses), net	Total
Nature of costs and expenses					
Depreciation and amortization		(97.848)	(2.008)	(20)	(99.876)
Sector charges	(35.427)				(35.427)
Electricity purchased	(137.133)				(137.133)
Reversal of provision for legal claims				134.167	134.167
Judicial deposits write-off				(23.643)	(23.643)
Electric power futures contracts				(2.599)	(2.599)
Personnel		(5.509)	(9.914)		(15.423)
Outsourced services		(2.290)	(5.111)		(7.401)
Insurance			(1.919)		(1.919)
Employee pension fund			122		122
Rentals		(176)	(242)		(418)
Materials		(60)	(435)		(495)
Management			(1.230)		(1.230)
Provision for PIS/COFINS on monetary restatement of judicial deposits				315	315
Other operating income (expenses), net		(2.613)	(2.299)	8.264	3.352
Total	(172.560)	(108.496)	(23.036)	116.484	(187.608)

	Parent company and Consolidated				
	In the quarter ended 6/30/2019				
	Cost of electricity	Cost of operation	General and administrative expenses	Other operating income (expenses), net	Total
Nature of costs and expenses					
Depreciation and amortization		(90.722)	(1.808)		(92.530)
Sector charges	(29.119)				(29.119)
Electricity purchased	(76.100)				(76.100)
Provision for legal claims				(23.855)	(23.855)
Personnel		(5.556)	(16.587)		(22.143)
Voluntary Termination Program		(625)	(1.662)		(2.287)
Outsourced services		(4.375)	(8.244)		(12.619)
Insurance				(384)	(384)
Employee private pension fund			(3.380)		(3.380)
Rentals			(747)		(747)
Materials		(830)	(136)		(966)
Management			(438)		(438)
Reversal of provision for impairment of storeroom supplies				2.654	2.654
Provision for PIS/COFINS on monetary restatement of judicial deposits				(132)	(132)
Estimated loss on doubtful accounts				(617)	(617)
Other operating income (expenses), net		(4.420)	(1.346)	176	(5.590)
Total	(105.219)	(106.528)	(34.348)	(22.158)	(268.253)

Parent company					
In the semester ended 6/30/2020					
	Cost of electricity	Cost of operation	General and administrative expenses	Other operating income (expenses), net	Total
Nature of costs and expenses					
Depreciation and amortization		(196.215)	(3.909)	(39)	(200.163)
Sector charges	(69.358)				(69.358)
Electricity purchased	(72.993)				(72.993)
Reversal of provision for legal claims (Note 16)				107.188	107.188
Judicial deposits write-off				(23.643)	(23.643)
Personnel		(13.002)	(18.855)		(31.857)
Outsourced services		(3.523)	(9.538)		(13.061)
Insurance			(4.169)		(4.169)
Employee pension fund			244		244
Rentals		(292)	(789)		(1.081)
Materials		(502)	(132)		(634)
Management			(2.470)		(2.470)
Reversal of provision for impairment of storeroom supplies				66	66
Provision for PIS/COFINS on monetary restatement of judicial deposits				300	300
Other operating income (expenses), net		(5.030)	(2.369)	8.800	1.401
Total	(142.351)	(218.564)	(41.987)	92.672	(310.230)

CESP

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AT JUNE 30, 2020

All amounts in thousands of reais unless otherwise stated

Consolidated				
In the semester ended 6/30/2020				
	Cost of electricity	Cost of operation	General and administrative expenses	Other operating income (expenses), net
Total				
Nature of costs and expenses				
Depreciation and amortization		(196.215)	(4.017)	(39)
Sector charges	(69.358)			
Electricity purchased	(219.469)			
Reversal of provision for legal claims (Note 16)				107.188
Judicial deposits write-off				(23.643)
Electric power futures contracts				22.241
Personnel		(13.002)	(22.316)	
Outsourced services		(3.523)	(10.064)	
Insurance			(4.169)	
Employee pension fund			244	
Rentals		(292)	(789)	
Materials		(502)	(510)	
Management			(2.470)	
Reversal of provision for impairment of storeroom supplies				54
Provision for PIS/COFINS on monetary restatement of judicial deposits				300
Other operating income (expenses), net		(5.030)	(2.773)	8.803
Total	(288.827)	(218.564)	(46.864)	114.904

Parent company and Consolidated				
In the semester ended 6/30/2019				
	Cost of electricity	Cost of operation	General and administrative expenses	Other operating income (expenses), net
Total				
Nature of costs and expenses				
Depreciation and amortization		(167.371)	(3.428)	(332)
Sector charges	(57.357)			
Electricity purchased	(299.098)			
Provision for legal claims				12.747
Personnel		(11.060)	(50.091)	
Voluntary Termination Program		(8.816)	(95.975)	
Outsourced services		(8.417)	(17.100)	
Insurance				(690)
Employee private pension fund			(6.752)	
Rentals			(1.461)	
Materials		(1.738)	(432)	
Management			(804)	
Reversal of provision for impairment of storeroom supplies				7.450
Provision for PIS/COFINS on monetary restatement of judicial deposits				(213)
Estimated loss on doubtful accounts				(364)
Other operating income (expenses), net		(7.772)	(2.203)	(5.704)
Total	(356.455)	(205.174)	(178.246)	12.894

21.1 Electricity purchased and sector charges

Parent company		Consolidated	
		Quarters ended in	
	6/30/2020	6/30/2019	6/30/2020
Electricity purchased			
Spot market electricity	(16.167)	(19.675)	(16.167)
Premium on renegotiation of hydrological risk	(3.756)	(3.756)	(3.756)
Electricity purchased for resale	(23.374)	(52.669)	(117.210)
	(43.297)	(76.100)	(137.133)
Electricity network usage			
Connection - CTEEP	(14)	(20)	(14)
Basic network	(35.413)	(29.099)	(35.413)
	(35.427)	(29.119)	(35.427)
	(78.724)	(105.219)	(172.560)

Parent company		Consolidated	
		Semesters ended in	
	6/30/2020	6/30/2019	6/30/2020
Electricity purchased			
Spot market electricity	(19.776)	(77.591)	(19.776)
Premium on renegotiation of hydrological risk	(7.511)	(7.512)	(7.511)
Electricity purchased for resale	(45.706)	(213.995)	(192.182)
	(72.993)	(299.098)	(219.469)
Electricity network usage			
Connection - CTEEP	(33)	(35)	(33)
Basic network	(69.325)	(57.322)	(69.325)
	(69.358)	(57.357)	(69.358)
	(142.351)	(356.455)	(288.827)

The reduction of purchased energy is due to the Company's new seasonality and commercial strategy, in addition to the reduction in prices between periods.

CESP

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AT JUNE 30, 2020

All amounts in thousands of reais unless otherwise stated

22. Finance result, net

	Parent company		Consolidated	
	6/30/2020	6/30/2019	Quarters ended in	6/30/2019
Finance income				
Income from financial investments	5.235	17.840	5.677	17.840
Monetary restatement of judicial deposits	1.920	3.944	1.920	3.944
Other finance income	652	85	652	85
(-) PIS and COFINS on finance result	(287)	(883)	(308)	(883)
	7.520	20.986	7.941	20.986
Finance costs				
Debt charges				
Local currency	(20.763)	(36.449)	(20.763)	(36.449)
Foreign currency		(2.730)		(2.730)
	(20.763)	(39.179)	(20.763)	(39.179)
Monetary restatement of provision for legal claims	(46.707)	(80.023)	(46.707)	(80.023)
Monetary restatement of employee private pension fund	(14.905)		(14.905)	
Judicial deposits write-off	(13.527)		(13.527)	
Present value adjustment of social and environmental obligations	(2.161)		(2.161)	
Present value adjustment - Use of public assets	(2.008)	(1.707)	(2.008)	(1.707)
Monetary restatement of judicial agreements	(733)	(1.332)	(733)	(1.332)
Monetary restatement of R&D - projects	(156)	(289)	(156)	(289)
Other charges	(1.280)	(690)	(1.307)	(690)
	(81.477)	(84.041)	(81.504)	(84.041)
	(102.240)	(123.220)	(102.267)	(123.220)
Foreign exchange variation, net		2.260		2.260
Finance results, net	(94.720)	(99.974)	(94.326)	(99.974)
	Parent company		Consolidated	
	6/30/2020	6/30/2019	Semesters ended in	6/30/2019
Finance income				
Income from financial investments	13.153	48.562	14.079	48.562
Monetary restatement of judicial deposits	4.425	7.740	4.425	7.740
Other finance income	652	178	652	178
(-) PIS and COFINS on finance result	(659)	(2.392)	(702)	(2.392)
	17.571	54.088	18.454	54.088
Finance costs				
Debt charges				
Local currency	(46.367)	(68.408)	(46.367)	(68.408)
Foreign currency		(6.158)		(6.158)
	(46.367)	(74.566)	(46.367)	(74.566)
Monetary restatement of provision for legal claims	(115.792)	(129.473)	(115.792)	(129.473)
Monetary restatement of employee private pension fund	(29.811)		(29.811)	
Judicial deposits write-off	(16.033)		(16.033)	
Present value adjustment of social and environmental obligations	(4.344)		(4.344)	
Present value adjustment - Use of public assets	(4.125)	(1.707)	(4.125)	(1.707)
Monetary restatement of judicial agreements	(2.238)	(1.362)	(2.238)	(1.362)
Monetary restatement of R&D - projects	(371)	(633)	(371)	(633)
Other charges	(2.851)	(923)	(2.909)	(923)
	(175.565)	(134.098)	(175.623)	(134.098)
	(221.932)	(208.664)	(221.990)	(208.664)
Foreign exchange variation, net		2.940		2.940
Finance results, net	(204.361)	(151.636)	(203.536)	(151.636)

CESP

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AT JUNE 30, 2020

All amounts in thousands of reais unless otherwise stated

23. Income tax and social contribution expenses

23.1 Reconciliation of tax expenses at statutory rates

The income tax and social contribution amounts presented in the statement of income for the periods ended June 30 are reconciled at their Brazilian statutory rates as follows:

	Parent company		Consolidated	
			Quarters ended in	
	6/30/2020	6/30/2019	6/30/2020	6/30/2019
Profit (loss) before income tax and social contribution	195,368	150	203,598	150
Standard rates	34%	34%	34%	34%
Income tax and social contribution at standard rates	(66,425)	(51)	(69,223)	(51)
Adjustments for the calculation of income tax and social contribution at effective rates				
Effect of income tax and social contribution on permanent differences				
Equity in the results of investees	5,444			
Other permanent additions, net	(22)	(339)	(20)	(339)
	5,422	(339)	(20)	(339)
Effect of income tax and social contribution on items without recognition of deferred taxes				
Deferred income tax and social contribution		(21,583)		(21,583)
Other temporary exclusions, net	3,433	17,821	3,443	17,821
	3,433	(3,762)	3,443	(3,762)
Income tax and social contribution calculated	(57,570)	(4,152)	(65,800)	(4,152)
Income tax and social contribution in the statement of income				
Current	(19,993)		(29,855)	
Deferred	(37,577)	(4,152)	(35,945)	(4,152)
	(57,570)	(4,152)	(65,800)	(4,152)
Effective rate - %	29,47	2.768,00	32,32	2.768,00

	Parent company		Consolidated	
			Semesters ended in	
	6/30/2020	6/30/2019	6/30/2020	6/30/2019
Profit (loss) before income tax and social contribution	284,498	(154,622)	303,185	(154,622)
Standard rates	34%	34%	34%	34%
Income tax and social contribution at standard rates	(96,729)	52,571	(103,083)	52,571
Adjustments for the calculation of income tax and social contribution at effective rates				
Effect of income tax and social contribution on permanent differences				
Equity in the results of investees	12,352			
Other permanent additions, net	(981)	(982)	(973)	(982)
	11,371	(982)	(973)	(982)
Effect of income tax and social contribution on items without recognition of deferred taxes				
Deferred income tax and social contribution		(77,872)		(77,872)
Other temporary (additions) and exclusions, net	(7,529)	18,660	(7,518)	18,660
	(7,529)	(59,212)	(7,518)	(59,212)
Income tax and social contribution calculated	(92,887)	(7,623)	(111,574)	(7,623)
Income tax and social contribution in the statement of income				
Current	(54,000)		(66,932)	
Deferred	(38,887)	(7,623)	(44,642)	(7,623)
	(92,887)	(7,623)	(111,574)	(7,623)
Effective rate - %	32,65	(4,93)	36,80	(4,93)

CESP

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AT JUNE 30, 2020

All amounts in thousands of reais unless otherwise stated

24. Financial instruments and risk management

At June 30, 2020, the fair values of the main financial instruments approximated the carrying amounts, as shown below:

	Parent company		Consolidated	
	6/30/2020	12/31/2019	6/30/2020	12/31/2019
Financial assets				
Measured at amortized cost				
Cash and cash equivalents (Note 3)	709.708	690.276	784.549	741.444
Trade receivables (Note 4)	184.652	198.930	236.967	198.930
Indemnification asset (Note 7)	1.719.390	1.719.390	1.719.390	1.719.390
	2.613.750	2.608.596	2.740.906	2.659.764
Measured at fair value through other comprehensive income				
Derivative financial instruments (Note 24.5) - Level 2		39.943		39.943
		39.943		39.943
Measured at fair value through profit or loss				
Electric power futures contracts (Note 18) - Level 2			22.241	
			22.241	
	2.613.750	2.648.539	2.763.147	2.699.707
Financial liabilities				
Measured at amortized cost				
Borrowing and debentures (Note 11)	1.784.585	1.784.125	1.784.585	1.784.125
	1.784.585	1.784.125	1.784.585	1.784.125
Measured at fair value through other comprehensive income				
Derivative financial instruments (Note 24.5) - Level 2	133.033		213.460	
	133.033		213.460	
	1.917.618	1.784.125	1.998.045	1.784.125

The disclosure of fair value measurements of the assets measured at fair value follows the measurement hierarchy below:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices);

Level 3 - inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

24.1 Net debt-to-EBITDA ratio and maturity of liabilities

	Consolidated	
	6/30/2020	
Borrowing and debentures (Note 11)	1.784.585	
Lease liabilities	7.119	
Cash and cash equivalents (Note 3)	(784.549)	
Derivative financial instruments (Note 24.5)	213.460	
Net debt (a)	1.220.615	
Last twelve months adjusted EBITDA	1.115.097	
Net debt-to-EBITDA ratio (a) / (b)	1,09	

The tables below present the financial liabilities of the Company and its subsidiary by aging range, from the balance sheet date to the contractual maturity.

	Parent company				
	2020	2021	2022	2023 e 2024	2025+
At June 30, 2020					
Borrowing and debentures (Note 11)	316	(3.146)	446.854	893.708	446.853
Derivative financial instruments (Note 24.5)	47.993	77.102	7.938		
	48.309	73.956	454.792	893.708	446.853
At December 31, 2019					
Borrowing and debentures (Note 11)	3.002		446.854	884.269	450.000
	3.002		446.854	884.269	450.000

	Consolidated				
	2020	2021	2022	2023 e 2024	2025+
At June 30, 2020					
Borrowing and debentures (Note 11)	316	(3.146)	446.854	893.708	446.853
Derivative financial instruments (Note 24.5)	76.080	125.219	12.161		
	76.396	122.073	459.015	893.708	446.853
At December 31, 2019					
Borrowing and debentures (Note 11)	3.002		446.854	884.269	450.000
	3.002		446.854	884.269	450.000

CESP

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AT JUNE 30, 2020

All amounts in thousands of reais unless otherwise stated

24.2 Exchange rate risk

The Company and its subsidiary are exposed to energy sales contracts denominated in US dollars. This exposure is mitigated through hedge transactions, as mentioned in Note 24.5.

24.3 Interest rate / inflation risk

This risk arises from the possibility of the Company and its subsidiary incurring losses due to fluctuations in interest and inflation rates, which would increase the finance costs related to borrowing and debentures. The Company and its subsidiary have not entered into derivative contracts to hedge against this risk, but they continuously monitor market interest rates in order to assess the need to replace debt instruments.

Liabilities linked to rates	Parent company and Consolidated	
	6/30/2020	12/31/2019
Fixed rate	11	33
CDI	1.784.574	1.784.092
	1.784.585	1.784.125

The Company and its subsidiary consider that the risk of liabilities in contracts that, in addition to fixed interest rate and spread, are further exposed to floating interest rates, is represented by the increase in these rates and the consequent increase in finance costs related to such contractual liabilities (Note 11).

24.4 Credit risk

At June 30, 2020, the Management of the Company and its subsidiary believe that there are no situations of exposure to credit risk that could significantly affect their future operations and results.

24.4.1 Credit quality of financial assets

The table below sets out credit quality of issuers and counterparties in transactions involving cash and cash equivalents and derivative financial instruments.

	Parent company		Local rating Consolidated	
	6/30/2020	12/31/2019	6/30/2020	12/31/2019
Cash and cash equivalents				
AAA	399.914	389.057	474.715	440.225
AA+	193.424	172.195	193.424	172.195
AA	11.869	128.147	11.909	128.147
AA-	104.501		104.501	
Unrated		877		877
	709.708	690.276	784.549	741.444
Derivative financial instruments				
AAA		9.442		9.442
AA		16.350		16.350
AA-		14.151		14.151
		39.943		39.943
	709.708	730.219	784.549	781.387

The local and global ratings were obtained from ratings agencies (Standard & Poor's ("S&P"), Moody's and Fitch Ratings). The Company used the S&P and Fitch Ratings nomenclature format for presentation purposes.

24.5 Derivative financial instruments

Parent company							
	Principal Amount		Unit	Fair value at December 31, 2019	Impact on operating income (expenses)	Δ Fair value Other comprehensive income	Fair value at June 30, 2020
	6/30/2020	12/31/2019					
Programs							
Hedge of electricity sales transactions							
Non Deliverable Forward	114.000	231.000	USD Milhares	39.943	(20.890)	(166.598)	(133.033)
	114.000	231.000		39.943	(20.890)	(166.598)	(133.033)

CESP

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AT JUNE 30, 2020

All amounts in thousands of reais unless otherwise stated

								Consolidated						
Principal Amount		Unit	Fair value at December 31, 2019	Impact on operating income (expenses)	Δ Fair value Other comprehensive income	Realized loss	Fair value at June 30, 2020							
30/6/2020	31/12/2019													
Programs														
Hedge of electricity sales transactions														
Non Deliverable Forward		186.000	231.000	USD Milhares	39.943	(38.248)	(242.074)	(26.919)	(213.460)					
		186.000	231.000		39.943	(38.248)	(242.074)	(26.919)	(213.460)					

24.6 Measurement of financial instruments

The main assets and liabilities of the Company and its subsidiary in connection with their financial instruments at June 30, 2020 are described below, together with the criteria for their measurement or valuation:

a) Cash and cash equivalents

Comprise cash, bank deposits and financial investments. The fair value of these assets approximates the corresponding amounts stated in the Company's balance sheet.

b) Trade receivables

Free Energy and Spot Market Electricity: these receivables basically derive from free energy during the rationing period and transactions carried out within the scope of the current CCEE and were recorded and measured based on the information made available and the prices in force during the year at CCEE. There were no transactions related to these receivables or payables that could affect their classification and measurement on the date of these financial statements.

c) Investments

These are initially stated at cost, being subsequently evaluated by the equity method. A provision is recorded for their write-down to fair value, when required or as applicable.

d) Borrowings and debentures

The Company has assets and liabilities measured at fair value through profit or loss, and other financial liabilities not measured at amortized cost, which approximate their market cost.

Relate to specific electric energy sector operations, subsidized financial operations and renegotiation of financial operations, with no similar parameter in the market and with low liquidity. The Company assumed that their fair value is represented by the respective carrying amount, due to the existing uncertainties as to changes in the pricing model.

The estimate of the fair value of financial instruments was prepared using a pricing model, applied individually to each transaction, taking into account future payment flows, based on contractual conditions, discounted to present value at rates obtained through market interest curves. The fair value of a security, therefore, corresponds to its value upon maturity (redemption value) brought to present value at the discount rate (referring to the security's maturity date) obtained from the DI Pré B3 curve (market interest in reais), as follows:

		6/30/2020	
		Carrying amount	Fair value
Borrowing and debentures - Local currency			
Debentures		1.784.574	1.703.923
Eletrobras (RGR and IRD)		11	11
		1.784.585	1.703.934

e) Derivative financial instruments

The fair value of derivative financial instruments is determined by calculating their present value through yield curves on the closing dates. The curves and prices used in the calculation for each group of instruments are developed based on data from B3, Bacen, LME and Bloomberg, interpolated between the available maturities.

CESP

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AT JUNE 30, 2020

All amounts in thousands of reais unless otherwise stated

The present value of forward contracts (NDF) is estimated by discounting the nominal value multiplied by the difference between the forward price on the reference date and the contracted price.

f) Electric power futures contracts

As detailed in Note 18, CESP Comercializadora carries out power trading operations on an active market, fitting the definition of financial instruments, as they are settled in electricity and readily convertible into a known cash amount. Such contracts are accounted for as derivatives under IFRS 9/CPC 48 - "Financial instruments" and are recognized in the balance sheet at fair value, on the date the derivative is contracted, and remeasured at fair value on the balance sheet date.

24.7 Sensitivity analysis

The main risk factors that impact the pricing of financial instruments involving cash and cash equivalents, borrowing and debentures and derivative financial instruments comprise volatility of the US dollar and CDI interest rates and US dollar coupon. The scenarios for these factors are prepared using market data and inputs from specialized sources, according to the Company's financial policies.

The scenarios as at June 30, 2020 are described below:

Scenario I - considers a change in indicative pricing yield curves as at June 30, 2020, according to the base scenario defined by Management for September 30, 2020;

Scenario II - considers a change of + or - 25% in the yield curves at June 30, 2020;

Scenario III - considers a change of + or - 50% in the yield curves at June 30, 2020.

					Parent company					
					Impact on profit or loss					
					Scenarios II and III					
					Scenario I					
Risk factors	Cash and cash equivalents	Principal of borrowing and debentures	Principal of derivative financial instruments	Unit	Impact on curves for 6/30/2020	Results of scenario I	-25%	-50%	+25%	+50%
Interest rates										
BRL - CDI	708.332	1.801.878	624.264	BRL thousand	-24 bps	4.325	9.686	19.370	(9.686)	(19.370)
Dollar coupon			114.000	USD thousand	-46 bps	1		(1)		1
FX rates										
US dollar			114.000	USD thousand	-1%	(1.840)	5.476	10.951	(5.476)	(10.951)

			Parent company					
			Impact on comprehensive income					
			Scenario I		Scenarios II and III			
	Principal of derivative financial instruments	Unit	Impact on curves for 6/30/2020	Results of scenario I	-25%	-50%	+25%	+50%
Risk factors								
Interest rates								
BRL - CDI	624.264	BRL thousand	-24 bps	482	2.315	4.662	(2.284)	(4.538)
Dollar coupon	114.000	USD thousand	-46 bps	(4.086)	(2.434)	(4.891)	2.412	4.803
FX rates								
US dollar	114.000	USD thousand	-1%	(49.771)	148.122	296.244	(148.122)	(296.244)

						Consolidated					
						Impact on profit or loss					
						Scenarios II and III					
						Scenario I					
	Cash and cash equivalents	Principal of borrowing and debentures	Principal of derivative financial instruments	Electric power futures contracts	Unit	Impact on curves for 6/30/2020	Results of scenario I	-25%	-50%	+25%	+50%
Risk factors											
Interest rates											
BRL - CDI	784.549	1.801.878	1.018.536		BRL thousand	-24 bps	4.147	9.284	18.568	(9.284)	(18.568)
Dollar coupon			186.000		USD thousand	-46 bps	2	(1)	(2)	1	2
FX rates											
US dollar			186.000		USD thousand	-1%	(3.680)	10.951	21.902	(10.951)	(21.902)
MtM of electricity											
Fair value				22.241	BRL thousand		22.270	12.948	25.896	(12.948)	(25.896)

CESP

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AT JUNE 30, 2020

All amounts in thousands of reais unless otherwise stated

			Consolidated					
			Impact on comprehensive income					
			Scenario I		Scenarios II and III			
Risk factors	Principal of derivative financial instruments	Unit	Impact on curves for 6/30/2020	Results of scenario I	-25%	-50%	+25%	+50%
Interest rates								
BRL - CDI	1.018.536	BRL thousand	-24 bps	762	3.677	7.403	(3.629)	(7.211)
Dollar coupon	186.000	USD thousand	-46 bps	(6.543)	(3.908)	(7.852)	3.874	7.713
FX rates								
US dollar	186.000	USD thousand	-1%	(80.549)	239.720	479.440	(239.720)	(479.440)

25. Insurance (not reviewed by auditors)

The Company and its subsidiary have civil liability policies for Directors and Officers in force, in addition to PP&E risk and general liability insurance. Such policies have coverage, conditions and limits considered by Management to be adequate for the inherent risks of the operation.

Note: The scope of the work of the independent auditors does not include review of adequacy of insurance coverage.

26. Event after the reporting period

a) TUST approval

Resolution No. 2,726 of July 14, 2020, established the value of the Charges for Use of the Electricity Transmission System ("TUST"), components of the National Interconnected System in effect from July 1, 2020 to June 30, 2021. The new tariff applied to HPP Porto Primavera is R\$ 8.721/kW, an increase of 13.4% in relation to the tariff of the previous cycle (R\$ 7.693/kW).