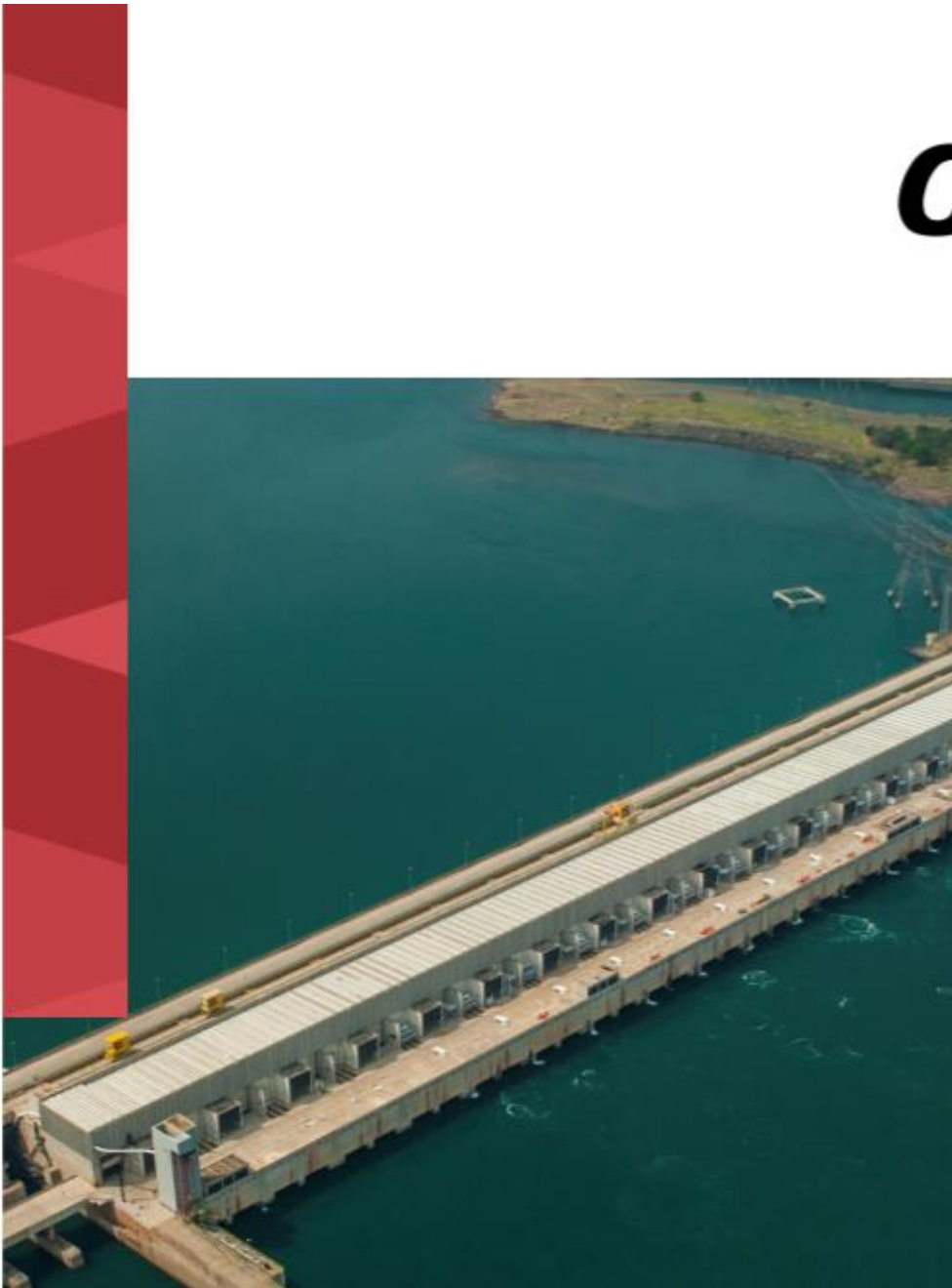


CESP – COMPANHIA ENERGÉTICA DE SÃO PAULO



**CONDENSED PARENT COMPANY AND CONSOLIDATED INTERIM FINANCIAL STATEMENTS AT MARCH 31, 2020
AND INDEPENDENT AUDITOR'S REVIEW REPORT**

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 loss	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 parent company and consolidated interim financial statements

1. General information	13
2. Presentation of the parent company and consolidated financial statements and summary of significant accounting policies	15
3. Cash and cash equivalents	16
4. Trade receivables	16
5. Collaterals and judicial deposits	17
6. Deferred income tax and social contribution	17
7. Indemnification assets	18
8. Property, plant and equipment	18
9. Intangible assets	19
10. Electricity purchased for resale	20
11. Borrowing and debentures	20
12. Employee private pension fund	21
13. Sector charges	21
14. Use of public assets	21
15. Provision for legal claims	22
16. Related-party transactions	23
17. Electric power futures contracts	23
18. Equity	24
19. Revenue	25
20. Costs and expenses	26
21. Finance result, net	27
22. Income tax and social contribution expenses	28
23. Financial instruments and risk management	28
24. Insurance (not reviewed)	32

Independent auditor's report on review of quarterly information	33
---	----

CESP CONDENSED INTERIM BALANCE SHEET

All amounts in thousand of reais

	Note	Parent company		Consolidated		Note	Parent company		Consolidated		
		3/31/2020	12/31/2019	3/31/2020	12/31/2019		3/31/2020	12/31/2019	3/31/2020	12/31/2019	
ASSETS						LIABILITIES AND EQUITY					
CURRENT ASSETS						CURRENT LIABILITIES					
Cash and cash equivalents	3	907.003	690.276	950.183	741.444	Trade payables	4.649	8.824	4.687	8.849	
Derivative financial instruments	23.5		18.718		18.718	Electricity purchased for resale	10	14.380	35.755	37.162	
Trade receivables	4	197.826	198.930	237.155	198.930	Borrowing	11	25.446	3.002	25.446	
Taxes recoverable		11.704	8.357	18.032	8.357	Lease liabilities		1.700	1.584	1.700	
Electric power futures contracts	17			22.230		Derivative financial instruments	23.5	64.769		107.488	
Prepaid expenses		5.486	11.186	5.486	11.186	Estimated obligations and payroll		14.277	21.497	14.564	
Other assets		92.490	93.153	92.533	93.153	Taxes payable		40.338	23.494	49.165	
		1.214.509	1.020.620	1.325.619	1.071.788	Sector charges	13	115.303	115.673	115.303	
						Dividends payable and interest on capital		606.091	606.176	606.091	
						Use of public assets	14	40.254	29.275	40.254	
						Social and environmental obligations		27.382	23.474	27.382	
						Other liabilities		48.534	88.038	48.535	
								1.003.123	956.792	1.077.777	
										956.858	
NON-CURRENT ASSETS						NON-CURRENT LIABILITIES					
Long-term receivables						Borrowing	11	1.785.056	1.781.123	1.785.056	
Derivative financial instruments	23.5		21.225		21.225	Lease liabilities		5.729	5.624	5.729	
Electric power futures contracts	17			2.610		Sector charges	13	12.014	12.014	12.014	
Collaterals and judicial deposits	5	332.187	343.979	332.187	343.979	Use of public assets	14	149.493	158.355	149.493	
Deferred income tax and social contribution	6	1.929.771	1.877.412	1.947.308	1.877.412	Derivative financial instruments	23.5	58.508		92.075	
Storeroom supplies		8.584	7.611	8.584	7.611	Provision for legal claims	15	1.889.659	1.814.375	1.889.659	
Indemnification asset	7	1.719.390	1.719.390	1.719.390	1.719.390	Social and environmental obligations		160.474	164.536	160.474	
						Employee private pension fund	12	851.872	836.995	851.872	
		3.989.932	3.969.617	4.010.079	3.969.617	Other liabilities		56.288	54.969	56.287	
								4.969.093	4.827.991	5.002.659	
										4.827.991	
						TOTAL LIABILITIES		5.972.216	5.784.783	6.080.436	
										5.784.849	
						EQUITY	18				
Investments		23.037	51.102			Share capital		5.975.433	5.975.433	5.975.433	
Property, plant and equipment	8	6.222.653	6.305.943	6.222.653	6.305.943	Capital reserves		1.929.098	1.929.098	1.929.098	
Intangible assets	9	1.560.881	1.575.300	1.560.881	1.575.300	Revenue reserves		1.084.883	1.084.883	1.084.883	
Right-of-use assets on lease agreements		7.358	7.106	7.358	7.106	Carrying value adjustments		(938.897)	(948.623)	(938.897)	
		11.803.861	11.909.068	11.800.971	11.857.966	Other comprehensive income		(1.048.450)	(895.886)	(1.048.450)	
						Retained earnings		44.087		44.087	
						TOTAL EQUITY		7.046.154	7.144.905	7.046.154	
										7.144.905	
TOTAL ASSETS		13.018.370	12.929.688	13.126.590	12.929.754	TOTAL LIABILITIES AND EQUITY		13.018.370	12.929.688	13.126.590	
										12.929.754	

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

CESP
CONDENSED INTERIM STATEMENT OF INCOME
Quarters ended March 31
All amounts in thousands of reais unless otherwise stated

	Note	Parent company		Consolidated	
		3/31/2020	3/31/2019	3/31/2020	3/31/2019
Net revenue	19	399.209	355.618	460.540	355.618
Cost of electricity services	20	(173.695)	(349.882)	(226.335)	(349.882)
Cost of electricity		(63.627)	(251.236)	(116.267)	(251.236)
Cost of operation		(110.068)	(98.646)	(110.068)	(98.646)
Gross profit		225.514	5.736	234.205	5.736
Operating income (expenses)	20				
General and administrative		(20.640)	(143.898)	(23.828)	(143.898)
Other operating income (expenses), net		(26.419)	35.052	(1.580)	35.052
		(47.059)	(108.846)	(25.408)	(108.846)
Operating profit (loss) before equity results and finance results		178.455	(103.110)	208.797	(103.110)
Results from equity investments					
Equity in the results of investees		20.316			
		20.316			
Finance result, net	21				
Finance income		10.051	33.102	10.513	33.102
Finance costs		(119.692)	(85.444)	(119.723)	(85.444)
Foreign exchange gains (losses), net			680		680
		(109.641)	(51.662)	(109.210)	(51.662)
Profit (loss) before income tax and social contribution		89.130	(154.772)	99.587	(154.772)
Income tax and social contribution	22				
Current		(34.007)		(37.077)	
Deferred		(1.310)	(3.471)	(8.697)	(3.471)
Profit (loss) for the quarter		53.813	(158.243)	53.813	(158.243)
Basic earnings (loss) per thousand shares, in reais		0,16	(0,48)	0,16	(0,48)

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

CESP
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE LOSS
Quarters ended March 31
All amounts in thousands of reais

	Note	Parent company		Consolidated	
		03/31/2020	3/31/2019	3/31/2020	3/31/2019
Profit (loss) for the quarter		53.813	(158.243)	53.813	(158.243)
Other components of comprehensive loss to be subsequently reclassified to profit or loss					
Operating hedge accounting	18.5	(152.564)		(152.564)	
Other components of comprehensive income that will not be reclassified to profit or loss					
Adjustment of employee benefits - CPC 33 (R1)	12		2.003		2.003
Total comprehensive loss for the quarter		(98.751)	(156.240)	(98.751)	(156.240)

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

CESP
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
Quarters ended March 31
All amounts in thousands of reais

	Note	Share capital (Note 18.1)	Capital reserves (Note 18.2)	Revenue reserves (Note 18.3)	Carrying value adjustments (Note 18.4)	Other comprehensive income (Note 18.5)	Retained earnings	Total equity
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)					5.601		(5.601)	
Loss for the quarter							(158.243)	(158.243)
Adjustment of employee benefits - CPC 33 (R1)	12					2.003		2.003
At March 31, 2019		5.975.433	1.929.098	554.588	(971.151)	(378.298)	(163.844)	6.945.826
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)					9.726		(9.726)	
Profit for the quarter							53.813	53.813
Operating hedge accounting	18.5					(152.564)		(152.564)
At March 31, 2020		5.975.433	1.929.098	1.084.883	(938.897)	(1.048.450)	44.087	7.046.154

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

CESP
CONDENSED INTERIM STATEMENT OF CASH FLOWS
Quarters ended March 31
All amounts in thousands of reais

	Note	Parent company		Consolidated	
		3/31/2020	3/31/2019	3/31/2020	3/31/2019
Cash flow from operating activities					
Profit (loss) before income tax and social contribution		89.130	(154.772)	99.587	(154.772)
Adjustments to items that do not represent changes in cash and cash equivalents					
Depreciation and amortization	20	100.334	78.510	100.395	78.510
Equity in the results of investees		(20.316)			
Interest and indexations	11	25.604	33.923	25.604	33.923
Recognition of borrowing costs	11	787	784	787	784
Present value adjustment of leases		16		16	
Provision (reversal) for legal claims	15	26.979	(36.307)	26.979	(36.307)
Monetary restatement of provision for legal claims	15	69.085	49.450	69.085	49.450
Reversal of provision for impairment of storeroom supplies	20	(54)	(4.796)	(54)	(4.796)
Premium on renegotiation of hydrological risk		3.755	3.756	3.755	3.756
Disposal of property, plant and equipment	8	4	34	4	34
Monetary restatement of judicial deposits	21	(2.505)	(3.796)	(2.505)	(3.796)
Present value adjustment - Use of public assets	14	2.117		2.117	
Provision for impairment of trade receivables			(253)		(253)
Reversal of PIS/COFINS on monetary restatement of judicial deposits	20	15	81	15	81
Operating hedge accounting	23.5	5.668		9.637	
Monetary restatement of employee private pension fund	12	14.970	3.372	14.970	3.372
Electric power futures contracts	17			(24.840)	
Present value adjustment of social and environmental obligations	21	2.183		2.183	
		317.772	(30.014)	327.735	(30.014)
Decrease (increase) in assets					
Trade receivables	4	1.104	79.161	(38.225)	79.161
Taxes recoverable		(3.347)	17.588	(9.675)	17.588
Storeroom supplies		(919)	4.691	(919)	4.691
Prepaid expenses		1.945	332	1.945	332
Collaterals and judicial deposits		14.297	(6.051)	14.297	(6.051)
Derivative financial instruments	23.5	(299)		(1.288)	
Other assets		663	(3.853)	620	(3.853)
Increase (decrease) in liabilities					
Trade payables		(4.175)	(4.770)	(4.162)	(4.770)
Taxes payable		(7.213)	(1.125)	(785)	(1.125)
Payments to pension fund entities	12	(93)	(1.369)	(93)	(1.369)
Sector charges	13	(370)	1.110	(370)	1.110
Payments of legal claims	15	(20.780)	(15.157)	(20.780)	(15.157)
Social and environmental obligations		(2.337)		(2.337)	
Estimated obligations and payroll		(7.220)	13.898	(6.933)	13.898
Other liabilities		(38.132)	457	(38.192)	457
Electricity purchased for resale	10	(21.375)	(40.008)	1.407	(40.008)
Cash from operations		229.521	14.890	222.245	14.890
Interest paid on borrowing and debentures	11	(3)	(2.588)	(3)	(2.588)
Income tax and social contribution paid		(9.950)		(10.662)	
Net cash provided by operating activities		219.568	12.302	211.580	12.302
Cash flow from investing activities					
Acquisitions of property, plant and equipment	8	(1.825)	(100)	(1.825)	(100)
Acquisitions of intangible assets	9	(519)	(483)	(519)	(483)
Net cash used in investment activities		(2.344)	(583)	(2.344)	(583)
Cash flow from financing activities					
New borrowing	11		1.777.982		1.777.982
Repayment of borrowing	11	(11)	(40.163)	(11)	(40.163)
Repayment of leasing contracts		(401)		(401)	
Dividends paid		(85)		(85)	
Net cash provided by (used in) financing activities		(497)	1.737.819	(497)	1.737.819
Increase in cash and cash equivalents		216.727	1.749.538	208.739	1.749.538
Cash and cash equivalents at the beginning of the quarter		690.276	410.886	741.444	410.886
Cash and cash equivalents at the end of the quarter		907.003	2.160.424	950.183	2.160.424

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

CESP
CONDENSED INTERIM STATEMENT OF VALUE ADDED
Quarters ended March 31
All amounts in thousands of reais

	Note	Parent company		Consolidated	
		31/3/2020	31/3/2019	31/3/2020	31/3/2019
Generation of value added					
Gross revenue	19	460.885	422.161	540.862	422.161
Estimated loss on doubtful accounts			253		253
		460.885	422.414	540.862	422.414
Inputs					
Electricity purchased	20	63.627	251.236	116.267	251.236
Outsourced services		5.325	12.898	6.186	12.898
Materials		519	1.204	517	1.204
Other operating costs		2.415	3.352	2.415	3.352
		71.886	268.690	125.385	268.690
Gross value added		388.999	153.724	415.477	153.724
Retentions					
Depreciation and amortization	20	100.334	78.510	100.395	78.510
Electric power futures contracts	20			(24.840)	
		100.334	78.510	75.555	78.510
Net value added generated by the Company		288.665	75.214	339.922	75.214
Value added received through transfers					
Finance income	21	10.051	33.102	10.513	33.102
Foreign exchange gains (losses), net	21		680		680
Employee private pension fund	20	122	(3.372)	122	(3.372)
Equity in the results of investees		20.316			
Deferred income tax and social contribution	22	(1.310)	(3.471)	(8.697)	(3.471)
		29.179	26.939	1.938	26.939
Other					
Reversal of provision for legal claims	20	(26.979)	36.307	(26.979)	36.307
Reversal of provision for impairment of storeroom supplies		54	4.796	54	4.796
Reversal of PIS/COFINS on monetary restatement of judicial deposits	20	(15)	(81)	(15)	(81)
Insurance	20	(2.250)	(409)	(2.250)	(409)
Other income (expenses), net	20	192	(6.430)	63	(6.430)
		(28.998)	34.183	(29.127)	34.183
Total value added to distribute		288.846	136.336	312.733	136.336
Distribution of value added					
Personnel					
Payroll	20	15.182	135.781	17.199	135.781
Compensation of key management personnel	16	1.240	366	1.240	366
		16.422	136.147	18.439	136.147
Lenders and leases					
Interest and debt charges	21	25.604	35.387	25.604	35.387
Other finance costs	21	94.088	50.057	94.119	50.057
Rentals	20	620	714	663	714
		120.312	86.158	120.386	86.158
Intra-sectoral - Regulatory charges					
Financial compensation for use of water resources - CFURH	19	13.456	12.608	13.456	12.608
Global Reserve for Reversion - RGR		843	12.308	843	12.308
Research and Development - R&D		3.933	3.551	3.933	3.551
Electric energy service inspection charge - TFSEE		1.229	784	1.229	784
		19.461	29.251	19.461	29.251
Taxes and contributions					
Federal		78.815	42.989	100.611	42.989
State	19	23	34	23	34
		78.838	43.023	100.634	43.023
Stockholders					
Profit (loss) for the quarter		53.813	(158.243)	53.813	(158.243)
		53.813	(158.243)	53.813	(158.243)
Value added distributed		288.846	136.336	312.733	136.336

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

CONSOLIDATED OPERATING REVENUES

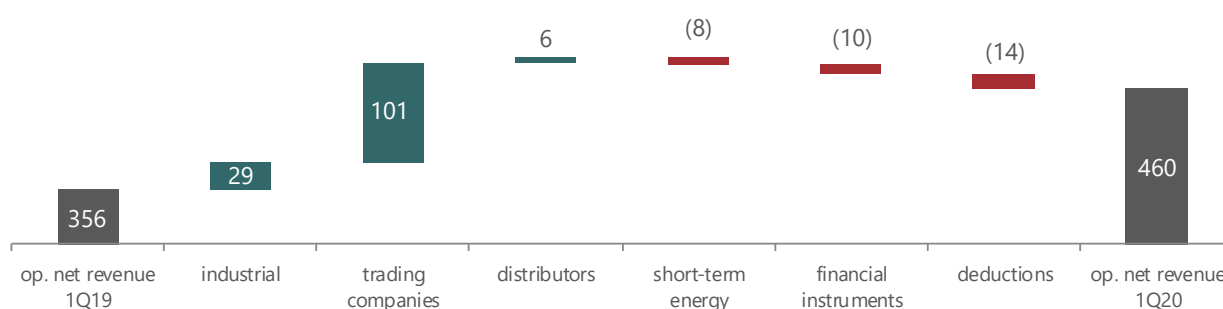
Net operating revenues in 1Q20 totaled BRL 461 million, BRL 105 million (+30%) higher than in 1Q19, mainly due to:

- **Trading Companies:** Considers the operations carried out by CESP Generating Company and CESP Trading Company. Increase of BRL 101 million due to the beginning of operations of CESP Trading Company, with revenues of BRL 61 million, in addition to the seasonalized energy sold in the comparison between the periods, and the adjustment of USD-indexed contracts.
- **Industrial:** Increase of BRL 29 million in sales volume due to contractual conditions previously agreed with counterparties (flexibility and seasonality).
- **Distributors:** Increase of BRL 6 million due to contractual adjustment clause.

These effects were partially offset by:

- **Deductions:** Reduction of BRL 14 million due to a change in classification of Porto Primavera Plant for Independent Energy Producer, ceasing to apply RGR and starting to apply UBP as of June 2020, partially offset by the increase in the amount of PIS/COFINS that accompanies the growth in revenue.
- **Derivative instruments:** Decrease of BRL 10 million as a result of settlement of derivative financial instruments contacted for hedging purposes.
- **Short-term energy:** Decrease of BRL 8 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 1Q19 vs. 1Q20 (BRL million)



OPERATING COSTS AND EXPENSES

Consolidated operating costs and expenses totaled BRL 252 million in 1Q20, a 45% decrease against BRL 459 million in 1Q19.

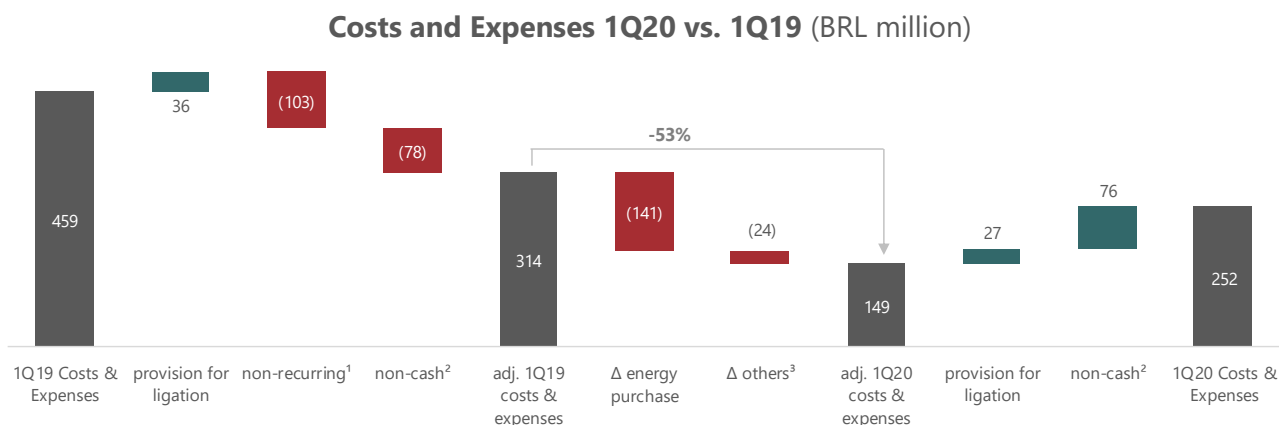
In both quarters, there were non-recurring and non-cash effects, as follows:

- **Non-recurring effects:** includes costs relating to the Voluntary Dismissal Plan (VDP) completed in 1Q19 and joined by 327 employees, in the amount of BRL 103 million (BRL 8 million in operating costs and BRL 94 million in administrative expenses).

CESP
PERFORMANCE COMMENTS
Quarters ended March 31

- **Provision for litigation:** A provision was set up in 1Q20 in the amount of BRL 27 million, 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. In 1Q19 a provision was reversed in the amount of BRL 36 million. Additionally, in 2Q19 expenses for monetary correction on provision for litigation were reclassified from costs and expenses to financial expenses and the adjustments were reflected in 1Q19 for comparison purposes.
- **Non-cash effects:** Include depreciation/amortization, inventory provisions and marking-to-market of energy futures. In 1Q20, non-cash amount totaled BRL 76 million, due to the higher depreciation and amortization expense in the amount of BRL 100 million arising from the change in useful life of the assets of Porto Primavera, as well as amortization of UBP and grant, partially offset by marking-to-market of trading contracts in the amount of BRL 25 million. In 1Q19 cash effects totaled BRL 78 million, due to depreciation and amortization in the period.

Excluding non-recurring, non-cash effects and provision for litigation, operating costs and expenses in 1Q20 totaled BRL 149 million, 53% less than in 1Q19, when the figure reported was BRL 314 million.



(1) Considering expenses with VDP / (2) Considering depreciation/amortization and provision (reversal) to reduce the realizable value of warehouses, provision for PIS / COFINS on judicial deposits and mark-to-market future energy contracts. | (3) Excludes costs and expenses with purchased energy.

It should be noted that the Company took various different measures to gain operating efficiency and rationalize costs and expenses.

- **Energy purchases:** 63% less than in 1Q19, in line with the new seasonality and trading strategies adopted by the Company.
- **Personnel and management:** Reduction of 46%, due to a fall of approximately 50% in staff numbers and changes in professional profile, accompanied by reformulation of targets, performance appraisal, development and professional training – management recognized by the Great Place to Work – GPTW label.
- **Third party services, material and rents:** Fall of 50% through renegotiation of contracts and review of procedures, enabling efficiency gains in costs and operations.

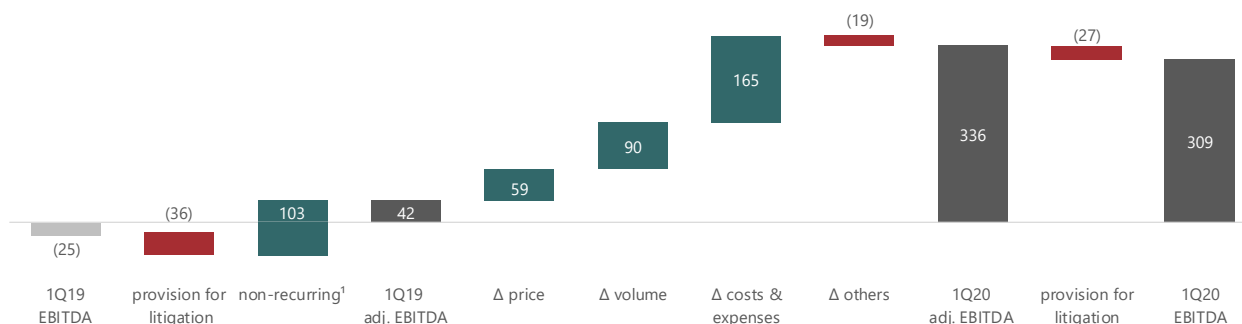
CONSOLIDATED EBITDA

CONSOLIDATED EBIT / EBITDA - BRL thousand	1Q20	1Q19	Chg.(%)
Net Income	53,813	(158,243)	n.m.
Net IR/CSLL	45,774	3,471	n.m.
Financial Result	109,210	51,662	111%
= EBIT	208,797	(103,110)	n.m.
Depreciation / amortization	100,395	78,510	28%
EBITDA	309,192	(24,600)	n.m.
VDP - Voluntary Dismissal Program	-	102,504	n.m.
Provision for litigation	26,979	(36,307)	n.m.
Adjusted EBITDA	336,171	41,597	n.m.
Adjusted EBITDA margin	73%	12%	61 p.p.

Adjusted EBITDA totaled BRL 336 million in 1Q20 with a margin of 73%, up by BRL 294 million over the same period of 2019.

The increase in Adjusted EBITDA is mainly explained by the drop in costs and expenses, most of which came from the reduction of 63% in cost of energy purchases and from the beginning of operations of CESP Trading Company.

EBITDA 1Q19 vs. 1Q20 (BRL million)



(1) Includes VDP expenses / (2) Excludes non-cash items: PIS/COFINS provision, judicial deposits and mark-to-market future energy contracts

CONSOLIDATED FINANCIAL RESULTS

Financial Results – BRL thousand	1Q20	1Q19	Chg. (%)
Financial revenues	10,513	33,102	-68%
Financial expenses	(119,723)	(85,444)	40%
Debt charges	(25,604)	(35,387)	-28%
Provision for litigation	(69,085)	(49,450)	40%
Monetary variation	-	680	n.m.
Other finance costs	(25,034)	(607)	n.m.
Financial results	(109,210)	(51,662)	111%

CESP
PERFORMANCE COMMENTS
Quarters ended March 31

The net financial result for 1Q20 was an expense of BRL 109 million compared to an expense of BRL 52 million in 1Q19. The change is mainly due to:

- **Adjustment in the balance of provision for litigation:** Increase of BRL 20 million due to an increase in the adjustment indexes in the period.
- **Other finance costs:** Increase of BRL 24 million, mainly due to an adjustment in the balance of actuarial liabilities (CPC 33), recorded in 4Q19,

Partially offset by:

- **Financial revenues:** Reduction of BRL 22 million due to the lower cash balance in the comparison between the quarters (BRL 950 million in 1Q20 vs. BRL 2,160 million in 1Q19).
- **Debt charges:** BRL 10 million down due to the lower interbank deposit (CDI) rate during the period, given that remuneration of debentures in the amount of BRL 1.8 billion is indexed to that rate, and the settlement of the BNDES Brady loan in 2019.

NET RESULT

Net income for 1Q20 totaled BRL 54 million, against net loss of BRL 158 million in 1Q19. This variation is mainly due to the increase in revenues from energy sales in 1Q20 as a result of the beginning of operations of CESP Trading Company, and the 63% reduction in the cost of energy purchases.

CESP NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AT MARCH 31, 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 water 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. Therefore, the Company's Management has been continuously seeking to improve the provision of information to the market.

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

The Company currently has three hydroelectric power plants that operate under a price regime, having an installed capacity of 1,655 MW and physical guarantee of hydro power projects of 948 MW mean.

After entering into a new concession agreement for the Engenheiro Sérgio Motta Hydroelectric Power Plant (Porto Primavera) ("HPP Porto Primavera"), which extended the concession period to 2049, the Company's classification was changed from power generation utility under public concession to independent power generation concession holder, and continues to have its activities regulated and supervised by the National Electric Energy Agency ("ANEEL"), linked to the Ministry of Mines and Energy ("MME"), operating its plants in an integrated manner with the National Operator of the Electric System ("ONS"). Optimal distribution of power generated by the plant is managed by ONS, which can be viewed in the table of gross power generation below.

Plants	Gross generation in MWh (*)	
	2020	2019
	1 st Quarter	1 st Quarter
Porto Primavera	2.387.980	2.302.154
Paraibuna	23.401	22.718
Jaguari	3.007	2.710
Total	2.414.388	2.327.582

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

CESP

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AT MARCH 31, 2020

All amounts in thousands of reais unless otherwise stated

1.2 Main events that occurred during the quarter ended March 31, 2020

a) Startup of operations of CESP Comercializadora

In January 2020, CESP Comercializadora started its activities in the power trading market, aiming at 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, in the amount of R\$ 605,880, to be paid in national legal currency, in two installments, the first on April 22, 2020 and the second 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 will be traded on an "ex-dividend" basis as from April 3, 2020, inclusive.

c) 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, CESP has adopted contingency protocols in order to fully maintain the operations of its three hydroelectric power plants, preserving the health of its professionals, ensuring safe access to workplaces, conformity with recommended distancing and hygiene conditions and providing access to protection equipment. In addition, 83% of employees are currently working from home.

In this scenario, the Company evaluated the following estimates in the interim financial statements:

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

A potentially significant risk for CESP in the emergence of COVID-19 is related to the default of customers and other counterparties in electric energy purchase agreements. In this scenario, the Company maintains regular contact with its main trading partners. The position of the Company's trade receivables at March 31, 2020, as well as the provision for impairment of trade receivables, reflect, in a timely manner, the Management's best analysis at this moment on the quality and solvency of such receivables.

c.2 - Impairment of tangible and intangible assets

The Company assessed the indications of devaluation of its assets from the pandemic and concluded that there is no indication of change on the recoverable amount of its property, plant and equipment and intangible asset.

c.3 - Recoverability of deferred tax assets

The Company had a balance of R\$ 1,117,656 related to deferred tax assets on income tax and social contribution tax losses and temporary differences recognized in its balance sheet as at March 31, 2020. The Company maintained the balances already recognized at December 31, 2019 and did not identify the need for a provision for impairment of these balances.

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

The Company evaluated its main agreements with suppliers and customers, and concluded that, despite the impacts caused by the pandemic, the contractual obligations are fulfilled and there is no evidence or official record of insolvency or failures to continue as a going concern.

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

At March 31, 2020, the Company evaluated the covenants contained in its debt contracts and concluded that it had achieved the necessary ratios.

CESP

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AT MARCH 31, 2020

All amounts in thousands of reais unless otherwise stated

The management of the Company's energy balance for this year has been adjusted and the Company is well positioned in the face of potential adverse changes in the Generation Scaling Factor ("GSF") and significant changes in energy market prices.

In addition, CESP currently has a considerable cash position and reiterates that there are no significant financial obligations due for the next two years. The balance of borrowing in current liabilities is R\$ 25,446 at March 31, 2020.

Finally, to date, COVID-19 has had no material impact on its operations and settlement of receivables and payables. However, like all companies, the Company is exposed to risks arising from any legal and market restrictions that may be imposed as a result of the COVID-19, and it is not possible to ensure that there will be no impact on operations or that the result of operations will not be affected by future effects that the new pandemic may cause.

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

The condensed interim financial statements at March 31, 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 and Exchange 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.

The condensed interim financial statements at March 31, 2020, therefore, does 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 related to the condensed interim financial statements is being 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 April 29, 2020.

2.1 Consolidation

As mentioned in item 1.2 (a), 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. With the beginning of the electricity trading operations in January 2020, the Company will also disclose its consolidated financial statements.

The Company consolidates CESP Comercializadora because it has control over it, that is, it is exposed or has rights to variable returns from its involvement with the investee and has 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.

2.2 Significant 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.

CESP NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AT MARCH 31, 2020

All amounts in thousands of reais unless otherwise stated

2.3 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 quarter ended March 31, 2020 in relation to those detailed in the last annual financial statements for the year ended December 31, 2019, except for the estimates detailed in Note 17, as it is the first time of their accounting.

3. Cash and cash equivalents

Cash and cash equivalents include deposits in current bank accounts and government securities or financial institutions, indexed to the interbank deposit rate. Financial investments are remunerated by 95% to 100% (95% to 100% at December 31, 2019) of the Interbank Deposit Certificate – CDI rate.

	Parent company		Consolidated	
	3/31/2020	12/31/2019	3/31/2020	12/31/2019
Cash				
Bank deposits	198	286	339	317
Financial investments				
Bank Deposit Certificates ("CDBs")	847.908	630.744	890.947	681.881
Repurchase agreements	54.640	55.390	54.640	55.390
Investment funds	4.257	3.856	4.257	3.856
	906.805	689.990	949.844	741.127
	907.003	690.276	950.183	741.444

4. Trade receivables

	Parent company				
	3/31/2020				12/31/2019
	Current	Over 360 days past due	(-) Estimated loss on doubtful accounts	Total	Total
Consumers					
Industrial	33.783	4.172	(4.172)	33.783	75.142
Resellers					
Trading agents	31.215			31.215	45.871
Trading agents - related parties (Note 16)	49.983			49.983	3.931
Electricity auctions	55.861			55.861	61.380
Supply - quotas		2.036	(2.036)		
	137.059	2.036	(2.036)	137.059	111.182
	170.842	6.208	(6.208)	170.842	186.324
Free energy / CCEE					
Free energy (RTE)		13.712	(13.712)		
Spot market electricity (CCEE)	26.984			26.984	12.606
	26.984	13.712	(13.712)	26.984	12.606
	197.826	19.920	(19.920)	197.826	198.930

	Consolidated				
	3/31/2020				12/31/2019
	Current	Over 360 days past due	(-) Estimated loss on doubtful accounts	Total	Total
Consumers					
Industrial	76.902	4.172	(4.172)	76.902	75.142
Resellers					
Trading agents	72.222			72.222	45.871
Trading agents - related parties (Note 16)	5.186			5.186	3.931
Electricity auctions	55.861			55.861	61.380
Supply - quotas		2.036	(2.036)		
	133.269	2.036	(2.036)	133.269	111.182
	210.171	6.208	(6.208)	210.171	186.324
Free energy / CCEE					
Free energy (RTE)		13.712	(13.712)		
Spot market electricity (CCEE)	26.984			26.984	12.606
	26.984	13.712	(13.712)	26.984	12.606
	237.155	19.920	(19.920)	237.155	198.930

CESP NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AT MARCH 31, 2020

All amounts in thousands of reais unless otherwise stated

7. Indemnification assets

	Parent company and Consolidated				
				3/31/2020	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)	(327.826)	(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 arising from the indemnity of the concession contracts terminated at the Três Irmãos, Jupia and Ilha Solteira plants. As further detailed in Note 12 of the financial statements for the year ended December 31, 2019, the Company seeks in court the determination of the amounts of indemnifiable assets and forms of receiving. There was no relevant progress in this matter.

8. Property, plant and equipment

8.1 Breakdown

	Parent company and Consolidated				
				3/31/2020	12/31/2019
	Annual average rates %	Total cost	Accumulated depreciation	Net	Net
In operation					
Land	3,3%	273.805	(8.749)	265.056	267.453
Reservoirs, dams and water mains	2,0%	8.054.347	(3.724.165)	4.330.182	4.376.995
Buildings and improvements	2,3%	2.086.393	(1.465.581)	620.812	632.413
Machinery and equipment	2,9%	2.281.698	(1.421.081)	860.617	879.058
Vehicles	5,4%	6.124	(4.427)	1.697	1.778
Furniture and fittings	3,9%	2.872	(914)	1.958	468
Social and environmental costs	10,0%	157.936	(19.742)	138.194	142.142
		12.863.175	(6.644.659)	6.218.516	6.300.307
In progress					
Buildings and improvements		1.541		1.541	1.541
Machinery and equipment		2.280		2.280	2.831
Other		316		316	1.264
		4.137		4.137	5.636
		12.867.312	(6.644.659)	6.222.653	6.305.943

8.2 Changes

	Parent company and Consolidated					
	1/1/2020	Additions	Disposals	Activations	Depreciation	3/31/2020
In operation						
Land	267.453		(4)		(2.393)	265.056
Reservoirs, dams and water mains	4.376.995				(46.813)	4.330.182
Buildings and improvements	632.413			1.294	(12.895)	620.812
Machinery and equipment	879.058			512	(18.953)	860.617
Vehicles	1.778				(81)	1.697
Furniture and fittings	468			1.518	(28)	1.958
Social and environmental costs	142.142				(3.948)	138.194
	6.300.307		(4)	3.324	(85.111)	6.218.516
In progress						
Buildings and improvements	1.541					1.541
Machinery and equipment	2.831	1.789		(2.340)		2.280
Other	1.264	36		(984)		316
	5.636	1.825		(3.324)		4.137
	6.305.943	1.825	(4)		(85.111)	6.222.653

	Parent company and Consolidated					
	1/1/2019	Additions	Disposals	Activations	Depreciation	3/31/2019
In operation						
Land	309.281					309.281
Reservoirs, dams and water mains	3.842.287				(45.038)	3.797.249
Buildings and improvements	955.412				(12.557)	942.855
Machinery and equipment	1.244.302		(20)		(19.057)	1.225.225
Vehicles	2.104				(83)	2.021
Furniture and fittings	1.008		(14)		(28)	966
	6.354.394		(34)		(76.763)	6.277.597
In progress						
Reservoirs, dams and water mains	69					69
Machinery and equipment	2.152	100				2.252
Other	2					2
	2.223	100				2.323
	6.356.617	100	(34)		(76.763)	6.279.920

CESP NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AT MARCH 31, 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)	(1.451.348)	495.652	(955.696)
HPP Paraibuna	20.459	(7.709)	12.750
HPP Jaguari	6.553	(2.504)	4.049
	(1.424.336)	485.439	(938.897)

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 quarter (depreciation)	14.738	(5.012)	9.726
Closing balance at 3/31/2020	(1.424.336)	485.439	(938.897)

9. Intangible assets

9.1 Breakdown

	Parent company and Consolidated		
	Annual average rates %	3/31/2020	12/31/2019
		Total cost	Net
In operation			
Software and use license	4,9%	26.048	11.724
Renegotiation of hydrological risk	8,1%	26.533	18.101
Use of public assets	3,3%	181.760	177.468
Grant	3,3%	1.398.703	1.365.678
		1.633.044	1.572.971
In progress			
Software and use license		2.848	2.329
		2.848	2.329
		1.635.892	1.575.300

9.2 Changes

	Parent company and Consolidated			
	1/1/2020	Additions	Amortization	3/31/2020
In operation				
Software and use license	11.724		(1.245)	10.479
Renegotiation of hydrological risk	18.101		(523)	17.578
Use of public assets	177.468		(1.514)	175.954
Grant	1.365.678		(11.656)	1.354.022
	1.572.971		(14.938)	1.558.033
In progress				
Software and use license	2.329	519		2.848
	2.329	519		2.848
	1.575.300	519	(14.938)	1.560.881

	Parent company and Consolidated			
	1/1/2019	Additions	Amortization	3/31/2019
In operation				
Software and use license	15.880		(1.209)	14.671
Renegotiation of hydrological risk	20.166		(538)	19.628
	36.046		(1.747)	34.299
In progress				
Software and use license	754	483		1.237
	36.800	483	(1.747)	35.536

CESP NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AT MARCH 31, 2020

All amounts in thousands of reais unless otherwise stated

10. Electricity purchased for resale

	Parent company		Consolidated	
	3/31/2020	12/31/2019	3/31/2020	12/31/2019
Electricity purchased for resale	14.380	33.634	34.950	33.634
Electricity purchased for resale - Related parties (Note 16)		2.121	2.212	2.121
	14.380	35.755	37.162	35.755

11. Borrowing and debentures

11.1 Breakdown

Annual financial charges	Parent company and Consolidated							
	3/31/2020				12/31/2019			
	Charges	Current Principal	Noncurrent Principal	Total	Charges	Current Principal	Non-current Principal	Total
Local currency								
Debentures (a) CDI + 1.64% p.y.	28.573	(3.146)	1.785.056	1.810.483	2.969		1.781.123	1.784.092
Eletrobras (RGR and IRD) Fixed rate of 5% and 8% p.y.		19		19		33		33
	28.573	(3.127)	1.785.056	1.810.502	2.969	33	1.781.123	1.784.125

- (a) The negative amount of R\$ 3,146 of principal refers to the cost of debentures, which is recognized in profit or loss on a monthly basis over the term of the contract of 7 years. At March 31, 2020, the Company evaluated the covenants contained in its debt contracts and concluded that it had achieved the necessary ratios.

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	(14.944)
	1.785.056

11.3 Changes in borrowing and debentures

	Parent company and Consolidated		
	Local currency	Foreign currency	Total
Opening balance at 1/1/2020	1.784.125		1.784.125
Interest and commissions	25.604		25.604
Borrowing costs	787		787
Payments - principal	(11)		(11)
Payments - interest	(3)		(3)
Closing balance at 3/31/2020	1.810.502		1.810.502

	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	31.175	3.428	34.603
Borrowing costs	784		784
Foreign exchange variation		(680)	(680)
Payments - principal	(1.362)	(38.801)	(40.163)
Payments - interest	(76)	(2.512)	(2.588)
Closing balance at 3/31/2019	1.813.257	172.317	1.985.574

CESP NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AT MARCH 31, 2020

All amounts in thousands of reais unless otherwise stated

12. Employee private pension fund

	Parent company and Consolidated	
	3/31/2020	12/31/2019
Net actuarial obligation	6.665.813	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
Estimated cost of the defined benefit for the year	14.877	
Total net liability	851.872	836.995

12.1 Changes in actuarial liabilities

	Parent company and Consolidated	
	3/31/2020	3/31/2019
Opening balance	836.995	
(Income)/Expense for the period	14.970	3.372
Contributions paid	(93)	(1.369)
Actuarial (gains) / losses		(2.003)
Closing balance	851.872	

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			
	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. Sector charges

	Parent company and Consolidated	
	3/31/2020	12/31/2019
Current		
Global Reserve for Reversion - RGR	137	137
Financial Compensation for Use of Water Resources - CFURH	4.154	8.459
Electric energy service inspection charge - TFSEE	2.446	2.377
Quotas for R&D - FNDCT	1.278	1.316
Quotas for R&D - MME	265	282
R&D - Projects	85.657	87.036
Electricity network usage charges - CUSD/CUST	20.766	15.473
Distribution network usage charges - TUSDg	600	593
	115.303	115.673
Noncurrent		
R&D - Projects	12.014	12.014
	12.014	12.014
	127.317	127.687

14. Use of public assets

14.1 Breakdown

	Parent company and Consolidated					
	3/31/2020			12/31/2019		
	Intangible assets (Note 10)	Current	Noncurrent	Liabilities	Intangible assets (Note 10)	Liabilities
Plant						
Porto Primavera	175.954	40.254	149.493	189.747	177.468	187.630
	175.954	40.254	149.493	189.747	177.468	187.630

CESP NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AT MARCH 31, 2020

All amounts in thousands of reais unless otherwise stated

The change in the classification between current and noncurrent liabilities between December 31, 2019 and March 31, 2020 was due to the proximity of the beginning of payments to ANEEL, which will start in May 2020.

14.2 Changes

	Parent company and Consolidated			Total
	Assets		Liabilities	
	Intangible assets (Note 10)	Use of public assets	(-) Present value adjustment	
Opening balance at 1/1/2020	177.468	212.307	(24.677)	187.630
Amortization	(1.514)			
Realization of present value adjustment			2.117	2.117
Closing balance at 3/31/2020	175.954	212.307	(22.560)	189.747

15. Provision for legal claims

15.1 Breakdown and changes

At March 31, 2020, legal claims, of varying nature, were assessed and classified according to the likelihood of estimated loss and the economic and financial risk for the Company, as shown below.

	Parent company and Consolidated				3/31/2020
	1/1/2020	Changes			
	Balance	Monetary restatement	Provision / (Reversal)	(-) Payments	Balance
Labor	138.597	4.449	27.044	(16.721)	153.369
Tax	5.435	217	104	(77)	5.679
Environmental	443.627	26.737	(316.787)	(194)	153.383
Civil	1.226.716	37.682	316.618	(3.788)	1.577.228
	1.814.375	69.085	26.979	(20.780)	1.889.659

	Parent company and Consolidated				3/31/2019
	1/1/2019	Changes			
	Balance	Monetary restatement	Provision / (Reversal)	(-) Payments	Balance
Labor	247.663	4.282	(2.521)	(11.925)	237.499
Tax	5.828	85	6	(6)	5.913
Environmental	189.136	5.830	(29.233)		165.733
Civil	1.713.535	39.253	(4.559)	(3.226)	1.745.003
	2.156.162	49.450	(36.307)	(15.157)	2.154.148

The General Market Price Index ("IGP-M") is the most relevant index for purposes of monetary restatement of the provision for legal claims. In the period ended March 31, 2020, there was an accumulated increase in the IGP-M by 1.69%, driven by the increase in March (1.24%), mainly due to the positive variation in gross raw materials (4.77%).

The Company, along with its advisors, in its best and current understanding regarding the process of constant review of its legal claims portfolio, reclassified the nature of some lawsuits previously classified as environmental to civil. This reclassification is justified by the fact that such actions discuss, unequivocally and objectively, reparations of a financial nature, without there being any claim for environmental restoration; in the opinion of the Company, this is in line with the nature of the classifications adopted in CESP's financial statements.

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 considering that such amounts are being disclosed coherently, the Company highlights that, among the various lawsuits assessed as involving remote risk, there are claims that are clearly unacceptable, for which the case amount does not represent, under any circumstances, the financial amount effectively disputed and that would be due in case a related final unappealable ruling were handed down against the Company.

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

CESP NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AT MARCH 31, 2020

All amounts in thousands of reais unless otherwise stated

Nature	Likelihood of loss			Total
	Probable	Possible	Remote	
Labor	153.369	62.585	123.178	339.132
Tax	5.679	430.666	16.712	453.057
Environmental	153.383	238.891	677.330	1.069.604
Civil	1.577.228	1.801.719	6.467.047	9.845.994
Total at March 31, 2020	1.889.659	2.533.861	7.284.267	11.707.787
Total at December 31, 2019	1.814.375	2.528.446	7.062.373	11.405.194

16. Related-party transactions

16.1 Breakdown

Companies	Note	Nature of transaction	Assets				Parent company	
			Current	Noncurrent	Current	Noncurrent	3/31/2020	3/31/2020
							Liabilities	Profit or loss
							Equity	Income/ (expense)
Votener - Votorantim Comercializadora de Energia Ltda.	4	Purchase and sale of electricity	5.186					14.092
CESP Comercializadora de Energia S.A.	4	Purchase and sale of electricity	44.797					117.637
Votorantim S.A.		Shared services			847			(770)
Eletrobras - Centrais Elétricas Brasileiras S.A.	11	Loans			19			
Funcesp - Fundação CESP		Employee pension fund	8.751					(14.970)
Banco Votorantim		Derivative financial instruments			30.331		(17.978)	(3.092)
			58.734		31.197		(17.978)	112.897

Companies	Note	Nature of transaction	Assets				Consolidated	
			Current	Noncurrent	Current	Noncurrent	3/31/2020	03/31/2020
							Liabilities	Profit or loss
							Equity	Income/ (expense)
Votener - Votorantim Comercializadora de Energia Ltda.	4	Purchase and sale of electricity	5.186		2.212			14.092
Votorantim S.A.		Shared services			884			(808)
Eletrobras - Centrais Elétricas Brasileiras S.A.	11	Loans			19			
Funcesp - Fundação CESP		Pension fund entity	8.751					(4.078)
Banco Votorantim		Derivative financial instruments			51.051	16.474	(41.875)	(4.078)
			13.937		54.166	16.474	(41.875)	9.206

Companies	Note	Nature of transaction	Assets				Parent company and Consolidated	
			Current	Noncurrent	Current	Noncurrent	12/31/2019	3/31/2019
							Liabilities	Profit or loss
							Equity	Income/ (expense)
Votener - Votorantim Comercializadora de Energia Ltda.	4	Purchase and sale of electricity	3.931		2.121			10.692
Votorantim S.A.		Shared services			1.542			
Eletrobras - Centrais Elétricas Brasileiras S.A.	11	Loans			33			(431)
Funcesp - Fundação CESP		Pension fund entity	8.824		564			(3.372)
Banco Votorantim		Derivative financial instruments	8.408	5.743			8.890	
			21.163	5.743	4.260		8.890	6.889

16.2 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 and Supervisory Board, was R\$ 1,240 in the quarter ended March 31, 2020 (R\$ 366 in the quarter ended March 31, 2019), of which R\$ 1,012 is related to fixed and variable compensation (R\$ 305 in the quarter ended March 31, 2019) and R\$ 228 related to social charges (R\$ 61 in the quarter ended March 31, 2019).

17. Electric power futures contracts

CESP Comercializadora carries out power trading operations in an active market that fit into the definition of financial instruments, due to the fact that 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 published 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 MARCH 31, 2020

All amounts in thousands of reais unless otherwise stated

Upon initial recognition on March 31, 2020, the Company booked a gain in mark-to-market of future energy contracts in the amount of R\$ 24,840, with a corresponding entry in the balance sheet of R\$ 22,230 in current assets and R\$ 2,610 in non-current assets.

18. Equity

18.1 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 March 31, 2020 were the following:

	Number of shares - In thousands							
	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	7.386.323	100,00	182.017.689	86,28	196.480.054	60,00
	7.076.046	6,48	7.386.323	100,00	182.020.249	86,28	196.482.618	60,00
	109.167.801	100,00	7.386.323	100,00	210.948.549	99,99	327.502.673	100,01
Paid-up capital per share in R\$ thousand	1.991.815		134.767		3.848.851		5.975.433	

18.2 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

18.3 Revenue reserve

	Parent company and Consolidated	
	3/31/2020	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

18.4 Carrying value adjustments (deemed cost)

	Parent company and Consolidated		
	Property, plant and equipment	Deferred taxes	Equity
Opening balance at 1/1/2020	(1.439.074)	490.451	(948.623)
Realization in the quarter (depreciation)	14.738	(5.012)	9.726
Closing balance at 3/31/2020	(1.424.336)	485.439	(938.897)

CESP NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AT MARCH 31, 2020

All amounts in thousands of reais unless otherwise stated

18.5 Other comprehensive income

	Parent company and Consolidated	
	3/31/2020	3/31/2019
Opening balance	(895.886)	(370.669)
Operating hedge accounting		
Provision for operating hedge accounting	(231.157)	
(-) Deferred income tax and social contribution	78.593	
	(152.564)	
Adjustment CPC 33 (R1) in the quarter		2.003
Closing balance	(1.048.450)	(368.666)

19. Revenue

19.1 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 as a result of the auctions held. These contracts have a price update clause based on the IPCA variation, applied on the energy distributors' adjustment dates by ANEEL, as follows:

Reajustes em 2020	Mês do Reajuste	Produtos e Preços R\$/MWh		Reajuste no ano (%)
		2009 a 2038	2010 a 2039	
Concessionárias				
Energisa Borborema	Fevereiro	258,81	243,92	4,19
Ampla, CPFL Jaguarí	Março	259,45	259,45	4,00
Light	Março	259,45	259,45	4,00

Reajustes em 2019	Mês do Reajuste	Produtos e Preços R\$/MWh		Reajuste no ano (%)
		2009 a 2038	2010 a 2039	
Concessionárias				
Energisa Borborema	Fevereiro	248,39	234,11	3,78
Ampla, CPFL Jaguarí	Março	249,46	235,12	3,89
Light	Março	249,46	235,12	3,89

19.2 Electricity sold

The table below shows electricity sold in the quarter, as well as distributed power in MWh and corresponding amounts by class of consumption and by trading environment:

	MWh (*)		R\$ thousand		Parent company R\$/MWh (Average) (*)	
	3/31/2020	3/31/2019	3/31/2020	3/31/2019	3/31/2020	3/31/2019
Free market						
Free consumers - Industrial	517.311	930.332	98.094	179.121	189,62	192,53
Trading agents	1.110.132	537.745	225.053	97.977	202,73	182,20
	1.627.443	1.468.077	323.147	277.098	198,56	188,75
Regulated market						
Electricity auctions - Electricity distributors	520.758	515.680	126.777	120.885	243,45	234,42
Spot market electricity	383.728	1.064.640	15.882	23.547	41,39	22,12
	904.486	1.580.320	142.659	144.432	157,72	91,39
	2.531.929	3.048.397	465.806	421.530	183,97	138,28

	MWh (*)		R\$ thousand		Consolidated R\$/MWh (Average) (*)	
	3/31/2020	3/31/2019	3/31/2020	3/31/2019	3/31/2020	3/31/2019
Free market						
Free consumers - Industrial	978.135	930.332	207.793	179.121	212,44	192,53
Trading agents	957.324	537.745	199.300	97.977	208,18	182,20
	1.935.459	1.468.077	407.093	277.098	210,33	188,75
Regulated market						
Electricity auctions - Electricity distributors	520.758	515.680	126.777	120.885	243,45	234,42
Spot market electricity	383.728	1.064.640	15.882	23.547	41,39	22,12
	904.486	1.580.320	142.659	144.432	157,72	91,39
	2.839.945	3.048.397	549.752	421.530	193,58	138,28

(*) Information not reviewed by independent auditors.

CESP NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AT MARCH 31, 2020

All amounts in thousands of reais unless otherwise stated

19.3 Net revenue

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

	Parent company		Consolidated	
	3/31/2020	3/31/2019	3/31/2020	3/31/2019
Gross revenue				
Revenue from electricity				
Free consumers - Industrial	98.094	179.121	207.793	179.121
Trading agents	225.053	97.977	199.300	97.977
Electricity auctions - Electricity distributors	126.777	120.885	126.777	120.885
Spot market electricity	15.882	23.547	15.882	23.547
	465.806	421.530	549.752	421.530
Derivative financial instruments (Note 23.5)	(5.668)		(9.637)	
Other income	747	631	747	631
	460.885	422.161	540.862	422.161
Deductions from revenue				
Quota for Global Reserve for Reversion - RGR	(843)	(12.308)	(843)	(12.308)
Research and Development - R&D	(3.933)	(3.551)	(3.933)	(3.551)
Service tax (ISS)	(23)	(34)	(23)	(34)
PIS on operating revenues	(7.526)	(6.646)	(10.852)	(6.646)
COFINS on operating revenues	(34.666)	(30.612)	(49.986)	(30.612)
Financial Compensation for Use of Water Resources - CFURH	(13.456)	(12.608)	(13.456)	(12.608)
Electric energy service inspection charge - TFSE	(1.229)	(784)	(1.229)	(784)
	(61.676)	(66.543)	(80.322)	(66.543)
Net revenue	399.209	355.618	460.540	355.618

The variation in revenue from trading agents is substantially due to the beginning of CESP Comercializadora's operations, as detailed in Note 1.2 (a).

20. Costs and expenses

	Parent company				Total
	In the quarter ended 3/31/2020				
	Cost of electricity	Cost of operation	General and administrative expenses	Other operating income (expenses), net	
Expenses by nature					
Depreciation and amortization		(98.367)	(1.948)	(19)	(100.334)
Sector charges	(33.931)				(33.931)
Electricity purchased	(29.696)				(29.696)
Provision for legal claims (Note 15)				(26.979)	(26.979)
Personnel		(7.493)	(10.305)		(17.798)
Outsourced services		(1.233)	(4.092)		(5.325)
Insurance				(2.250)	(2.250)
Employee pension fund				122	122
Rentals		(116)	(504)		(620)
Materials		(442)	(77)		(519)
Management			(1.240)		(1.240)
Reversal of provision for impairment of storeroom supplies				54	54
Provision for PIS/COFINS on monetary restatement of judicial deposits				(15)	(15)
Other operating income (expenses), net		(2.417)	(346)	540	(2.223)
Total	(63.627)	(110.068)	(20.640)	(26.419)	(220.754)

	Consolidated				Total
	In the quarter ended 3/31/2020				
	Cost of electricity	Cost of operation	General and administrative expenses	Other operating income (expenses), net	
Nature of costs and expenses					
Depreciation and amortization		(98.367)	(2.009)	(19)	(100.395)
Sector charges	(33.931)				(33.931)
Electricity purchased	(82.336)				(82.336)
Provision for legal claims (Note 15)				(26.979)	(26.979)
Electric power futures contracts				24.840	24.840
Personnel		(7.493)	(12.402)		(19.895)
Outsourced services		(1.233)	(4.953)		(6.186)
Insurance				(2.250)	(2.250)
Employee private pension fund				122	122
Rentals		(116)	(547)		(663)
Materials		(442)	(75)		(517)
Management			(1.240)		(1,240)
Reversal of provision for impairment of storeroom supplies				54	54
Provision for PIS/COFINS on monetary restatement of judicial deposits				(15)	(15)
Other operating income (expenses), net		(2,417)	(474)	539	(2,352)
Total	(116.267)	(110.068)	(23.828)	(1.580)	(251.743)

CESP

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AT MARCH 31, 2020

All amounts in thousands of reais unless otherwise stated

	Parent company and Consolidated				Total
	In the quarter ended 3/31/2019				
Nature of costs and expenses	Cost of electricity	Cost of operation	General and administrative expenses	Other operating income (expenses), net	
Depreciation and amortization		(76.649)	(1.620)	(241)	(78.510)
Sector charges	(28.238)				(28.238)
Electricity purchased	(222.998)				(222.998)
Reversal of provision for legal claims (Note 15)				36.307	36.307
Personnel		(5.504)	(33.504)		(39.008)
Voluntary Termination Program		(8.191)	(94.313)		(102.504)
Outsourced services		(4.042)	(8.856)		(12.898)
Insurance				(409)	(409)
Employee private pension fund			(3.372)		(3.372)
Rentals			(714)		(714)
Materials		(908)	(296)		(1.204)
Management			(366)		(366)
Reversal of provision for impairment of storeroom supplies				4.796	4.796
Provision for PIS/COFINS on monetary restatement of judicial deposits				(81)	(81)
Estimated loss on doubtful accounts				253	253
Other expenses, net		(3.352)	(857)	(5.573)	(9.782)
Total	(251.236)	(98.646)	(143.898)	35.052	(458.728)

20.1 Electricity purchased and sector charges

	Parent company		Consolidated	
	3/31/2020	3/31/2019	03/31/2020	3/31/2019
Electricity purchased				
Spot market electricity	(3.609)	(57.916)	(3.609)	(57.916)
Premium on renegotiation of hydrological risk	(3.755)	(3.756)	(3.755)	(3.756)
Electricity purchased for resale	(22.332)	(161.326)	(74.972)	(161.326)
	(29.696)	(222.998)	(82.336)	(222.998)
Electricity network usage				
Connection - CTEEP	(19)	(15)	(19)	(15)
Basic network	(33.912)	(28.223)	(33.912)	(28.223)
	(33.931)	(28.238)	(33.931)	(28.238)
	(63.627)	(251.236)	(116.267)	(251.236)

The reduction in the amounts of purchased energy is due to the Company's new seasonality and commercial strategy.

21. Finance result, net

	Parent company		Consolidated	
	3/31/2020	3/31/2019	3/31/2020	3/31/2019
Finance income				
Income from financial investments	7.918	30.722	8.402	30.722
Monetary restatement of judicial deposits	2.505	3.796	2.505	3.796
Other finance income		93		93
(-) PIS and COFINS on finance result	(372)	(1.509)	(394)	(1.509)
	10.051	33.102	10.513	33.102
Finance costs				
Debt charges				
Local currency	(25.604)	(31.959)	(25.604)	(31.959)
Foreign currency		(3.428)		(3.428)
	(25.604)	(35.387)	(25.604)	(35.387)
Monetary restatement of provision for legal claims	(69.085)	(49.450)	(69.085)	(49.450)
Monetary restatement of employee private pension fund	(14.906)		(14.906)	
Present value adjustment of social and environmental obligations	(2.183)		(2.183)	
Present value adjustment - Use of public assets	(2.117)		(2.117)	
Monetary restatement of judicial agreements	(1.505)	(30)	(1.505)	(30)
Monetary restatement of R&D - projects	(215)	(344)	(215)	(344)
Other charges	(4.077)	(233)	(4.108)	(233)
	(94.088)	(50.057)	(94.119)	(50.057)
	(119.692)	(85.444)	(119.723)	(85.444)
Foreign exchange variation, net		680		680
Finance results, net	(109.641)	(51.662)	(109.210)	(51.662)

CESP

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AT MARCH 31, 2020

All amounts in thousands of reais unless otherwise stated

22. Income tax and social contribution expenses

22.1 Reconciliation of tax expenses at statutory rates

The income tax and social contribution amounts presented in the statement of income for the quarters ended March 31 are reconciled at their Brazilian statutory rates as follows:

	Parent company		Consolidated	
	3/31/2020	3/31/2019	3/31/2020	3/31/2019
Profit (loss) before income tax and social contribution	89.130	(154.772)	99.587	(154.772)
Standard rates	34%	34%	34%	34%
Income tax and social contribution at standard rates	(30.304)	52.622	(33.860)	52.622
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	6.907			
Other permanent additions, net	(959)	(643)	(953)	(643)
	5.948	(643)	(953)	(643)
Effect of income tax and social contribution on items without recognition of deferred taxes				
Deferred income tax and social contribution	(14.635)	(56.289)	(14.635)	(56.289)
Other temporary (additions) and exclusions, net	3.674	839	3.674	839
	(10.961)	(55.450)	(10.961)	(55.450)
Income tax and social contribution calculated	(35.317)	(3.471)	(45.774)	(3.471)
Income tax and social contribution in the statement of income				
Current	(34.007)		(37.077)	
Deferred	(1.310)	(3.471)	(8.697)	(3.471)
	(35.317)	(3.471)	(45.774)	(3.471)
Effective rate - %	39,62	(2,24)	45,96	(2,24)

23. Financial instruments and risk management

At March 31, 2020, the fair values of the main financial instruments approximated the carrying amounts, as shown in the following table:

	Parent company		Consolidated	
	3/31/2020	12/31/2019	3/31/2020	12/31/2019
Financial assets				
Measured at amortized cost				
Cash and cash equivalents (Note 3)	907.003	690.276	950.183	741.444
Trade receivables (Note 4)	197.826	198.930	237.155	198.930
Indemnification asset (Note 7)	1.719.390	1.719.390	1.719.390	1.719.390
	2.824.219	2.608.596	2.906.728	2.659.764
Measured at fair value through other comprehensive income				
Derivative financial instruments (Note 23.5) - Level 2		39.943		39.943
		39.943		39.943
Measured at fair value through profit or loss				
Electric power futures contracts (Note 17) - Level 2			24.840	
			24.840	
	2.824.219	2.648.539	2.931.568	2.699.707
Financial liabilities				
Measured at amortized cost				
Borrowing and debentures (Note 11)	1.810.502	1.784.125	1.810.502	1.784.125
	1.810.502	1.784.125	1.810.502	1.784.125
Measured at fair value through other comprehensive income				
Derivative financial instruments (Note 23.5) - Level 2	123.277		199.563	
	123.277		199.563	
	1.933.779	1.784.125	2.010.065	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).

CESP

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AT MARCH 31, 2020

All amounts in thousands of reais unless otherwise stated

23.1 Debt ratio

Debt ratio	Parent company		Consolidated	
	3/31/2020	12/31/2019	3/31/2020	12/31/2019
Borrowing and debentures (Note 11)	1.810.502	1.784.125	1.810.502	1.784.125
Lease liabilities	7.429	7.208	7.429	7.208
Cash and cash equivalents (Note 3)	(907.003)	(690.276)	(950.183)	(741.444)
Derivative financial instruments (Note 23.5)	123.277	(39.943)	199.563	(39.943)
Net debt (a)	1.034.205	1.061.114	1.067.311	1.009.946
Equity (b)	7.046.154	7.144.905	7.046.154	7.144.905
Net debt-to-equity ratio (a) / (b)	14,68%	14,85%	15,15%	14,14%

The tables below presents the financial liabilities of the Company and its subsidiary by aging range, for the remaining period in the balance sheet until the contractual maturity date.

	Parent company				
	1 year	2 years	5 years	Over 5 years	Total
At March 31, 2020					
Borrowing and debentures (Note 11)	26.232		1.337.416	446.854	1.810.502
Derivative financial instruments (Note 23.5)	51.244	65.170	6.863		123.277
	77.476	65.170	1.344.279	446.854	1.933.779
At December 31, 2019					
Borrowing and debentures (Note 11)	3.002		1.331.123	450.000	1.784.125
	3.002		1.331.123	450.000	1.784.125
	Consolidated				
	1 year	2 years	5 years	Over 5 years	Total
At March 31, 2020					
Borrowing and debentures (Note 11)	26.232		1.337.416	446.854	1.810.502
Derivative financial instruments (Note 23.5)	83.791	105.292	10.480		199.563
	110.023	105.292	1.347.896	446.854	2.010.065
At December 31, 2019					
Borrowing and debentures (Note 11)	3.002		1.331.123	450.000	1.784.125
	3.002		1.331.123	450.000	1.784.125

23.2 Exchange rate risk

The Company and its subsidiary have exposure to their operating results arising from energy sales contracts denominated in US dollars. This exposure is mitigated through hedge transactions, as mentioned in Note 24.5.

23.3 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 the type of their debt.

Liabilities linked to rates	Parent company and Consolidated	
	3/31/2020	12/31/2019
Fixed rate	19	33
CDI	1.810.483	1.784.092
	1.810.502	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 subject to adjustment by 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).

23.4 Credit risk

This risk arises from the possibility of the Company and its subsidiary incurring losses resulting from difficulties in collecting amounts billed to customers. This risk is assessed by the Company and its subsidiary as low, in view of the following: (i) for receivables arising from revenue in the regulated market – there is a concentrated number of customers, there are contractual guarantees, the fact that they are concessionaires of energy distribution under federal supervision, also subject to concession revocation, and because there is no history of significant losses on the realization of its receivables; and (ii) for receivables arising from revenue in the free market – there is a concentrated

CESP

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AT MARCH 31, 2020

All amounts in thousands of reais unless otherwise stated

number of its customers and because of their business size, there is prior credit analysis and there are contractual guarantees of at least two months of billing.

In addition, derivative financial instruments and financial investments (cash allocation) create exposure to credit risk of counterparties and financial issuers. The Company and its subsidiary have a policy of working with issuers that have, at least, a rating from one of the following rating agencies: Fitch Ratings, Moody's or Standard & Poor's, with national rating equal to or better than A (or A2), or global rating equal to or better than BBB- (or Baa3). For cases where issuers do not meet the minimum ratings previously described, criteria approved by the Board of Directors are applied as an alternative.

At March 31, 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.

23.4.1 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	
	3/31/2020	12/31/2019	3/31/2020	12/31/2019
Cash and cash equivalents				
AAA	546.982	389.057	590.097	440.225
AA+	233.289	172.195	233.289	172.195
AA	106.714	128.147	106.779	128.147
AA-	20.013		20.013	
Unrated	5	877	5	877
	907.003	690.276	950.183	741.444
Derivative financial instruments				
AAA		9.442		9.442
AA		16.350		16.350
AA-		14.151		14.151
		39.943		39.943
	907.003	730.219	950.183	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.

23.5 Derivative financial instruments

	Principal Amount		Unit	Fair value at December 31, 2019	Impact on operating income (expenses)	Δ Fair value Other comprehensive income	Realized gain (loss)	Parent company
	3/31/2020	12/31/2019						Fair value at March 31, 2020
	Programs							
Hedge of electricity sales transactions								
Non Deliverable Forward	126.000	231.000	USD thousand	39.943	(5.668)	(157.851)	(299)	(123.277)
	126.000	231.000		39.943	(5.668)	(157.851)	(299)	(123.277)

	Principal Amount		Unit	Fair value at December 31, 2019	Impact on operating income (expenses)	Δ Fair value Other comprehensive income	Realized gain (loss)	Consolidated
	3/31/2020	12/31/2019						Fair value at March 31, 2020
	Programs							
Hedge of electricity sales transactions								
Non Deliverable Forward	208.000	231.000	USD thousand	39.943	(9.637)	(231.157)	(1.288)	(199.563)
	208.000	231.000		39.943	(9.637)	(231.157)	(1.288)	(199.563)

23.6 Measurement of financial instruments

The main assets and liabilities of the Company and its subsidiary in connection with their financial instruments at March 31, 2020 are described below, together with the criteria for their measurement or valuation:

a) Cash and cash equivalents

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

CESP NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AT MARCH 31, 2020

All amounts in thousands of reais unless otherwise stated

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 stated at cost, and a provision is recorded for their write-down to fair value, when required or as applicable. The fair values of other investments approximate their carrying amounts.

d) Borrowing 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.

In relation to the specific operations of the electric energy sector, subsidized financial operations and renegotiation of financial operations, with no similar 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 about the variables that should be considered in the creation of a 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:

	3/31/2020	
	Carrying amount	Fair value
Borrowing and debentures - Local currency		
Debentures	1.810.483	1.608.641
Eletrobras (RGR and IRD)	19	19
	1.810.502	1.608.660

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.

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

CESP Comercializadora carries out power trading operations on an active market and that fit into the definition of financial instruments, due to the fact that 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.

23.7 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 exposure to fluctuation in US dollar and CDI interest rates and

CESP NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AT MARCH 31, 2020

All amounts in thousands of reais unless otherwise stated

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 March 31, 2020 are described below:

Scenario I - considers a change in indicative pricing yield curves as at March 31, 2020, according to the base scenario defined by Management for June 30, 2020;

Scenario II - considers a change of + or - 25% in the yield curves at March 31, 2020;

Scenario III - considers a change of + or - 50% in the yield curves at March 31, 2020.

Risk factors	Cash and cash equivalents	Principal of borrowing and debentures	Principal of derivative financial instruments	Unit	Parent company					
					Impact on profit or loss					
					Scenario I					
					Scenarios II and III					
					Results of scenario I	-25%	-50%	+25%	+50%	
Interest rates										
BRL - CDI	906.805	1.800.033	655.036	BRL thousand	-50 bps	5.462	10.129	45.446	(10.129)	(45.446)
Dollar coupon			126.000	USD thousand	-110 bps	2	(1)	(1)	1	1
FX rates										
US dollar			126.000	USD thousand	-2%	(80)	5.198	10.396	(5.198)	(10.396)

Risk factors	Principal of derivative financial instruments	Unit	Impact on curves for 3/31/2020	Results of scenario I	Parent company			
					Impact on comprehensive income			
					Scenario I			
					-25%	-50%	+25%	+50%
Interest rates								
BRL - CDI	655.036	BRL thousand	-50 bps	2.934	4.291	8.671	(4.205)	(8.327)
Dollar coupon	126.000	USD thousand	-110 bps	(4.369)	(2.069)	(4.154)	2.052	4.087
FX rates								
US dollar	126.000	USD thousand	-2%	(2.408)	156.466	312.932	(156.466)	(312.932)

Risk factors	Cash and cash equivalents	Principal of borrowing and debentures	Principal of derivative financial instruments	Electric power futures contracts	Unit	Consolidated					
						Impact on profit or loss					
						Scenario I					
						-25%	-50%	+25%	+50%		
Interest rates											
BRL - CDI	950.183	1.800.033	1.081.330		BRL thousand	-50 bps	5.206	9.662	44.512	(9.662)	(44.512)
Dollar coupon			208.000		USD thousand	-110 bps	2	(1)	(1)	1	1
FX rates											
US dollar			208.000		USD thousand	-2%	(140)	9.096	18.193	(9.096)	(18.193)
MiM of electricity											
Fair value				24.840	BRL thousand		24.840	14.275	28.551	(14.275)	(25.551)

Risk factors	Principal of derivative financial instruments	Unit	Impact on curves for 3/31/2020	Results of scenario I	Consolidated			
					Impact on comprehensive income			
					Scenario I			
					-25%	-50%	+25%	+50%
Interest rates								
BRL - CDI	1.081.330	BRL thousand	-50 bps	4.811	6.891	13.923	(6.756)	(13.380)
Dollar coupon	208.000	USD thousand	-110 bps	(7.038)	(3.337)	(6.701)	3.311	6.596
FX rates								
US dollar	208.000	USD thousand	-2%	(3.968)	257.857	515.714	(257.857)	(515.714)

24. Insurance (not reviewed)

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 to the inherent risks of the operation.

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

(A free translation of the original in Portuguese)

Report on review of quarterly information

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

Introduction

We have reviewed the accompanying condensed 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 March 31, 2020, comprising the condensed interim balance sheet at that date and the condensed interim statements of income, comprehensive loss, changes in equity and cash flows for the quarter 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 accounting 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 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 did 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 parent company and consolidated 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.

Emphasis of matter - Indemnification assets

As mentioned in Note 7 to the interim accounting information, the Company has R\$ 1,719,390 thousand recorded as "Indemnification assets", net of provision, receivable from the Federal Government, arising from indemnity of the terminated concession contracts of Três Irmãos, Jupiá and Ilha Solteira power plants. The Company is claiming in court the determination of the amounts of the indemnifiable assets and how to receive them. Our review report is not qualified in respect of this matter.

Other matters

Statements of value added

The Quarterly Information referred to above include the parent company and consolidated interim statements of value added for the quarter ended March 31, 2020. These statements are the responsibility of the Company's management and are presented as supplementary information for IAS 34 purposes. These statements have been submitted to the same review procedures applied in conjunction with the review of the Quarterly Information, aiming to conclude if it is reconciled with the interim financial information and accounting records, as applicable, and if its form and content are in accordance with the criteria defined in Technical Pronouncement CPC 09 - "Statement of Value Added". Based on our review, nothing has come to our attention that causes us to believe that the statements of value added have not been properly prepared, in all material respects, in accordance with the criteria established in the Technical Pronouncement and are consistent with the parent company and consolidated interim accounting information taken as a whole.

Curitiba, April 29, 2020

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5

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