CTEEP – Companhia de Transmissão de Energia Elétrica Paulista

Individual (Parent) and consolidated financial statements for the year ended December 31, 2020, prepared in accordance with the technical pronouncements issued by the Accounting Pronouncements Committee (CPC) and the International Financial Reporting Standards (IFRS).

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MESSAGE FROM MANAGEMENT

Dear reader,

ISA CTEEP's primary mission is to generate sustainable value for all of its stakeholders. We do this while performing our daily tasks and, also, by conducting environmental and social programs that ensure corporate longevity and create value for our investors.

2020 was an atypical year. When we tell future generations about 2020 history, we will certainly highlight the challenges the pandemic has thrown our way. Aware of the relevance of the essential service we provide – electric power transmission –, we put a special business continuity plan into practice. We significantly reduced the number of employees in our premises and set up a second operation center to ensure that load transmissions in our grid are fully functioning. In certain locations, we built camps to avoid commuting and reduce the risk of infection. The progress we made so far in our digital transformation journey was pivotal for us to be able to rapidly adopt the remote work model for all activities whose physical presence was not required.

The year was also marked by the adoption of a set of measures focused on occupational safety culture, particularly across the production chain. We make ongoing efforts and continuously invest in the protection of our people, whether they are our employees or contractors. Despite safety protocols, unfortunately, we recorded a fatal case in the period. We have revised and reinforced the procedures to systematically consolidate our values in our relations with stakeholders.

In line with our environmental and social development commitment under the Jaguar Connection Program, we reaffirmed our support to Instituto Homem Pantaneiro in preserving more than 76 thousand hectares in Serra do Amolar region, in the Pantanal biome, which was scorched by fires in 2020. In addition to the activities developed under the Program, we acquired a vessel to help deloy firefighters to put out fires.

Even in such an atypical year and with so many challenges, we achieved record results, based on operational excellence and sound financial management. In 2020, we posted net revenue under IFRS of R$3.9 billion, which, coupled with our cost discipline, enabled us to post adjusted EBITDA margin of 86% and profit under IFRS of R$3.4 billion. With this result, our strategy focused on growth and generation of sustainable value gained momentum and enabled us to distribute earnings of R$1.67 billion, which represents dividend yield of 9%.

On the regulatory front, we defined the methodology and application of the Periodic Tariff Revision for renewed agreements and started receiving remuneration of the financial component of the Basic Network of Existing System (RBSE) at cost of equity, which had a positive impact of R$1.2 billion on the combined results under IFRS.

We made significant progress in our growth strategy. We started up two projects – Interligações Elétricas Itaquerê and Tibagi –, completed our first real estate deal, won the second biggest lot in transmission auction 001/2020 held by the Brazilian Electricity Regulatory Agency (ANEEL), with projected investments of R$1.1 billion, and signed an agreement to acquire the Piratininga Bandeirantes Line for R$1.6 billion, which will add RAP of R$172 million in the 2020/21 cycle. We also forged ahead in our modernization plan, with investments in retrofitting projects up 73.6% over the previous year.

We donated R$5 million to initiatives aimed at fighting the pandemic as a way of sharing our accomplishments with society. Both the Company and the employees donated funds to ramp up the production of rapid tests in partnership with Fiocruz, to aid the construction of a Multipurpose Vaccine Production Center at the Butantan Institute and to support the "Saving Lives" match funding campaign launched by the Brazilian development bank (BNDES).

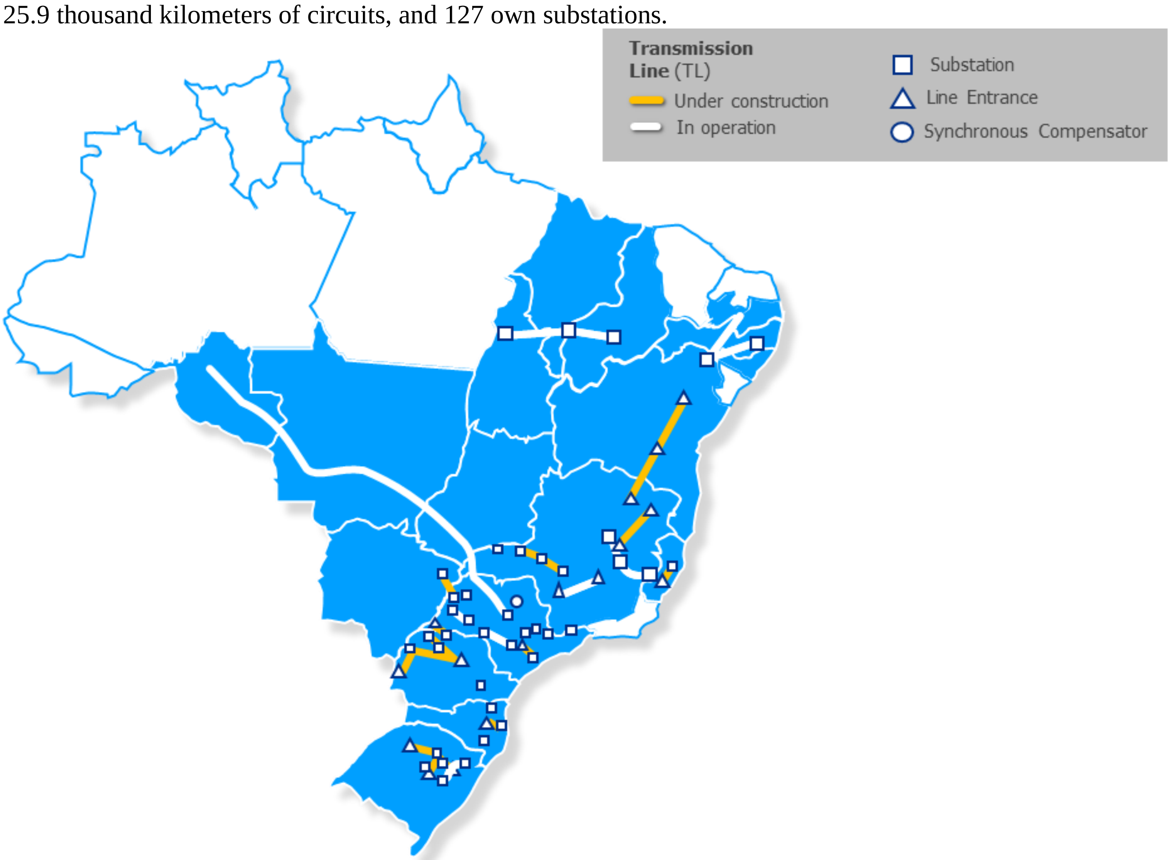
We have a clear vision of our role, backed by an excellent technical team and solid, responsible management, which are crucial factors for sustainable business development. We continue to monitor the pandemic scenario unfolding in Brazil to maintain all the measures required to ensure business continuity and the safety of our teams – whose efforts I am deeply grateful to – which were not only essential for us to face the challenges during the year, but also motivate us to always go beyond.

Rui Chammas
Chief Executive Officer

COMPANY PROFILE

ISA CTEEP is the largest private electricity transmission company in Brazil. Through its operations and those of its subsidiaries and affiliate companies, the Company operates in 17 Brazilian states (Rio Grande do Sul, Santa Catarina, Paraná, São Paulo, Minas Gerais, Rondônia, Mato Grosso, Mato Grosso do Sul, Goiás, Tocantins, Maranhão, Piauí, Paraíba, Pernambuco, Alagoas, Espírito Santo, and Bahia) and is responsible for approximately 33% of all the electricity transmitted through the the National Interconnected System ("SIN").

On December 31, 2020, the installed capacity of the Company (parent company, wholly-owned subsidiaries and non-consolidated subsidiaries in operation) totaled 67.6 thousand MVA, 18.6 thousand kilometers of transmission lines, 25.9 thousand kilometers of circuits, and 127 own substations.



To efficiently operate Brazil's complex transmission system, the Company relies on a team of around 1,400 employees and facilities that provide quality and reliable service.
In 2020, investments have been made to maintain, with excellence, the modernized network, contributing directly to the expansion of the SIN.

SHAREHOLDING STRUCTURE AND CORPORATE GOVERNANCE

ISA CTEEP is controlled by ISA, a multi-Latin linear infrastructure systems company.

Shareholders	TRPL3 (Common)	%	TRPL4 (Preferred)	%	Total	%
ISA Capital do Brasil	**230,856,832**	**89.50%**	**5,144,528**	**1.28%**	**236,001,360**	**35.82%**
Management	**0**	**0.00%**	**4,900**	**0.00%**	**4,900**	**0.00%**
Free Float	**27,080,900**	**10.50%**	**395,796,144**	**98.72%**	**422,877,044**	**64.18%**
Eletrobras	25,158,644	9.75%	212,276,657	52.94%	237,435,301	36.04%
Others	1,922,256	0.75%	183,519,487	45.78%	185,441,743	28.14%
Total	**257,937,732**	**100%**	**400,945,572**	**100%**	**658,883,304**	**100%**

Reporting date: 12/31/2020

ISA CTEEP is listed on Level 1 of São Paulo Stock Exchange (“B3”) Corporate Governance segment since 2002, recognizing the ethics and transparency in relationship with shareholders and other stakeholders.

The Company’s Corporate Governance is comprised of General Shareholders Meeting, Board of Directors, which is supported by two non-statutory committees (Audit Committee and Human Resources Committee), the Executive Board, and the Fiscal Council.

ISA CTEEP’s Board of Directors is composed of 8 members, of which 2 are independent members and 1 is a representative of the Company’s employee, with a one-year term of office. It is incumbent on the Board of Directors to provide overall business guidance and monitor, among others, enterprise risks based on the corporate risk management model adopted by the Company, in addition to being knowledgeable of the exposures and related mitigation plans. The Board of Directors is also responsible for monitoring and keeping track of any weaknesses in controls, processes, ethics, and conduct, as well as any deficiencies in adhering to significant regulatory requirements by following up the plans proposed by the Company’s Executive Board to solve it.

The Fiscal Council is permanent and is composed of 5 effective members and 5 alternate members, with a one-year term of office.

The Executive Board is comprised of 5 statutory officers, with a 3-year term of office, reelection permitted. It is incumbent on the Executive Board to implement and maintain effective mechanisms, processes and programs for monitoring and disclosing the financial and operating performance and the impacts of our activities on society and environment.

Since 2019 is accomplished an annual self-assessment process of the Board of Director: in the beginning of each year is analyzed the Board of Director performance’s in prior year. This self-assessment process encompasses an evaluation of the Directors’ individual and collective performance, frequency of the meetings, relevance of the agenda topics, and attendance of the Executive Board and the Governance Secretary at the meetings. Where as, the Executive Officers are evaluated based on goals validated by the Board of Directors by using the Balanced ScoreCard framework.

RISK MANAGEMENT

The corporate risk management enables Managers to effectively address uncertainty as well as the related risks and opportunities associated with uncertainty so as to improve the Company’s capacity to generate value, which is maximized when the organization sets strategies and objectives to reach an ideal balance between the growth goals and the return on investments.
ISA CTEEP adopts a structured systematic Risk Management process that relies on the concepts of Standard ISO 31000 (Risk Management – Principles and Guidelines), which supports the senior management in guiding actions for mitigation of events that may impact the Company’s strategic objectives or resources (financial and reputational).

The Company adopts the Three Lines of Defense model (IIA – The Institute of Internal Auditors) for risk management governance. The business areas, internal audit and senior management have defined roles and responsibilities in the management process. All risks classified as acceptable and priority, according to the Company's risk appetite, are discussed periodically by multidisciplinary teams and the senior management.

ECONOMIC AND REGULATORY SCENARIO

The challenges brought on by the COVID-19 pandemic made of 2020 a year for the history books. Brazil experienced a sharp decline in economic activity with the reduced performance of industry, commerce, and services, coupled with an increase in unemployment rate nationwide. The cumulative inflation rate (IPCA) was 4.52%, the highest since December 2016 (6.29%).

Despite the challenging economic scenario in 2020, ISA CTEEP recorded a strong financial performance as adjustments were rapidly made to the operation to continue to deliver a quality essential service to Brazilian society.

On the regulatory front, the highlight was the definition of the methodology for the tariff revision of renewed agreements and its application in 2020, with retrospective effect being incorporated into the Annual Permitted Revenue (RAP) for the 2020-2023. Also worthy of note is that we started receiving remuneration of the financial component of the Basic Network of Existing System (RBSE) at cost of equity (Ke). These events show that electric power regulation in Brazil is robust and solid. The impact of these events on ISA CTEEP's results under IFRS was +R$1.2 billion.

Additionally, in December 2020, ANEEL held Transmission Auction No. 01/2020. The Auction traded 11 lots with investments estimated at R$7.4 billion investments, 1,958 km of new transmission lines and a 6,420 MVA transformation capacity. ISA CTEEP won lot 7, dubbed "Riacho Grande", which consist of implementing 63 km of transmission lines and 800 MVA power to supply energy to the Northern, Southern and Eastern regions of the city of São Paulo and the ABC region (comprised of the cities of Santo André, São Bernardo and São Caetano do Sul). The estimated ANEEL investment is R$1.141 million and the construction term is 60 months. The Annual Permitted Revenue of the project amounts to R$68 million. Such achievement is part of ISA CTEEP's growth strategy with creation of sustainable value from investments in the implementation of infrastructure and operation of new projects. The Company reinforces its commitment to value creation from projects that contribute to expand the electric power transmission system in Brazil.

STRATEGY

The 2030 Strategy is inspired by the generation of Sustainable Value and relies on 4 pillars whose initial letters form the acronym **VIDA** ('life'), a word full of meaning: **Green**, by minimizing the environmental impacts of the operations and initiatives to generate positive impact; **Innovation**, by benefiting from the business opportunities arising from technology evolution and trends in the electric power sector; **Development**, by developing organizational capacities to face long-term challenges and by contributing to the development of communities and the entrepreneurship ecosystem; and **Articulation**, by establishing partnerships to reach the strategic objectives.

The 2030 Strategy paves the path to ISA CTEEP's longevity and competitiveness, ensuring that a response is provided to the challenges of the market and the transformations of the sector and expresses our commitment to generating sustainable value to shareholders, society, and the planet.

An important avenue for allocation of ISA CTEEP's capital is the investment in new projects that generate sustainable value. In 2020, the Company won lot 7 in ANEEL Transmission Auction No. 01/2020, which, together with the other lots won since 2016, will add an Annual Permitted Revenue (RAP) of R$635 million, with an ANEEL investment of around R$6 billion. In addition to the greenfield projects won in auctions, the Company has opportunities to grow by means of retrofitting projects in the renewed concession. These investments depend on ANNEL Authorizing Resolutions, and the Company was already granted authorization to make investments of more than R$1 billion for execution in the next years. Another growth strategy is by conducting M&As. In 2020, the Company announced the acquisition of Piratininga - Bandeirantes Transmissora de Energia (PBTE) for R$1.6 billion. The company operates a 30km underground transmission line in the city of São Paulo and interconnects substations already belonging to ISA CTEEP. The completion of the transaction is contingent on the satisfaction of certain precedent conditions set forth in the related Purchase and Sale Agreement and that commonly apply to operations of this type. In addition to investments in electric power transmission, ISA CTEEP is continuously pursuing new opportunities to generate sustainable value. In 2020, we concluded our first real estate deal with a view to maximize value generation from the Company's real properties. The negotiation of 395 thousand m² in rights of way with the municipal government of São José dos Campos for the development of a urban mobility project in that city generated R$73.5 million to the Company in the year.

This growth is based on projects and solutions that put a great value on the technical and operational strength and the financial-economic balance, ensuring a solid competitive position and generating benefits to society.

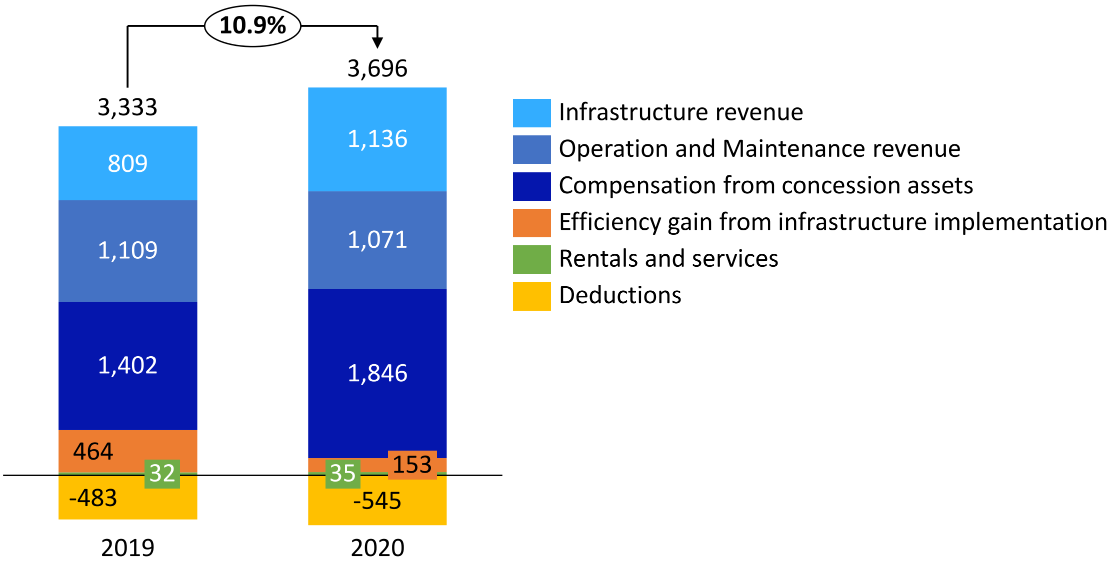
OPERATING PERFORMANCE

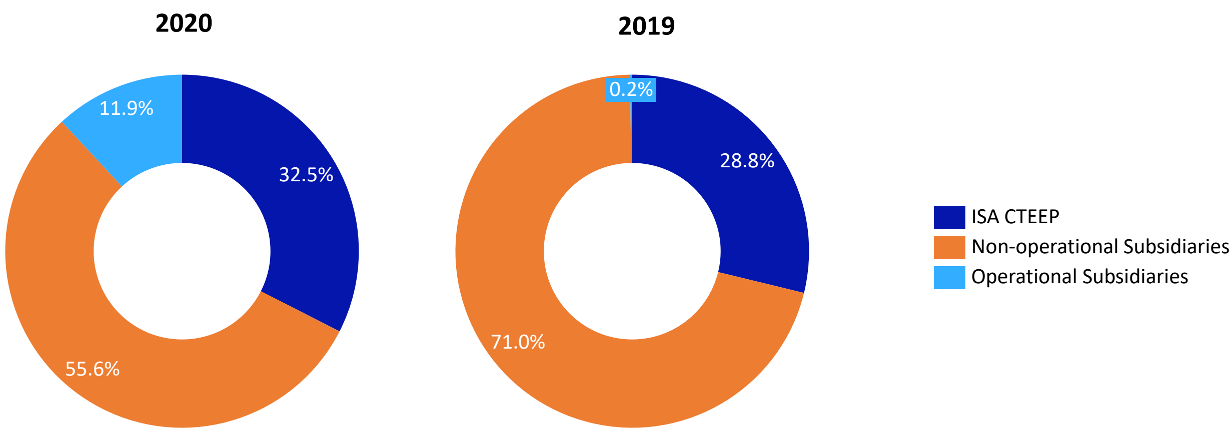
ISA CTEEP is a key industry benchmark in terms of performance. The Company performs an ongoing management and close monitoring of operational indicators, with a major focus put on the Index of Non-Supplied Energy ("IENS"), defined as the total amount of energy not supplied during all events in the year over the total amount of energy supplied by the Company. In 2020, IENS totaled 5.4 x 10^{-6}. For comparative purposes, the National Interconnected System's IENS recorded in the 12-month period ended November 2020 was 36 x 10^{-6}.

ISA CTEEP is compensated for the availability of its assets by means of RAP. This means that any availability in its assets may result in loss of revenue upon a discount in the revenue earned (Variable Portion - VP). In 2020, the Variable Portion applied was 1,26% of the consolidated Annual Permitted Revenue.

FINANCIAL-ECONOMIC PERFORMANCE – IFRS

Net revenue in 2020 increased 10.9% compared to 2019, reaching a total of R$3.7 billion.
R$ million





- **Infrastructure revenue** was R$1.1 billion in 2020 (+40% *vs* 2019). In 2019, the balances were reclassified to conform to the guidelines in CVM Official Circular Letter No. 04/2020. Such revenue is recognized considering the investments in projects completed in the period plus the estimated margin of each project and the gross-up of the taxes on revenue; accordingly, revenue varies according to the volume of investments. In 2020, there was an increase in revenue from retrofitting projects conducted in ISA CTEEP in the amount of R$135.9 million. Due to the stage of completion of the works, subsidiaries recorded an increase of R$191.1 million.

- Operation & Maintenance revenue was R$1.1 billion in 2020 (+-3.4% vs 2019). This result is mainly due to the: (i) negative variance of the adjustment portion; (ii) lower discount of the variable portion; (iii) increase in the regulatory charges incorporated into revenue; (iv) positive variance of the Annual Permitted Revenue ("RAP") adjustment based on the inflation rate, which was offset by the impacts of the application of the Periodic Tariff Revision ("RTP") in the 2020/2021 cycle.

- **Remuneration from concession assets** was R$1.8 billion in 2020 (+32% vs 2019), due to the following:

  - **Asset under Law No. 12.783 – SE:** a variance of R$29.0 million was recorded due to the IPCA adjustment (R$27.8 million) and the financial flow adjustment.

  - **Infrastructure implementation:** a variance of R$415 million was recorded due to i) the increase of R$300.1 million relating to the adjustment of the concession assets at the rate of discount of the contract assets of each concession agreement and (ii) the increase of R$115 million resulting from the adjustment based on the monthly IPCA.

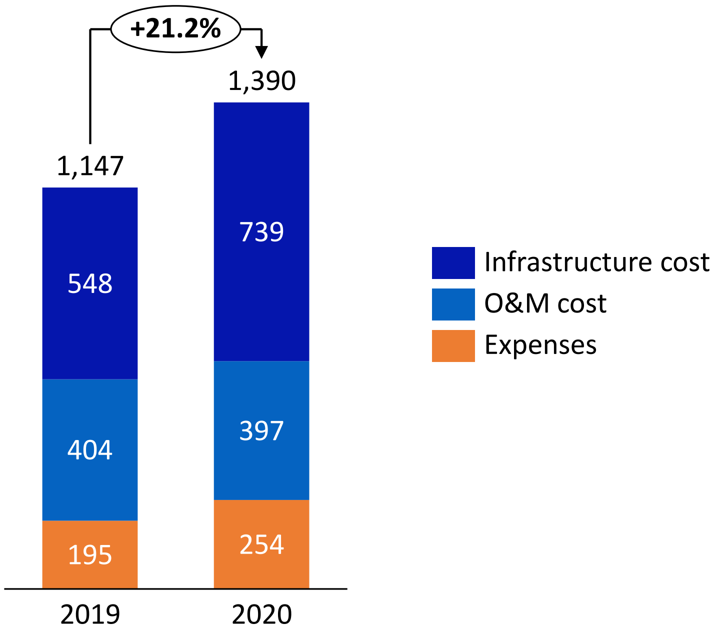
- An **efficiency gain** of R$153 million was achieved in 2020 (-67% *vs* 2019) mainly due to the energization of IE Itaquerê, which started operations 11 months earlier than the term set by ANEEL.

- **Revenues from rentals and services**, which basically refer to sharing infrastructure of optical fiber cable and lightning rod for telecommunication operations amounted to R$35.2 million in 2020, compared to R$31.8 million in 2019.

- **Deductions from operating revenue** reached R$544.6 million in 2020 and R$483.6 million in 2019, primarily impacted by the increase in PIS/Cofins (taxes on revenue), which follow the variance in gross revenue (+R$39.6 million) and an increase in regulatory charges (+R$21.4 million).

Costs on infrastructure implementation services refer to the investments made in works in progress in the period and expenditures on materials and services, which vary according to the stage of completion of the works. The increase in R$191.3 million is due to increased investments in ISA CTEEP's retrofitting projects as well as in construction works of subsidiaries in the pre-operating stage. **O&M costs** amounted to R$397 million in 2020, against R$404 million in 2019.

R$ million



Line item '**Revenue - Periodic Tariff Revision (RTP)'** shows the recognition of a gain in 2020 amounting to R$1.5 billion compared to a R$26.7 million loss in 2019 due to the impacts of the RTP. The RTP for 2020 was set by Approval Resolution No. 2714 for ISA CTEEP agreement 059/2001 and by Approval Resolution No. 2826 for IE Serra do Japi agreement 026/2009. In 2019, Approval Resolution No. 2556 set the RTP for agreements 012, 015, and 018/2008 of IE Pinheiros and 013 and 016/2008 of IE. The change is explained primarily by the R$1.5 billion gain in ISA CTEEP from the revision of the flow of future receipts by the applying the new RAP and R$84.7 million from the adjustment portion (PA) relating to the Ke adjustment; the R$35 million increase in subsidiaries IE Serra do Japi, IE Sul, and IE Pinheiros, and the recognition of R$136.7 million in deferred PIS and COFINS on impacts of the Periodic Tariff Revision (RTP).

General administrative expenses posted an 29.9% increase, to total R$253.5 million in 2020 compared to R$195.1 million in 2019, as a result of (i) the change in provisions for legal claims, amounting to R$61.5 million, due to the revision of easement and expropriation, and compensation claim civil proceedings; (ii) the increase in personnel to cope with the actuarial liability of the pension plan; and (iii) the R$10.6 million decrease services due to the nonrecurring expenses incurred on legal fees in 2019.

Line item **'Other operating income (expenses)'** records income totaling R$170.2 million in 2020. This amount is explained by the first real estate transaction carried out by ISA CTEEP with the negotiation of 395,000 m² of rights of way with the São José dos Campos City for the development of an urban mobility project in the municipality.

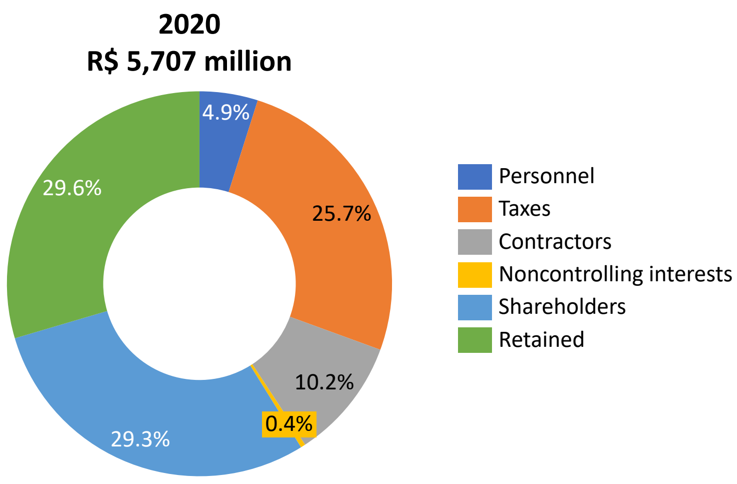
Share of profits of investees was R$472.5 million in 2020 compared to R$179.8 million in 2019. This increase is primarily explained by the adjustment to the margin for building infrastructure and the discount rate, according to the guidance of CVM Official Letter No. 04/2020, in Paraguaçu, Aimorés, and Ivaí.

The 2020 Consolidated **EBITDA**, calculated pursuant to ICVM 527/12, was R$ 4,449 million.

Finance income (costs), net consists of finance costs of R$209.2 million in 2020 compared to R$185.3 million in finance costs in 2019. This change is primarily due to the decrease in income from short-term investments and the higher indebtedness, which increases finance costs.

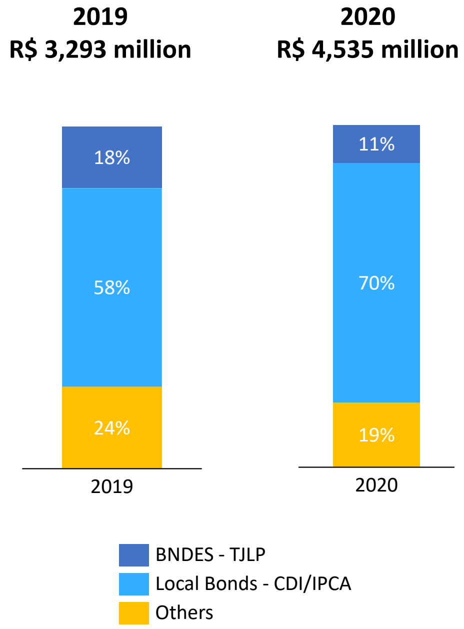
Income tax and social contribution totaled R$835.4 million in 2020 compared to R$376.4 million in 2019. The effective tax rate was 20% in 2020 and 17% in 2019.
Year-on-year **Profit for the year** was 90.10% higher, totaling R$3.4 billion in 2020 compared to R$1.8 billion in 2019.

The Company reported R$5.7 billion in 2020 in the **Statement of Added Value**, compared to R$3.6 billion in 2019, distributed as follows:



INDEBTEDNESS

As of December 31, 2020, gross debt reached R$4,535.7 million, a year-on-year increase of R$1,242.0 million. This increase is explained by the borrowings raised throughout the year (CCB, 9th debenture issue), partially offset by the settlement of debts under Law 4131 that were hedged by swaps, and the 6th debenture issue. ISA CTEEP's cash and cash equivalents (consolidated) totaled R$2,520 million as of December 31, 2020.
Average borrowings costs were 7.6% p.a. as of December 31, 2020 with an average maturity of 6.9 years.



RATING

Fitch Ratings awarded the 'AAA+(bra)' Long-term National Rating to ISA CTEEP and its unsecured debenture issues, with a 'Stable' outlook in 2020.

PAYMENTS TO SHAREHOLDERS

In accordance with the Company's Bylaws, ISA CTEEP is required to distribute a minimum dividend that is the greater of R$359 million or 25% of profit for the year.

The proposed dividend policy is to distribute at least 75% of regulatory profit for the year (used as a proxy for cash generation), limited to a maximum leverage of 3.0x of Net Debt-to-EBITDA.

The dividends distributed for 2020 totaled R$1.67 billion, corresponding to R$2.535547 per share. The payout was 49% of profit for the year under IFRS and 83% of the regulatory profit for the year. The dividend yield was 9%.

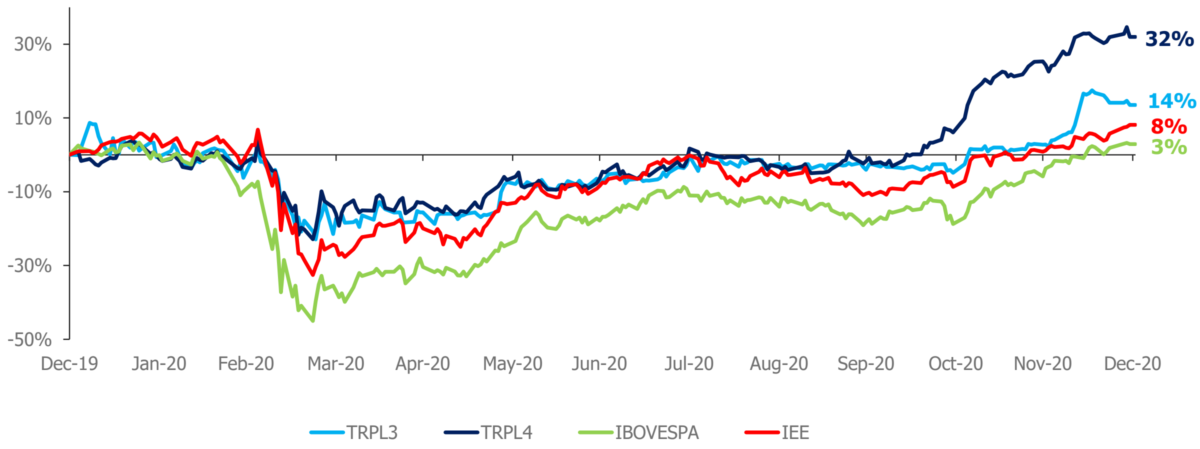
CAPITAL MARKETS

ISA CTEEP common shares ("TRPL3") and preferred shares ("TRPL4") are listed and traded on the São Paulo Stock Exchange ("B3"); ISA CTEEP is listed in the Level 1 of Corporate Governance segment since 2002, a segment for businesses that value ethics and transparency in their relationship with shareholders and other stakeholders. The Company's shares are part of several indices: the Corporate Governance Index (IGCT), which lists businesses with differentiated corporate governance standards, the Brazil 100 Index (IBRX 100), which brings together the one hundred most traded shares on B3, the Carbon Efficient Index (ICO2), which lists the companies with the greatest transparency in relation to the reporting of greenhouse gas emissions and how they are preparing for a low-carbon economy, the Dividends Index (IDIV), the Electric Power Index (IEE), the MidLarge Cap Index (MLC), and the Public Utility Index (UTIL). Additionally, the Company is part of the American Depositary Receipts ("ADRs") program - Rule 144A, in the United States under the ticker symbols "CTPTY" (common stock) and "CTPZY" (preferred stock).

In 2020, the closing price of ISA CTEEP's common and preferred shares at yearend were R$29.35 and R$27.81, respectively. At December 29, 2020 TRPL4 reached its historical record price of R$28.37. The Company's market cap as of December 31, 2020 was R$18.7 billion.

In 2020, ISA CTEEP's preferred shares appreciated by 32%. The average daily trading volume on B3 was R$39.7 million in 2020, 16% higher than in 2019.

Performance (baseline 100)



INNOVATION

Innovation is one of ISA CTEEP's strategic pillars. To achieve its long-term goals and bult its capacity to exploit the opportunities arising from the technological transformation in the electricity industry, the Company has been significantly increasing its innovation efforts in recent years. In 2020, it invested approximately R$14 million in Research, Development and Innovation (RD&I).

In addition to the investments governed by ANEEL's Research and Development program, the Company also structured processes to implement technological innovations aimed at creating new business opportunities, as well as greater operating efficiency and profitability in the Power Transmission business.

The innovation strategy was structured in programs aimed at upgrading ISA CTEEP and the entire electric system assets, thus, enhancing safety in an increasingly complex environment due to the integration of new sources and grid distributed players, as well as at bringing greater flexibility to integrate new technologies and services that will revolutionize the Brazilian electric industry.

The Company also seeks greater efficiency in the planning its system and engineering asset design, with the implementation of digital systems for the management of construction works and the development of R&D projects for the integrated and flexible planning of the electric system.

AWARDS AND ACKNOWLEDGEMENTS

In 2020, ISA CTEEP won awards and marked its presence in important rankings, which evidence its operating and management advantages. For the third consecutive year, the Company was part of the Valor 1000 electricity industry companies, a yearbook published by the newspaper Valor Econômico, which includes the largest Brazilian companies, divided into 25 industries.

The Company was awarded once again the "Transparency Trophy", organized by the National Association of Finance, Management and Accounting Executives (ANEFAC), together with the Foundation Institute for Accounting, Actuarial and Financial Research (Fipecafi) and Serasa Experian, evidencing its accounting reporting excellence.

ISA CTEEP was also awarded the National Asset Management Award, promoted by the Electricity Industry Company Asset Management Meeting (EGAESE), in the Regulatory Impacts category.

SUSTAINABILITY

ISA CTEEP provides a key, quality service to society and is committed to generating sustainable value to people and the planet.

In 2020, the company invested approximately R$14 million in social projects using funds from tax incentives. These include initiatives that support education, environmental preservation awareness raising, and health-oriented research.

In a year marked by the Covid-19 pandemic, ISA CTEEP and its employees supported several humanitarian initiatives in order to minimize the effects of the coronavirus in Brazil. Approximately R$5 million were donated to Fiocruz (the Oswaldo Cruz Foundation) to scale up the production of serological tests, assist hospitals and their teams with personal protective equipment (Saving Lives Match funding initiative), and leave a positive legacy by contributing to the construction of the Multipurpose Center for Vaccine Production at the Butantan Institute. In order to help people in vulnerable positions, 800 uniforms were also donated to the São Paulo City Social Fund, which were then duly stripped of any logos, sanitized, and individually packed for distribution in socially vulnerable communities.

As regards environmental preservation, the Company is endeavoring to mitigate the effects of climate change through Jaguar Connection, one of the main sustainability programs of the ISA group. Since 2019, the ISA Group has been supporting said program to preserve an area of more than 76,000 hectares in Serra do Amolar, in the Pantanal region wetlands, in association with the *Homem Pantaneiro* Institute. The purpose of this partnership is to contribute with biodiversity preservation activities and improve the quality of living of local communities by generating carbon credits.

PEOPLE

In 2020, ISACTEEP adapted quickly and smoothly to face the challenges and uncertainties brought by the pandemic by prioritizing the care of its employees and ensuring the highest levels of quality service to society. The Company implemented telework for all activities where physical presence is not essential for an indefinite period. In the operating functions, the number of employees was reduced to a minimum necessary to ensure business continuity with quality. In some locations, the Company secured lodging facilities to avoid commuting and the risk of contagion. Additionally, the Health Channel was created to attend to the employees and an infectious disease specialist was hired to validate all the protocols adopted and monitor the teams' health on a daily basis.

Physical and mental health actions were also taken, including the use of a daily health condition app to map the emotional and physical condition of all employees, and wellbeing activities such as yoga classes. The employee and leadership development courses were taught online.

The year 2020 was also marked by the completion of the process to replace the organization’s executive staff with professionals with the key leadership skills required to face the business and management challenges in a scenario of full transformation and thus achieve the goals set in the Company’s long-term strategy. It was also decided to continue strengthening the team with 193 new hires, in addition to 100 in-house transfers, which evidences the commitment to the development and recognition of in-house talent.

INDEPENDENT AUDITORS

Regarding the external audit services, ISA CTEEP declares that Ernst & Young Auditores Independentes S.S. only provided audit services related to the audit of the individual and consolidated financial statements for 2020.

Balance sheets
As of December 31, 2020 and 2019
(In thousands of reais, unless otherwise stated)

		Parent		Consolidated	
Assets	**Note**	**2020**	**2019**	**2020**	**2019**
Current assets					
Cash and cash equivalents	5	2,020,119	593,663	2,067,337	595,971
Short-term investments	6	51,787	41,655	453,557	2,068,611
Concession assets	7	2,533,173	1,865,137	2,804,373	2,061,882
Inventories		41,993	30,750	45,297	103,818
Recoverable taxes	9	26,411	27,871	28,807	32,335
Derivative financial instruments	32	-	17,508	9,790	19,202
Restricted cash		1,808	1,876	1,808	1,876
Receivables from related parties	31	30,426	2,111	14,994	703
Prepaid expenses		6,060	4,573	6,400	4,677
Other		71,223	43,923	75,495	44,373
		4,783,000	**2,629,067**	**5,507,858**	**4,933,448**
Noncurrent assets					
Long-term assets:					
Restricted cash		16,681	16,680	46,903	46,515
Concession assets	7	10,702,388	10,202,530	14,118,454	12,599,151
Receivables - Finance Department	8	1,778,999	1,576,332	1,778,999	1,576,332
Sureties and judicial deposits	10	44,070	52,233	44,119	52,886
Inventories		1,103	4,081	9,997	13,006
Deferred income tax and social contribution	30(b)	-	-	-	1,144
Post-employment benefit - actuarial surplus	22(a)	-	43,024	-	43,024
Derivative financial instruments	32	-	-	226	-
Other		110,310	21,213	110,310	24,011
		12,653,551	**11,916,093**	**16,109,008**	**14,356,069**
Investments	11	6,055,385	4,377,784	2,858,002	2,198,004
Property, plant and equipment	12	91,184	85,699	92,991	86,377
Intangible assets	13	12,257	10,168	24,499	25,196
		6,158,826	**4,473,651**	**2,975,492**	**2,309,577**
		18,812,377	**16,389,744**	**19,084,500**	**16,665,646**
Total assets		**23,595,377**	**19,018,811**	**24,592,358**	**21,599,094**

Balance sheets
As of December 31, 2020 and 2019
(In thousands of reais, unless otherwise stated)

		Parent		Consolidated	
Liabilities	**Note**	**2020**	**2019**	**2020**	**2019**
Current liabilities					
Borrowings and financing	14	54,330	658,553	94,628	709,928
Debentures	15	217,948	367,508	217,948	367,508
Leases	16	8,603	9,642	8,795	9,948
Trade payables		75,332	48,048	153,346	167,774
Taxes and payroll charges payable	17	248,449	88,357	255,614	92,106
Regulatory charges payable	19	47,390	47,187	49,457	48,336
Interest on capital and dividends payable	24(b)	500,513	102,079	500,513	102,079
Payroll and related taxes	20	45,094	33,341	45,094	33,341
Payables - Vivest	22	871	2,173	871	2,173
Other		34,737	73,896	46,231	82,632
		1,233,267	**1,430,784**	**1,372,497**	**1,615,825**
Noncurrent liabilities					
Borrowings and financing	14	1,008,447	403,959	1,208,301	637,448
Debentures	15	2,961,318	1,528,971	2,961,318	1,528,971
Leases	16	43,212	39,643	44,742	39,948
Deferred PIS and Cofins (taxes on revenue)	18	1,181,747	1,074,486	1,316,722	1,185,323
Deferred income tax and social contribution	30(b)	2,838,753	2,599,191	2,952,855	2,673,970
Regulatory charges payable	19	43,222	36,614	48,065	41,236
Provisions	21	57,394	58,580	88,682	62,367
Employee benefits - actuarial deficit	22(a)	381,977	-	381,977	-
Global Reversal Reserve (RGR)	23	14,132	16,612	14,132	16,612
Derivative financial instruments	32	-	-	-	135
Other		77,625	35,652	77,625	35,652
		8,607,827	**5,793,708**	**9,094,419**	**6,221,662**
Equity					
Capital	24 (a)	3,590,020	3,590,020	3,590,020	3,590,020
Capital reserves	24 (c)	666	666	666	666
Earnings reserves	24 (d)	9,863,692	8,172,442	9,863,692	8,172,442
Other comprehensive income	24 (e)	(224,545)	31,191	(224,545)	31,191
Additional dividends proposed	24 (b)	524,450	-	524,450	-
		13,754,283	**11,794,319**	**13,754,283**	**11,794,319**
Noncontrolling interests in investment funds		-	-	371,159	1,967,288
		13,754,283	**11,794,319**	**14,125,442**	**13,761,607**
Total liabilities and equity		**23,595,377**	**19,018,811**	**24,592,358**	**21,599,094**

Income statements
Years ended December 31, 2020 and 2019
(In thousands of reais, unless otherwise stated)

	Note	Parent 2020	Parent 2019 (Restated)	Consolidated 2020	Consolidated 2019 (Restated)
Net operating revenue	25.1	**2,548,919**	**2,492,559**	**3,696,428**	**3,331,862**
Revenue from infrastructure, operation and maintenance, efficiency in the infrastructure implementation and other, net	25.1	1,119,835	1,492,110	2,000,851	2,035,624
Remuneration from concession assets, net	25.1	1,429,084	1,000,449	1,695,577	1,296,238
Costs on infrastructure implementation, operation & maintenance and services provided	26	(597,812)	(521,122)	(1,135,988)	(952,177)
Gross profit		**1,951,107**	**1,971,437**	**2,560,440**	**2,379,685**
Operating income (expenses)					
Revenues - Periodic Tariff Revision, net	27	1,470,854	-	1,477,622	(26,707)
General and administrative expenses	26	(193,189)	(162,315)	(243,553)	(178,900)
Management fees	26 and 31	(9,963)	(16,219)	(9,963)	(16,219)
Other operating income (expenses), net	28	172,785	3,588	170,171	3,525
Share of profit of investees	11	967,952	493,866	472,525	179,788
		2,408,439	318,920	1,866,802	(38,513)
Profit before finance income (costs) and income taxes		**4,359,546**	**2,290,357**	**4,427,242**	**2,341,172**
Finance income	29	346,931	416,240	371,349	439,041
Finance costs	29	(560,495)	(599,248)	(580,524)	(624,300)
		(213,564)	(183,008)	(209,175)	(185,259)
Profit before income tax and social contribution		**4,145,982**	**2,107,349**	**4,218,067**	**2,155,913**
Income tax and social contribution					
Current	30	(405,641)	(268,784)	(415,955)	(276,796)
Deferred	30	(378,838)	(75,934)	(419,462)	(99,666)
		(784,479)	(344,718)	(835,417)	(376,462)
Profit for the year		**3,361,503**	**1,762,631**	**3,382,650**	**1,779,451**
Attributable to:					
Company's owners				3,361,503	1,762,631
Noncontrolling interests				21,147	16,820
Basic earnings per share	24 (f)	5.10182	3.31559		
Diluted earnings per share	24 (f)	5.10144	3.31534		

Statements of comprehensive income
Years ended December 31, 2020 and 2019
(In thousands of reais, unless otherwise stated)

		Parent		Consolidated	
	Note	**2020**	**2019**	**2020**	**2019**
Profit for the year		3,361,503	1,762,631	3,382,650	1,779,451
Other comprehensive income					
Items that will not be subsequently reclassified to profit or loss:					
Post-employment benefit - Actuarial deficit	22(a)	(409,634)	(62,385)	(409,634)	(62,385)
Deferred income tax and social contribution	30(b)	139,275	21,210	139,275	21,210
Adjustment - subsidiaries' financial instruments under the equity method	32(a)	14,883	(852)	14,883	(852)
Deferred income tax and social contribution	30(b)	(260)	26	(260)	26
Total other comprehensive income, net		**(255,736)**	**(42,001)**	**(255,736)**	**(42,001)**
Total comprehensive income for the year		**3,105,767**	**1,720,630**	**3,126,914**	**1,737,450**
Attributable to:					
Company's owners				3,105,767	1,720,630
Noncontrolling interests				21,147	16,820

Statements of changes in equity
Years ended December 31, 2020 and 2019
(In thousands of reais, unless otherwise stated)

												Parent and Consolidated
				Earnings reserves								
	Note	Capital	Capital reserves	Legal reserve	Statutory reserve	Earnings retention reserve	Unrealized special earnings reserve	Retained earnings	Additional dividends proposed	Other comprehensive income (loss)	Total	Noncontrolling interests	Total
At December 31, 2018		**3,590,020**	**666**	**636,846**	**854,208**	**875,113**	**5,038,602**	**-**	**-**	**73,192**	**11,068,647**	**230,878**	**11,299,525**
Forfeited dividends		-	-	-	-	-	-	302	-	-	302	-	302
Acquisition of additional interest from noncontrolling shareholders		-	-	-	-	-	-	-	-	-	-	1,719,590	1,719,590
Other comprehensive income													
Post-employment benefit - actuarial deficit	22(a)	-	-	-	-	-	-	-	-	(62,385)	(62,385)	-	(62,385)
Deferred income tax and social contribution	30(b)	-	-	-	-	-	-	-	-	21,210	21,210	-	21,210
Adjustment - subsidiaries' financial instruments under the equity method	24(e)	-	-	-	-	-	-	-	-	(852)	(852)	-	(852)
Deferred income tax and social contribution	24 (e)	-	-	-	-	-	-	-	-	26	26	-	26
Profit for the year		-	-	-	-	-	-	1,762,631	-	-	1,762,631	16,820	1,779,451
Profit allocation:													
Recognition of legal reserve	24(b)	-	-	81,158	-	-	-	(81,158)	-	-	-	-	-
Recognition of statutory reserve	24(b)	-	-	-	336,295	-	-	(336,295)	-	-	-	-	-
Recognition of special unrealized earnings reserve		-	-	-	-	-	428,021	(428,021)	-	-	-	-	-
Interest on capital (R$0.562186 per share)	24(b)							(370,415)	-	-	(370,415)	-	(370,415)
Interest on capital (R$0.339126 per share)	24(b)	-	-	-	-	-	-	(223,444)	-	-	(223,444)	-	(223,444)
Interim dividends (R$0.445535 per share)	24(b)	-	-	-	-	(77,801)	-	(215,755)	-	-	(293,556)	-	(293,556)
Interest on capital (R$0.163679 per share)	24(b)	-	-	-	-	-	-	(107,845)	-	-	(107,845)	-	(107,845)
At December 31, 2019		**3,590,020**	**666**	**718,004**	**1,190,503**	**797,312**	**5,466,623**	**-**	**-**	**31,191**	**11,794,319**	**1,967,288**	**13,761,607**

Statements of changes in equity
Years ended December 31, 2020 and 2019
(In thousands of reais, unless otherwise stated)

Parent and Consolidated

	Note	Capital	Capital reserves	Earnings reserves: Legal reserve	Earnings reserves: Statutory reserve	Earnings reserves: Earnings retention reserve	Earnings reserves: Unrealized special earnings reserve	Retained earnings	Additional dividends proposed	Other comprehensive income (loss)	Total	Noncontrolling interests	Total
At December 31, 2018		**3,590,020**	**666**	**718,004**	**1,190,503**	**797,312**	**5,466,623**	**-**	**-**	**31,191**	**11,794,319**	**1.967.288**	**13.761.607**
Forfeited dividends		-	-	-	-	-	-	377		-	377	-	377
Acquisition of additional interest from noncontrolling shareholders		-	-	-	-	-	-	-		-	-	(1.617.276)	(1.617.276)
Other comprehensive income													
Post-employment benefit - actuarial deficit	22(a)	-	-	-	-	-	-	-		(409,634)	(409,634)	-	(409.634)
Deferred income tax and social contribution	30(b)	-	-	-	-	-	-	-		139,275	139,275	-	139.275
Adjustment - subsidiaries' financial instruments under the equity method	24(e)	-	-	-	-	-	-	-		14,883	14,883	-	14.883
Deferred income tax and social contribution	24 (e)	-	-	-	-	-	-			(260)	(260)	-	(260)
Profit for the year		-	-	-	-	-	-	3,361,503		-	3,361,503	21.147	3.382.650
Profit allocation:													
Recognition of legal reserve	24(b)	-	-	-	-	-	-	-		-	-	-	-
Recognition of statutory reserve	24(b)	-	-	-	672,301	-	-	(672,301)		-	-	-	-
Recognition of special unrealized earnings reserve		-	-	-	-	-	1,018,949	(1,018,949)		-	-	-	-
Interest on capital (R$0,228164 per share)	24(b)	-	-	-	-	-	-	(150,333)		-	(150,333)	-	(150.333)
Interim dividends (R$0,151772 per share)	24(b	-	-	-	-	-	-	(100,000)		-	(100,000)	-	(100.000)
Interim dividends (R$0,176055 per share)	24(b)	-	-	-	-	-	-	(116,000)		-	(116,000)	-	(116.000)
Interim dividends (R$0,522095 per share)	24(b)	-	-	-	-	-	-	(343,999)		-	(343,999)	-	(343.999)
Interest on capital (R$0.661494 per share)	24(b)	-	-	-	-	-	-	(435,848)		-	(435,848)	-	(435.848)
Additional dividends proposed								(524,450)	524,450		-	-	-
At December 31, 2020		**3,590,020**	**666**	**718,004**	**1,862,804**	**797,312**	**6,485,572**	**-**	**524,450**	**(224,545)**	**13,754,283**	**371.159**	**14.125.442**

Statements of cash flows
Years ended December 31, 2020 and 2019
(In thousands of reais, unless otherwise stated)

	Parent		Consolidated	
	2020	2019 (Restated)	2020	2019
Operating activities				
Profit for the year	3,361,503	1,762,631	3,382,650	1,779,451
Adjustments to reconcile profit to cash provided by operating activities				
Deferred PIS and Cofins (note 18)	107,261	(10,643)	131,399	8,757
Depreciation and amortization (note 26)	19,174	18,603	19,791	19,963
Deferred income tax and social contribution (note 29 [b])	378,838	75,934	419,462	99,666
Lawsuits (note 21 [a])	8,085	(17,443)	34,793	(13,940)
Residual cost of property and equipment/intangible assets disposed of (notes 12 and 13)	659	2,402	659	2,402
Tax benefits - merged goodwill	37	36	37	36
Employee benefits - actuarial deficit (note 22 (i))	15,368	-	15,368	-
Realization of concession asset in acquisition of subsidiary (note 11 [a])	2,491	2,490	2,491	2,490
Realization of loss in jointly controlled subsidiary (note 11 [a])	(7,900)	(1,966)	(7,900)	(1,966)
Share of profit (loss) of investee (note 11 [a])	(962,543)	(493,866)	(472,525)	(179,788)
Interest, inflation adjustments and exchange rate changes of assets and liabilities	(3,548)	(42,186)	(4,437)	(45,783)
Share of profit (loss) of investee (note 11 [a])	184,164	199,667	203,264	223,685
	3,103,589	1,495,659	3,725,052	1,894,973
(Increase) decrease in assets				
Restricted cash	231	(5,412)	(156)	(4,336)
Concession assets	(1,293,178)	113,181	(2,253,894)	(525,212)
Inventories	(8,265)	4,898	61,529	(64,099)
Recoverable taxes	1,460	(1,532)	3,528	(2,814)
Prepaid expenses	(1,487)	3,712	(1,723)	3,707
Sureties and judicial deposits	9,252	16,338	9,856	16,328
Receivables - Finance Department	(202,667)	(150,249)	(202,667)	(150,249)
Receivables from subsidiaries	(13,981)	(44)	42	(124)
Other	(116,434)	(5,945)	(117,457)	(6,641)
	(1,625,069)	(25,053)	(2,500,942)	(733,440)
Increase (decrease) in liabilities				
Trade payables	27,284	(8,435)	(14,428)	79,161
Taxes and payroll charges payable	160,106	37,461	163,522	37,762
Payroll and related taxes	11,753	(3,526)	11,753	(3,706)
Regulatory charges payable	5,590	10,144	6,662	10,675
Provisions	(14,925)	(22,033)	(14,925)	(22,033)
Payables - Vivest	(1,302)	(2,077)	(1,302)	(2,077)
Global Reversal Reserve (RGR)	(2,480)	(2,481)	(2,480)	(2,481)
Other	769	42,633	3,525	46,080
	186,795	51,686	152,327	143,381
Net cash provided by operating activities	**1,665,315**	**1,522,292**	**1,376,437**	**1,304,914**

Statements of cash flows
Years ended December 31, 2020 and 2019
(In thousands of reais, unless otherwise stated)

	Parent		Consolidated	
	2020	2019 (Restated)	2020	2019
Investing activities				
Short-term investments	(1,589,865)	(3,031,372)	(1,744,485)	(3,210,605)
Redemption of short-term investments	1,583,119	3,458,454	1,767,685	3,605,096
Property, plant and equipment (note 12)	(7,501)	(18,517)	(7,524)	(18,534)
Intangible assets (note 13)	(5,511)	(2,600)	(5,511)	(2,871)
Investments (note 11)	(667,070)	(579,027)	(221,500)	(185,000)
Dividends received (note 11 [a])	82,993	82,476	19,693	14,876
Net cash (used in) provided by investing activities	**(603,835)**	**(90,586)**	**(191,642)**	**202,962**
Financing activities				
Additions to borrowings and debentures (notes 14 and 16)	2,255,516	509,325	2,255,516	509,325
Repayment of borrowings and debentures (principal) (notes 14 and 16)	(1,220,868)	(295,105)	(1,263,352)	(336,849)
Repayment of borrowings and debentures (interest) (notes 14 and 16)	(145,511)	(144,234)	(167,144)	(169,721)
Lease payments (note 15)	(12,921)	(11,838)	(13,275)	(12,165)
Transactions with noncontrolling shareholders	-	-	(21,147)	(16,820)
Derivative financial instruments	236,129	(1,701)	243,342	(1,701)
Dividends and interest on capital paid (note 24 [b])	(747,369)	(900,714)	(747,369)	(900,714)
Net cash (used in) provided by financing activities	**364,976**	**(844,267)**	**286,571**	**(928,645)**
Increase in cash and cash equivalents, net	**1,426,456**	**587,439**	**1,471,366**	**579,231**
Cash and cash equivalents as of January 1	593,663	6,224	595,971	16,740
Cash and cash equivalents as of December 31	2,020,119	593,663	2,067,337	595,971
Changes in cash and cash equivalents	**1,426,456**	**587,439**	**1,471,366**	**579,231**

The total income tax and social contribution paid by the Company and its subsidiaries in 2020 was R$474,758 (R$486,224 in 2019), Parent, and R$490,441 (R$511,800 in 2019), consolidated, of which R$248,262 in 2020 (R$252,806 in 2019) due to accounts receivable collected - Law No. 12.783 – SE, Parent and consolidated.

Statements of value added
Years ended December 31, 2020 and 2019
(In thousands of reais, unless otherwise stated)

	Parent		Consolidated	
	2020	2019 (Restated)	2020	2019
Revenue				
Operating	4,508,369	2,938,729	5,718,617	3,788,758
Other	192,271	16,871	192,760	16,892
	4,700,640	2,955,600	5,911,377	3,805,650
Inputs acquired from third parties				
Cost of services	(34,403)	(33,060)	(57,837)	(43,613)
Materials, electric power, outside services and other	(407,538)	(321,083)	(970,429)	(751,761)
	(441,941)	(354,143)	(1,028,266)	(795,374)
Gross value added	**4,258,699**	**2,601,457**	**4,883,111**	**3,010,276**
Retentions				
Depreciation and amortization	(19,174)	(18,603)	(19,791)	(19,963)
Net wealth created by the entity	**4,239,525**	**2,582,854**	**4,863,320**	**2,990,313**
Received in transfer				
Share of profit of investees	967,952	493,866	472,525	179,788
Finance income	346,931	416,240	371,349	439,041
Total wealth for distribution	**5,554,408**	**3,492,960**	**5,707,194**	**3,609,142**
Wealth distributed				
Personnel				
Salaries and wages	(191,732)	(174,630)	(191,638)	(174,409)
Benefits	(65,754)	(59,005)	(69,106)	(62,948)
FGTS (Severance Pay Fund)	(16,254)	(21,397)	(16,254)	(21,435)
	(273,740)	(255,032)	(276,998)	(258,792)
Taxes and contributions				
Federal	(1,317,410)	(837,070)	(1,424,598)	(906,556)
State	(1,425)	(1,320)	(1,507)	(1,385)
Municipal	(38,533)	(34,973)	(38,566)	(34,988)
	(1,357,368)	(873,363)	(1,464,671)	(942,929)

Statements of value added
Years ended December 31, 2020 and 2019
(In thousands of reais, unless otherwise stated)

	Parent		Consolidated	
	2020	**2019 (Restated)**	**2020**	**2019**
Lenders and lessors				
Rentals	(2,165)	(4,960)	(3,265)	(5,994)
Interest, inflation adjustments and exchange rate changes	(559,632)	(596,974)	(579,610)	(621,976)
	(561,797)	(601,934)	(582,875)	(627,970)
Shareholders				
Interest on capital and dividends	(1,670,630)	(917,459)	(1,670,630)	(917,459)
Retained earnings	(1,690,873)	(845,172)	(1,712,020)	(861,992)
	(3,361,503)	(1,762,631)	(3,382,650)	(1,779,451)
Total value added distributed	**5,554,408**	**3,492,960**	**5,707,194**	**3,609,142**

Highlights

Significant accounting, regulatory and economic matters for the current reporting period:

- **Accounting**

Official Circular Letter CVM/SNC/SEP/No. 04/2020 – Guidance on the application of CPC 47 – Revenue from Contracts with Customers (IFRS 15) and CPC 48 – Financial Instruments (IFRS 9)

On December 1, 2020, the Brazilian Securities Commission (CVM) published guidelines that should be adopted in preparing the financial statements for the year ended December 31, 2020 to ensure that the accounting practices adopted by the electric power transmission companies are consistent with the relevant aspects contained in CPC 47 – Revenue from Contracts with Customers, and CPC 48 – Financial Instruments. The changes introduced by the Official Circular Letter were implemented in the financial statements and are reflected in the Company's accounting policies (notes 2.4, 2.5, 3.2 and 3.7).

- **Regulatory**

Periodic Tariff Revision (RTP)

The Periodic Tariff Revision (RTP) for CTEEP's Agreement No. 059/2001 was defined by Approval Resolution No. 2.714, of June 30, 2020, with effects retrospective to July 2018 due to the postponment of the Periodic Tariff Revision (RTP), according to ANEEL Technical Note 115/2019-SGT/ANEEL (note 25.3).

Annual revenue adjustment

Approval Resolution No. 2.725, of July 14, 2020, established the Annual Permitted Revenues (RAP) based on the availability of the facilities of energy transmission concessionaires for the cycle 2020/2021 (note 25.4).

Final Release Instruments

Subsidiary IEItaquerê, of December 04, 2020, obtained the Final Release Instrument ("TLD") from the National Electric Power System Operator ("ONS") with the full annual permitted revenue (RAP) being received as of that date. The subsidiary had started partial operations on July 28 and September 09, 2020, 11 months earlier than the term set by ANEEL, with 90% of the RAP being received until its final release.

On December 21, 2020, subsidiary IETibagi received the Final Release Instrument ("TLD") of agreement 026/20. The subsidiary partially started its commercial operation (as outlined in the TLP) on December 4, 2020. At ANEEL's board meeting held on October 26, 2020, the proposed amendment to agreement 26/2017 was approved, defining that the RAP would decrease to R$15.9 million from R$18.3 million (auction base date), which represents a reduction of approximately 13.5%, plus an adjustment portion at a discount of R$6.7 million for the 2020-2021 tariff cycle (Note 1.2). The operation started eight months before ANEEL's deadline (Note 11 (i)).

Installation Licenses

On December 16, 2020, subsidiary Evrecy obtained the Unified Previous and Installation License (LPI) for the Caxias Norte substation under agreement 001/2020 (Minuano project).

On December 30, 2020, subsidiary IEBiguaçu obtained the Installation License (LI) issued by the Santa Catarina State Environmental Institute (IMA) for the Ratones substation and transition zone equipment.

On January 26, 2021, subsidiary IETibagi obtained the Installation License (LI) for the activities under agreement 006/2020 (Três Lagoas project) from the Brazilian Institute of Environment and Natural Resources (IBAMA) (Note 36).

PBTE Acquisition

On December 2, 2020, the Company entered into the purchase and sale agreement for the direct and indirect acquisition of 100% of Piratininga - Bandeirantes Transmissora de Energia S.A. (PBTE). This company operates a 30km underground transmission line in the city of São Paulo, which went into operation in April 2020 and connects two CTEEP substations (Piratininga II and Bandeirantes) (Note 11 (ii)).

Transmission Auction No. 01/2020

On December 17, 2020, the Company won allotment 7 of Transmission Auction No. 01/2020 held by the Brazilian Electricity Regulatory Agency (ANEEL), which corresponds to investments of R$1,140,629 (Note 11 (i)) and an RAP of R$68,050 (note 1.2).

Circular Letter CVM/SNC/SEP/No. 02/2020 - Effects of the novel coronavirus (Covid-19) outbreak on the interim financial information

In accordance with Circular Letter CVM No. 02/2020, of March 10, 2020, ISA CTEEP has monitored the impacts of COVID-19 on the macroeconomic scenario and on its business and is continuously evaluating the possible risks of default due to the disruption in the cash flow system.

Considering that the actions that government structured to support the electric power sector have proven to be efficient for the Transmission, the Company's default levels did not record significant changes. Additionally, the Company continues to diligently monitor the schedule of the works in progress and has maintained ongoing communication with the regulatory body on any delays that may occur through the normalization of the business activities of the market as a whole. To date, there were no significant impact on the business that would require measurement or additional disclosures in the financial statements for the year ended December 31, 2020.

To ensure its usual flow of activities, the Company adopted a conservative cash management approach by obtaining short-term borrowings while maintaining its usual liquidity and strength. Management has also implemented and maintained preventive measures to reduce its employees' exposure to the risk and ensure the continuity and quality of its operations, including rotation of operators in fixed groups, contingency systems, restrictions to travels, expansion of the work-from-home model, daily monitoring of employees' health condition and well-being, and engagement of a doctor specializing in infection disease for validation of health preventive protocols. The Company continues to monitor the pandemic and continuously assesses the measures adopted to ensure adherence to actions at every moment of this new reality.

- **Financial-Economic**

i) The Company's Management has continuously monitored the actuarial pension plan valuation due to the instability in the interest rate which is determined based on market inputs as to the returns from the National Treasury Bonds (NTN-B) (note 22).

ii) The Company contracts swap transactions to hedge against currency exposure and fluctuations in the interest rate on foreign currency borrowings under Law No. 4.131/1962. Therefore, the changes occurred in the current financial scenario did not impact the financial statements. During the year ended December 31, 2020, the foreign currency borrowings hedged by currency (Real) swap contracts with MUFG and Citibank, in the net amount of R$625,709 thousand, were settled.

iii) Subsidiary Biguaçu has currency forward contracts (Non-Deliverable Forward - NDF) to hedge against commitments assumed (CAPEX) in foreign currency. Therefore, the changes occurred in the current financial scenario did not impact the financial statements.

1. General information

1.1 Corporate purpose

CTEEP - Companhia de Transmissão de Energia Elétrica Paulista ("ISA CTEEP", "CTEEP" or "Company") is a Brazilian publicly held corporation authorized to operate as an electric power public service concessionaire, and is principally engaged in energy transmission, which requires planning, infrastructure implementation, and operation and maintenance of subordinated power transmission systems. The Company's headquarters are located at Avenida das Nações Unidas, 14.171, Torre C (Crystal Tower), andares 5 ,6 e 7, Vila Gertrudes, in the city of São Paulo, State of São Paulo. In performing its operating activities, the Company is required to make investments and manage research & development programs related to power transmission and other activities related to the technology available. These activities are regulated and supervised by the National Electric Power Agency ("ANEEL").

The Company derived from a partial spin-off of Companhia Energética de São Paulo ("CESP") and started to operate on April 01, 1999. On November 10, 2001, the Company merged EPTE - Empresa Paulista de Transmissão de Energia Elétrica S.A. ("EPTE"), which was originated from the partial spin-off of Eletropaulo - Eletricidade de São Paulo S.A. In a privatization auction held on June 28, 2006, the State Government of São Paulo sold the common shares held by it, corresponding to 50.10% of the common shares issued by CTEEP. The entity winning the auction was Interconexión Eléctrica S.A. E.S.P. ("ISA").

Currently, the Company is consolidated in the electric power transmission sector, operating as a group, directly controls 13 companies and shares control of other five companies, which, together, hold 29 concession agreements (note 1.2) and 18.6 thousand kilometers of lines built, a 67.6 thousand MVA transformation capacity, more than 1.8 thousand kilometers and 10 thousand MVA power in the pre-operating stage.

The Company's shares are traded in the Level 1 segment of B3 S.A. – Brasil, Bolsa, Balcão, under the ticker symbols TRPL3 and TRPL4. The Company has adopted B3's Differentiated Corporate Governance Practices - Level 1 since September 2002. The commitments undertaken as a result of this adhesion ensure greater transparency from the Company towards the market, investors and shareholders, thus facilitating the monitoring of Management's actions.

The Company is a member of Brasil Amplo Index (IBRA), Brazil 100 Index, Dividends Index, Electric Power Index, Corporate Governance Index, MidLarge Cap Index, Public Utility Index, and Efficient Carbon Index.

(In thousands of reais, unless otherwise stated)

1.2 Concessions

The Company, its subsidiaries and jointly controlled subsidiaries are authorized to operate the following concession agreements relating to electric energy transmission services:

					Periodic Tariff Revision (RTP)			Annual Permitted Revenue - RAP	
Concessionaire	Contract	Stake (%)	Term/ (years)	Maturity	Term / years	Next	Adjust. index	R$ thousand	Base Month
CTEEP (i)	059/2001		30	12. 31.42	5	2023	IPCA	3,131,031	06/20
Subsidiaries									
IESerra do Japi	143/2001	100	30	12.20.31	n/a	n/a	IGPM	13,161	06/20
IEMG	004/2007	100	30	04.23.37	5	2022	IPCA	19,863	06/20
IENNE	001/2008	100	30	03.16.38	5	2023	IPCA	52,538	06/20
IEPinheiros	012/2008	100	30	10.15.38	5	2024	IPCA	11,746	06/20
IESul	013/2008	100	30	10.15.38	5	2024	IPCA	6,418	06/20
IEPinheiros	015/2008	100	30	10.15.38	5	2024	IPCA	39,448	06/20
IESul	016/2008	100	30	10.15.38	5	2024	IPCA	14,321	06/20
IEPinheiros	018/2008	100	30	10.15.38	5	2024	IPCA	5,769	06/20
Evrecy	020/2008	100	30	07.17.25	4	2025	IGPM	12,775	06/20
IESerra do Japi	026/2009	100	30	11.18.39	5	2021	IPCA	43,138	06/20
IEPinheiros	021/2011	100	30	12.09.41	5	2022	IPCA	6,093	06/20
IEItaúnas	018/2017	100	30	02.10.47	5	2022	IPCA	53,438	06/20
IETibagi (ii)	026/2017	100	30	08.11.47	5	2023	IPCA	20,585	06/20
IEItaquerê	027/2017	100	30	08.11.47	5	2023	IPCA	51,747	06/20
IEItapura	042/2017	100	30	08.11.47	5	2023	IPCA	12,015	06/20
IEAguapeí	046/2017	100	30	08.11.47	5	2023	IPCA	60,145	06/20
IEBiguaçu	012/2018	100	30	09.20.48	5	2024	IPCA	41,185	06/20
IEItapura	021/2018	100	30	09.20.48	5	2024	IPCA	10,889	06/20
Evrecy (iii)	001/2020	100	30	03.20.50	5	2025	IPCA	37,748	RAP auctioned
IETibagi (iii)	006/2020	100	30	03.20.50	5	2025	IPCA	5,316	RAP auctioned
IEMG (iii)	007/2020	100	30	03.20.50	5	2025	IPCA	32,887	RAP auctioned
IERiacho Grande (iv)	-	100	30	-	5	2026	IPCA	68,050	RAP auctioned
Jointly controlled subsidiaries									
IEMadeira	013/2009	51	30	02.25.39	5	2024	IPCA	296,458	06/20
IEMadeira	015/2009	51	30	02.25.39	5	2024	IPCA	255,180	06/20
IEGaranhuns	022/2011	51	30	12.09.41	5	2022	IPCA	95,130	06/20
IEParaguaçu	003/2017	50	30	02.10.47	5	2022	IPCA	120,704	06/20
IEAimorés	004/2017	50	30	02.10.47	5	2022	IPCA	80,864	06/20
IEIvaí	022/2017	50	30	08.11.47	5	2023	IPCA	299,522	06/20

(i) In CTEEP, the Annual Permitted Revenue ("RAP") relating to the Existing Service ("SE") assets increased from R$1,531,817 as of June 2019 to R$1,842,311 as of June 30, 2020, as established in the Periodic Tariff Revision (RTP) for transmission concessionaires under Authorization Resolution No. 2.714, of June 30, 2020, with effects retrospective to July 2018. This RTP also covers the revision of the investments that were placed into operation between January 2013 and January 2018. The Company recorded the accounting effects of the RTP disclosed in note 7 and according to Authorization Resolution No. 2.714.

(ii) ANEEL's Executive Board's meeting held on October 26, 2020 approved the proposal to make an addendum to Agreement No. 26/2017 relating to subsidiary IETibagi. Such addendum was necessary because, by the time the start of the tests was authorized, ANEEL understood that the optimizations exceed the maximum permitted by the Bid Notice and proposed that an addendum to the agreement was made. As a result, the RAP will decrease from R$18.3 million to R$15.9 million (auction base date), which represents a reduction of approximately 13.5%, in addition to the adjustment portion with a discount of R$6.7 million in the 2020/2021 tariff cycle. The Company measured the concession assets based on the new RAP estimate, and no evidence was identified that would require the recognition of any allowance for impairment losses on such asset.

(iii) The lots won in ANEEL Auction No. 02/2019 were executed in March 2020 and added to subsidiaries Evrecy (Lot 01 – Project Minuano), IE Tibagi (Lot 06 – Project Três Lagoas) and IEMG (Lot 07 – Project Triângulo Mineiro) to benefit from operating and administrative synergies.

(iv) Lot won at ANEEL Auction No. 01/2020, of December 2020, and concession assets are scheduled to be signed by March 2021.

All concession arrangements above, acquired through 2019, provide for the right of compensation from concession-related assets at the end of their effective term. For agreements subject to periodic tariff revision, according to ANEEL regulations, yielding income on investments in expansion, enhancements and improvements is provided for.

Law No. 12.783/2013

The Extraordinary Shareholders Meeting of December 03, 2012 unanimously approved the extension of Concession Agreement No. 059/2001, under Law No. 12.783/2013, to December 2042, ensuring the Company the right to receive the amounts relating to NI (*) and SE assets (**).

For amounts relating to NI assets, equivalent to R$2,891,291, according to Interministerial Ruling No. 580, were received from 2013 and 2015 (note 7).

For the SE amounts, ANEEL Order No. 1484/17, of May 30, 2017, recognized as the total value of the assets the amount of R$4,094,440 as of December 31, 2012. The initial impact of RBSE amounts was accounted for in September 2016, and the additional value recognized by ANEEL was recognized during the second quarter of 2017 and is presented as “Concession assets” (note 7 (a) (ii)).

ANEEL Technical Note No.108/2020 – SGT/ANEEL, of June 25, 2020, the RAP amounts were recalculated as from the 2020/2021 cycle, including the portion of the remuneration of cost of capital (Ke) (note 7), and the effects of the preliminary injunctions, which prevented Ke from being paid, were reversed. Such amounts were included in the calculation of the RTP (note 25.3(b)) and approved by ANEEL’s Executive Board under Approval Resolution No. 2.714/2020. Currently, there is an injunction in force.

(*) NI – facilities energized as of June 01, 2000.
(**) SE – facilities of nondepreciated assets existing on May 31, 2000.

2 Presentation of financial statements

2.1 Basis of preparation and presentation

The individual financial statements, identified as "Parent", and the consolidated financial statements, identified as "Consolidated", have been prepared and are presented in accordance with the accounting practices adopted in Brazil, which comprise the provisions set out by Brazilian Corporate Law and the technical pronouncements, interpretations and guidance issued by the Accounting Pronouncements Committee (CPC) and approved by the Brazilian Securities and Exchange Commission ("CVM"), which are in conformity with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and disclose all relevant information for the financial statements, and only this information, which is consistent with that used by Management in managing the Company.

Since there is no difference between the consolidated equity and consolidated profit or loss attributable to the Company's owners, included in the consolidated financial statements prepared in accordance with IFRS and the accounting practices adopted in Brazil, and the Company's equity and profit or loss, included in the individual financial statements, the Company elected to present the individual and consolidated financial statements as a single set, in a side-by-side format.

The individual and consolidated financial statements have been prepared based on the historical cost, unless stated otherwise, as described in the accounting policies described below. The historical cost is generally based on the value of the consideration paid in exchange for an asset.

Nonfinancial data included in these financial statements, such as electric power volume and capacity, non-supplied energy, contract information, projections, insurance and environment, was not audited.

These financial statements were approved and authorized for publication by the Board of Directors on February 22, 2021.

These financial statements, as well as the regulatory financial statements, mentioned in note 2.5, will be available on the Company's website from February 22 to April 30, 2021, respectively.

2.2 Representation on relevant information

In preparing the financial statements, Management applied Technical Guidance OCPC 7 and CVM Decision No. 727/14 primarily to disclose relevant information that help the users of the financial statements in decision making while ensuring that minimum requirements are met. In addition, Management represents that all relevant information is disclosed and corresponds to that used in managing the business.

2.3 Functional and presentation currency

The financial statements of the Parent and each of its subsidiaries, included in the consolidated financial statements, are presented in Brazilian reais, the currency of the main economic environment where the companies operate ("functional currency").

2.4 CVM Circular Official Letter No. 04/2020

On December 20, 2020, CVM issued Official Circular Letter CVM/SNC/SEP/No. 04/2020, providing guidelines on the application of significant aspects contained in CPC 47 (IFRS 15) and CPC 48 (IFRS 9) for electric power transmission companies, addressing manly the following matters: (i) determination and assignment of an infrastructure implementation margin over the term of the works; (ii) application of the implicit rate of discount for the concession assets under the agreement; (iii) guidance on the classification of assets under Law No. 12.783 – SE as a contractual asset; (iv) segregation in a specific line item in the Income Statement of the revenue from remuneration of concession assets; and (v) recognition of the impacts of the Periodic Tariff Revision (RTP) due to the change in the regulatory base (BRR) or in the rate used to remunerate capital (regulatory WACC) in a line item below the operating margin.

(In thousands of reais, unless otherwise stated)

Due to CVM Official Circular Letter, the Company adjusted its accounting policies, and, as of December 31, 2020, an increase was recorded in profit compared to prior year due to the revision in the margin and implicit margin, in the amount of R$445,922, and also due to the change in the Regulatory WACC arising from the Periodic Tariff Revision of R$227,417, net of taxes.

In conformity with CVM Official Circular Letter and as required by paragraph 14 of CPC 23/IAS 8 – Accounting policies, changes in estimates and errors, the following balances reported in the financial statements for the year ended December 31, 2019 are restated without changing profit:

(i) Assets under Law No 12.783 - SE presented as Concession assets - financial asset through December 31, 2019 (note 7) is now presented as Concession assets - contractual asset. This change does not affect the presentation of the balance sheet, since there are no changes in line item “Concession assets”;

(ii) line items relating to “net operating revenue” (note 25) and share of profit of investees (note 11) in the income statement were adjusted to reflect effects on the recognition of the construction margin and determination of the discount rate of the contractual asset.

	Parent			Consolidated		
Balance sheet	**Balances reported in 2019**	**Reclassificationss**	**Balances 2019 (Restated)**	**Balances reported in 2019**	**Reclassificationss**	**Balances 2019 (Restated)**
Concession asset - financial asset	8,636,868	(8,512,646)	124,222	8,654,870	(8,512,646)	142,224
Concession asset - contractual asset	3,430,799	8,512,646	11,943,445	6,006,163	8,512,646	14,518,809
	12,067,667	**-**	**12,067,667**	**14,661,033**	**-**	**14,661,033**

	Parent			Consolidated		
Income statement	**Balances reported in 2019**	**Reclassificationss**	**Balances 2019 (Restated)**	**Balances reported in 2019**	**Reclassificationss**	**Balances 2019 (Restated)**
Net operating revenue	**2,617,843**	**(125,284)**	**2,492,559**	**3,305,155**	**26,707**	**3,331,862**
Revenue from infrastructure	145,635	87,071	232,706	577,355	231,170	808,525
Efficiency gain in infrastructure implementation	499,854	(35,364)	464,490	514,532	(50,042)	464,490
Remuneration from concession assets	1,297,455	(176,991)	1,120,464	1,556,503	(154,421)	1,402,082
Operation & maintenance	1,086,028	-	1,086,028	1,108,520	-	1,108,520
Other revenues	35,041	-	35,041	31,848	-	31,848
Taxes on revenues	(272,956)	-	(272,956)	(301,374)	-	(301,374)
Regularoy charges	(173,214)	-	(173,214)	(182,229)	-	(182,229)
Revenues – Periodic Tariff Revision (RTP)	-	-	-	-	(26,707)	(26,707)
Share of profit of investees	**368,582**	**125,284**	**493,866**	**179,788**	**-**	**179,788**
Profit for the year	**1,762,631**	**-**	**1,762,631**	**1,779,451**	**-**	**1,779,451**

2.5 Critical accounting judgments and key estimates and assumptions

The preparation of individual and consolidated financial statements requires Management to make judgments using estimates and assumptions based on objective and subjective factors and on the legal counsel's and actuarial advisors' opinion, to determine the appropriate amounts for recording certain transactions that affect assets, liabilities, revenue and expenses. Actual results may differ from these estimates.

These judgments, estimates and assumptions are revised at least annually, and any adjustments are recognized in the period in which estimates are revised.

Critical judgments, estimates and assumptions are related to the following aspects:

- Recognition of deferred tax assets or liabilities (note 29 (b)).

- Analysis of the credit risk and other risks for the determination of the need to recognize provisions, including provision for tax, civil and labor risks (note 21).

- Accounting for concession agreements.

In accounting for concession agreements, the Company makes analyses that require Management's judgment, substantially, on the applicability of the interpretation of concession agreements, determination and classification of revenues entailing performance obligation between revenue from infrastructure implementation, revenue from remuneration from contractual assets, and operation & maintenance revenues.

- Timing to recognize the contract asset (note 7)

The Company's management assesses the timing to recognize concession assets based on the economic features of each concession agreement. A contract asset arises when the concessionaires fulfills its obligation to build and implement the transmission infrastructure, with revenue being recognized over the term of the project. The contractual asset is recorded with a balancing entry to infrastructure revenue, which is recognized as expenditures are incurred. The indemnifiable portion of the contractual asset, for certain types of agreement, is identified when the infrastructure implementation is completed.

- Determination of the profit margin (note 25.1)

The profit margin is assigned according to the type of performance obligation.

The profit margin on the infrastructure implementation is determined according to the features and complexity of the projects as well as the macroeconomic situation in which they are established and consider the weighted estimated flows from cash receipts in relation to the estimated flows of expected costs for the infrastructure implementation investments The profit margins are revised annually, when the project is placed into operation and/or when there are indications of significant changes in the progress of the works.

The profit margin for the operation and maintenance of the transmission infrastructure is determined based on the individual revenue applied in similar observable circumstances, in cases where the Company has the right exclusively, that is, separately, to the remuneration for the operation and maintenance, under CPC 47/IFRS 15 – Revenue from contracts with customers and the costs incurred for the provision of operation and maintenance services.

- Determination of the discount rate of the contractual asset (note 7)

To segregate the borrowing component existing in the infrastructure implementation operation, the Company estimates a rate of discount that would be applied in a separation borrowing transaction between the entity and its client at the commencement of the agreement.

The rate applied to the contractual assets reflects the implicit rate of the financial flow from each project and considers the Company's estimate to price the financial component established at the commencement of each concession agreement according to the macroeconomic characteristics aligned with the methodologies of the Concession Grantor and the individual capital cost structure of the projects.

These rates are set at the commencement of each concession agreement or retrofitting project and remain unchanged over the concession term. When the Concession Grantor revises or adjusts the revenue the Company is entitled to receive, the carrying amount of the contractual asset amount is adjusted to reflect the revised flows, and the adjustment is immediately recognized as income or expenses in profit or loss for the year.

- Determination of infrastructure revenue (note 25.1)

For the infrastructure implementation activity, the infrastructure revenue is recognized at the fair value and the respective costs relating to infrastructure implementation services are recognized as incurred, plus the margin estimated for each project, considering the estimated consideration with the variable portion.

The variable portion due to unavailability (PVI) is estimated based on the historical series of events; the historical average is not material. Due to the difficulty in anticipating when each project will be placed into service, the variable portion after the project is available (PVA), and the variable portion due to operational restriction (PVRO) are considered, when applicable, in the flows of receipts when the Company estimates they are likely to occur.
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- Determination of operation and maintenance revenues (note 25.1)

For the operation and maintenance, the revenue is recognized at a preset fair value that consider the estimated profit margin as services are provided.

2.6 Consolidation procedures

The consolidated financial statements include the financial statements of the Company and its subsidiaries.

Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to use its power to affect its returns.

Subsidiaries are fully consolidated from the date control is obtained until the date on which control ceases to exist.

(In thousands of reais, unless otherwise stated)

As of December 31, 2020 and 2019, equity interests in subsidiaries were as follows:

		Equity interest - %		
	Reporting date	12.31.2020		12.31.2019
Subsidiaries				
Interligação Elétrica Serra do Japi S.A. (Serra do Japi)	12.31.2020	100		100
Interligação Elétrica de Minas Gerais S.A. (IEMG)	12.31.2020	100		100
Interligação Elétrica Norte e Nordeste S.A. (IENNE)	12.31.2020	100		100
Interligação Elétrica Pinheiros S.A. (Pinheiros)	12.31.2020	100		100
Interligação Elétrica do Sul S.A. (IESul)	12.31.2020	100		100
Evrecy Participações Ltda. (Evrecy)	12.31.2020	100		100
Interligação Elétrica Itaúnas S.A. (Itaúnas)	12.31.2020	100		100
Interligação Elétrica Tibagi S.A. (Tibagi)	12.31.2020	100		100
Interligação Elétrica Itaquerê S.A. (Itaquerê)	12.31.2020	100		100
Interligação Elétrica Aguapeí S.A. (Aguapeí)	12.31.2020	100		100
Interligação Elétrica Biguaçu S.A. (Biguaçu)	12.31.2020	100		100
Interligação Elétrica Itapura S.A. (Itapura)	12.31.2020	100		100
Interligação Elétrica Riacho Grande S.A. (Riacho Grande) (**)	12.31.2020	100		100
Fundo de Investimento Referenciado DI Bandeirantes (i)	12.31.2020	7	(*)	13
Fundo de Investimento Xavantes Referenciado DI (ii)	12.31.2020	10	(*)	3
Fundo de Investimento Assis Referenciado DI	12.31.2020	100	(*)	100
Fundo de Investimento Barra Bonita	12.31.2020	100	(*)	100

(*) Includes direct equity interest through the Company and indirect equity interest through the subsidiaries.
(**) Unaudited entity.

(i) As of December 31, 2020, jointly controlled subsidiary Interligação Elétrica do Madeira (Madeira) has a 93% equity interest in Fundo de Investimento Referenciado DI Bandeirantes.

(ii) As of December 31, 2020, jointly controlled subsidiary Interligação Elétrica do Madeira (IEMadeira) has a 90% equity interest in Fundo de Investimento Xavantes Referenciado DI.

Consequently, these equity interests have an effect on noncontrolling interests in investment funds, in the amount of R$371,159 as of December 31, 2020. Any changes to the regulation or structure of the funds must be aligned with and approved by CTEEP.

The following procedures were adopted in preparing the consolidated financial statements:

- elimination of subsidiaries’ equity;
- elimination of profit (loss) of investees; and
- elimination of assets and liabilities, and income and expenses between consolidated entities.

The accounting policies were consistently applied to all consolidated companies, and the fiscal year of these companies coincides with that of the Parent.

Noncontrolling interests are reported as part of equity and profit and are presented separately in the consolidated financial statements.

Jointly controlled entities are accounted for under the equity method, as required by CPCs 18 (R2)/IAS 28, 19 (R2)/IFRS 11 and 36 (R3)/IFRS 10, and a shareholders’ agreement governing the shared control has been executed.

(In thousands of reais, unless otherwise stated)

As of December 31, 2020 and 2019, equity interests in jointly-controlled subsidiaries were as follows:

		Equity interest - %	
	Reporting date	**12.31.2020**	**12.31.2019**
Jointly controlled subsidiaries			
Interligação Elétrica do Madeira S.A. (IEMadeira)	12.31.2020	51	51
Interligação Elétrica Garanhuns S.A. (IEGaranhuns)	12.31.2020	51	51
Interligação Elétrica Paraguaçu S.A. (Paraguaçu)	12.31.2020	50	50
Interligação Elétrica Aimorés S.A. (Aimorés)	12.31.2020	50	50
Interligação Elétrica Ivaí S.A. (Ivaí)	12.31.2020	50	50

2.7 Regulatory Financial Statements

Pursuant to the Energy Industry Accounting Guide, the Company is required to disclose regulatory financial statements containing a complete set of financial statements for regulatory purposes. Regulatory financial statements must be presented independently from the current statutory financial statements.

These Regulatory Financial Statements are audited by the same firm as that engaged to audit the statutory financial statements and, as established in the Electricity Sector Accounting Manual (MCSE) and Energy Industry Accounting Guide and Order No. 4356, of December 22, 2017, issued by ANEEL, must be made available on ANEEL's and the Company's website through April 30, 2021.

3 Significant accounting policies

3.1 Revenue and expense recognition

Revenue and expenses are recorded on the accrual basis.

3.2 Revenue recognition

The Company and its subsidiaries apply CPC 47 – Revenue from Contracts with Customers (IFRS 15) and consider the guidelines in CVM Official Circular Letter CVM No. 04/2020. For the year ended December 31, 2020, the effects of meeting the requirements in said Letter are described in note 2.3.

Concessionaries are required to record and measure service revenue according to CPC 47 – Revenue from Contracts with Customers (IFRS 15) and CPC 48 – Financial Instruments (IFRS 9), even though when services are provided under a single concession agreement. Revenues are recognized when or as the entity fulfills its performance obligations assumed under the contract with the customer and only when there is an approved contract; identifying the rights is possible; there is commercial substance and it is likely that the entity will receive the consideration it is entitled to. The Company's revenues are classified into the following groups:

(a) Infrastructure revenue

Refers to services such as infrastructure implementation, expansion, retrofitting and improvements in the electric power transmission facilities. Infrastructure revenues are recognized as expenditures are incurred and are calculated plus the margin estimated for each project and the PIS and Cofins rates at the investment value.

For Concession Agreement 059/2001, regulated by Law No. 12.783/2013, the Company recognizes infrastructure implementation revenue also for projects intended to improve the electric power facilities, as prescribed by ANEEL Order No. 4.413, of December 27, 2013, and Normative Resolution No. 443, of July 26, 2011 (note 25.1 (a)).

(b) Efficiency gain on the infrastructure implementation

Refers to gains that may only be earned when the date the project will be placed into service can be reliably anticipated, since they reflect certain positive variances at the final stage of the works, such as Capex savings by the completion phase or positive revision of the RAP initially considered in the flow of receipts, and early placement into operation in relation to the term estimated by ANEEL. Other variances such as additional costs or delays are recognized when they are known.

(c) Compensation from concession assets

Refers to interest recognized on a straight-line basis at the implicit rate applied on the value of the transmission infrastructure investments and considers the specifics of each retrofitting project, improvements and auctions. The rate seeks to price the financial component of the contractual asset and is determined at the commencement of each concession agreement and is not subsequently changed. The rate is applied on the total amount receivable from the future cash flow and ranges from 6.13% to 9.92% (note 25.1(b)).

(d) Operation and maintenance revenue

Refers to services related to operation and maintenance of the electric power transmission facilities, which start after the construction phase and aim at ensuring the availability of these facilities. Operation and maintenance revenue is recognized as the related services are provided (note 25.1(a)).

3.3 Current and deferred income tax and social contribution

Current and deferred income tax and social contribution are calculated according to the legislation applicable, based on profit, adjusted by the inclusion of nondeductible expenses, exclusion of nontaxable revenues and inclusion and/or exclusion of temporary differences.

The Company elected to adopt the taxable income regime. Current and deferred income tax for the year is calculated at the rate of 15%, plus a surtax of 10% on taxable income exceeding R$240 for income tax, and current and deferred social contribution is calculated at the rate of 9% on taxable income; this calculation takes into consideration tax loss carryforwards, if any, limited to 30% of taxable income. Subsidiaries Pinheiros, IEMG, Serra do Japi, Evrecy, IENNE, IIESUL, Itaúnas, Tibagi, Itaquerê, Itapura, Aguapeí, and Biguaçu elected to adopt the deemed income regime (note 29(a)).

Deferred tax assets arising from temporary differences were recognized according to CPC 32 (IAS 12) - Taxes on Income and consider the history of profitability and expectation that future taxable income will be generated, based on a technical feasibility study approved by management bodies.

The recovery of deferred tax assets is revised at the end of each year and, when it is no longer probable that future taxable income will be available to allow the recovery of all or part of the assets, these are adjusted for the expected recoverable amount.

Deferred tax assets and liabilities are measured using the tax rates applicable for the period in which the liability is expected to be settled or the asset is expected to be realized, based on the tax rates set forth in the tax law prevailing at the end of each year, or when a new legislation has been substantially approved (note 29 (b)).

Deferred tax assets and liabilities are offset only when there is the legal right to offset the current tax asset against the current tax liability and when they are related to the taxes managed by the same tax authority and the Company intends to settle its current tax assets and liabilities.

3.4 Taxes and regulatory charges fees on revenue

(a) Taxes on services

Revenues, expenses and assets are recognized net of taxes on services, except when taxes on sales incurred upon the purchase of goods or services cannot be recovered from tax authorities, in which case taxes on services are recognized as part of the acquisition cost of the asset or expense item, as applicable.

(b) Regulatory charges

The regulatory charges below are part of the government's policies for the electric power sector and all of them are required by law. Their amounts are established by ANEEL Resolutions or Orders and charged from clients by the concessionaires by means of the electric power tariff; the related amounts are classified as regulatory charges payable in the balance sheet.

(i) Energy Development Account (CDE)

The Energy Development Account (CDE) was created by Law No. 10438, of April 26, 2002, to provide funds for: i) the energy development in the States; ii) the competitiveness of the energy produced from wind power plants, small hydroelectric power plants, biomass, natural gas and mineral coal, in the areas serve by the interconnected electric power systems; iii) promote the universalization of the electric power service throughout the country. The CDE amount is set by ANEEL annually based on the power used by the consuming units connected to the transmission facilities. This amount is paid to the Electric Power Trade Chamber (CCEE) and transferred to the consuming units by means of the Transmission System Use Tariff (TUST) (note 19).

(ii) Alternative Power Sources Incentive Program (PROINFA)

Launched by Law No. 10438, of April 26, 2002, Proinfa is aimed at increasing the share of alternative renewable power sources in Brazil, such as wind power plants, biomass and small hydroelectric power plants. The amount is set based on the expected electric power generation by plants taking part in Proinfa. This amount is paid to Eletrobras and transferred to the consuming units by means of the Transmission System Use Tariff (TUST) (note 19).

(iii) Global Reversal Reserve (RGR)

This charge was created by Decree No. 41019, of February 26, 1957. Refers to an annual amount set by ANEEL, paid monthly in twelfths by concessionaires to provide fund for reversal and/or takeover of electric power supply services as well as to finance the expansion and improvement of such services. Pursuant to article 21 of Law No. 12.783/2013, beginning January 1, 2013, power transmission companies under concession agreements extended as set forth in the aforementioned Law are exempted from paying the annual RGR amount (note 19).

(iv) Research and Development (R&D)

Concessionaires of public services of electric power distribution, transmission and generation, the licensees of public services of electric power distribution, and the authorized independent producers of electric power, excluding those that generate energy exclusively from wind, sun, biomass, qualified cogeneration and small hydroelectric power plants, are required to invest annually a percentage of its net operating revenue (NOR) in Technological Research and Development projects in the electric power sector, according to regulations established by ANEEL (note 19).

(v) Electric Power Service Inspection Fee (TFSEE)

Created by Law No. 9.427/1996, TFSEE is applied on electric power generation, transmission, distribution and sale. According to article 29 of Law No. 12.783/2013, TFSEE is equivalent to 0.4% of the annual economic benefit amount (note 19).

3.5 Financial instruments

The Company and its subsidiaries applied the requirements of CPC 48 – Financial Instruments (IFRS 9), relating to the classification and measurement of financial assets and financial liabilities and the measurement and recognition of impairment losses (note 31).

(a) Financial assets

(i) Classification and measurement

According to CPC 48, financial instruments (IFRS 9) are classified into three categories: measured at amortized cost, fair value through other comprehensive income (FVTOCI) and fair value through profit or loss (FVTPL).

The classification of financial assets at the initial recognition depends on the characteristics of the contract cash flows and the business model used to manage such financial assets. The Company discloses its financial instruments according to the categories mentioned above:

- *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated at fair value through profit or loss on initial recognition or financial assets that should mandatorily be measured at fair value.

Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss. Net changes in fair value are recognized in profit or loss.

As of December 31, 2020 and 2019, financial assets classified into this category comprise cash equivalents (note 5), restricted cash, short-term investments (note 6), and financial instruments (note 31).

- *Amortized cost*

A financial asset is classified and measured at amortized cost when there is an intent to receive contractual cash flows and generate cash flows that are "solely payments of principal and interest" on the outstanding principal amount. This measurement is performed at the instrument level.

Assets measured at amortized cost use effective interest rate method, less any impairment losses. Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

As of December 31, 2020 and 2019, the main financial assets classified into this category are receivables from the Finance Department (note 8), O&M services (note 7), receivables from related parties (note 31), and sureties and escrow deposits (note 10).

Impairment of financial assets

Under CPC 48 (IFRS 9), the expected loss model applies to financial assets measured at amortized cost or at fair value through other comprehensive income, except investments in equity instruments.

(ii) Derecognition of financial assets

A financial asset is derecognized when the contract rights to the cash flows of the asset expire or when the rights to receive contract cash flows on a financial asset in a transaction where substantially all the risks and rewards of ownership of the financial asset are transferred to third parties. Any interest created or retained by the Company in these financial assets is recognized as a separate asset or liability.

(b) Financial liabilities

Financial liabilities are classified at fair value through profit or loss when they are either held for trading or designated at fair value through profit or loss. Other financial liabilities (including borrowings) are measured at amortized cost using the effective interest method.

(c) Derivatives and hedging activities

CPC 48 (IFRS 9) provides for an approach to account for hedge based on Management´s risk management, mainly based on principles. The standard requires Management to evaluate the conditions and percentages of effectiveness, bringing a qualitative vision to the process.

The Company and its subsidiary Biguaçu use derivative financial instruments for hedging purposes such as interest rate swaps and forward currency contracts. These financial instruments are recognized initially at the fair value at the derivative contract date and are subsequently remeasured at fair value.

The Company designates and documents the hedge relationship to which it intends to apply the hedge accounting and the objective and strategy of the risk management to contract the hedge. The documentation includes the identification of the hedge instrument, the hedged item, the nature of the hedged risk and how the entity evaluates if the hedging relationship meets the hedge effectiveness requirements.

Financial instruments are classified as fair value hedge and cash flow hedge:

Fair value hedge*:* intended for hedging the exposure to changes in the fair value of an asset or liability. The changes in the fair value of a hedge instrument and the hedged item are recognized in profit or loss.

Cash flow hedge*:* Intended to hedge against changes in the cash flow that is attributable to a specific risk associated to an asset or liability. A financial instrument classified as cash flow hedge, the effective portion of the gain or loss of the hedge instrument is recognized in other comprehensive income whereas any ineffective portion is immediately recognized in the income statement. The amounts accrued in other comprehensive income are accounted for according to the nature of the transactions originated by the hedged asset. If the hedged item transaction subsequently results in the recognition of a non-financial item, the amount accrued in equity is included in the initial cost of the hedged asset or liability.

The Company's swap financial instruments are classified as fair value hedge, and Biguaçu's and Riacho Grande Project's forward currency contract is classified as cash flow hedge, as described in note 31.

3.6 Cash and cash equivalents

Cash and cash equivalents include cash on hand, banks and short-term investments.

In order to be qualified as a cash equivalent, an investment needs to be readily convertible into a known cash amount and be subject to an insignificant risk of change in value. Therefore, an investment normally qualifies as a cash equivalent only when it has a short maturity of, for example, three months or less from the date of acquisition (note 5).

3.7 Concession assets

As provided for in the concession agreement, the concessionaire operates as a service provider. The concessionaire implements, expands, reinforces or improve the infrastructure (infrastructure implementation services) used to provide a public utility service in addition to operating and maintaining this infrastructure (operation and maintenance services) during a specified term. The energy transmission company is compensated for the availability of the infrastructure over the term of the concession (note 7).

The concession agreement does not transfer the right to control the use of the public service infrastructure to the concessionaire. Only the assignment of ownership of these assets is expected for purposes of providing public services, which are reversed to the concession grantor after the end of the respective agreement. The concessionaire is entitled to operate the infrastructure for the provision of public services on behalf of the concession grantor, based on the terms and conditions set forth in the concession agreement.

Concessionaries are required to record and measure service revenue according to CPC 47 - Revenue from Contracts with Customers (IFRS 15), CPC 48 - Financial Instruments (IFRS 9) and ICPC 01 (R1) (IFRIC 12) - Concession Agreements. If the concessionaire provides more than one service governed by one single contract, the compensation received or receivable should be allocated based on the performance obligation based on the amounts relating to the services provided if the amounts are separately identifiable.

The concession assets record amounts receivable relating to the infrastructure implementation, the compensation revenue from concession assets, operation and maintenance services, and assets under Law No. 12.783 – SE, classified in:

(a) Concession assets - financial

The operation and maintenance of the transmission infrastructure begins after the end of the construction phase and placement into service. The recognition of receivables and the respective revenue only originates after the performance obligation is satisfied monthly. Accordingly, the amounts receivable, recorded in “O&M services” are considered financial asset at amortized cost (note 7 (b)).

(b) Concession Assets - contractual

All concessions of the Company and its subsidiaries are classified under the contractual asset model, according to CPC 47 – Revenue from Contracts with Customers (IFRS 15). A contract asset originates when the concessionaire satisfies the obligation to build and implement the transmission infrastructure, with the revenue being recognized over the term of the project; however, receipt of cash flow is contingent on the satisfaction of the performance operation and maintenance obligation. Monthly, as the Company operates and maintains the infrastructure, the portion of the contract asset equivalent to the consideration for that month for the satisfaction of the construction performance obligation becomes a financial asset, since nothing other than the passage of time will be required for such amount to be received. The benefits from this asset are the future cash flows (note 7).

The value of the Company’s and its subsidiaries’ contractual asset is comprised of the present value of its future cash flows. The future cash flow is estimated at the beginning of the concession, or its extension (*), and the assumptions of its measurement are revised in the Periodic Tariff Revision (RTP).

Cash flows are defined based on the Annual Permitted Revenue (RAP), which is the consideration that concessionaires are paid for providing energy transmission public services to users. These receivables amortize the investments in this transmission infrastructure, and any unamortized investments (reversible assets) generate the Grantor’s right to indemnity at the end of the concession, according to the type of agreement. These flows of receipts are: (i) compensated at an implicit rate that represents the business financial component set at the start of each project, which ranges between 6.13% and 9.92%; and (ii) adjusted for inflation based on IPCA/IGPM.

The infrastructure implementation, which is an activity performed during the construction phase, is entitled to a consideration contingent on the completion of the work and performance obligations to operate and maintain, and not only the passage of time, and the revenue and costs on works relating to the formation of this asset are recognized through expenditures incurred.

Infrastructure implementation revenues and revenues from compensation on concession assets are subject to deferral of cumulative PIS and Cofins (taxes on revenue), recorded in “deferred taxes”, in noncurrent liabilities.

(*) Concession Agreement No. 059/2001, whose amounts are determinable according to Administrative Ruling No. 120/16, was extended to December 2042 under Law No. 12.783/2013. This financial asset is formed by the cash flow regulated by ANEEL Technical Note No. 336/2016. Beginning January 01, 2020, assets recorded as “Assets under Law No. 12.783 -SE”, are classified as contractual asset, in conformity with CVM Official Circular Letter CVM/SNC/SEP/No. 04/2020 (note 2.3).

3.8 Inventories

Inventories are reported by items of the maintenance store room and recorded at the lower of cost and net realizable value. Inventory costs are determined at average cost method.

3.9 Investments

In the individual financial statements (Parent), the Company recognizes and states investments in subsidiaries and jointly controlled subsidiaries under the equity method. In consolidated, only jointly controlled subsidiaries are recognized (note 11).

3.10 Business combination

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the sum of the consideration transferred, based on the fair value on acquisition date, and the amount of any noncontrolling interest in the acquiree. Costs directly attributable to the acquisition are accounted for as expense when incurred.

When acquiring a business, the Company measures the financial assets acquired and financial liabilities assumed for the purpose of classifying and allocating them according to the contractual terms, the economic circumstances and the conditions prevailing on the acquisition date.

The goodwill is initially measured as the excess of the consideration transferred in relation to the fair value of the net assets acquired (identifiable assets acquired less the liabilities assumed). If the consideration is lower than the fair value of the net assets acquired, the difference should be recognized as a gain in the income statement.

The realization of intangible assets arising from the acquisition of the exploration right, concession or permission granted by Government occurs in the estimated or contracted term of utilization, effectiveness or loss of economic substance, or write-off due to sale or impairment of the investment (note 11 c(ii)).

3.11 Property and equipment

Basically represented by administrative assets. Depreciation is calculated on a straight-line basis, based on the estimated economic useful life of the assets (note 12).

Other expenses are capitalized only when there is an increase in the economic benefits derived from such property and equipment item. Any other type of cost is recognized in profit or loss as expense, when incurred.

Gains or losses arising from the write-off of an intangible asset are calculated as the difference between the net sale value and its carrying amount of the asset and are recognized in the income statement when the asset is written off.

3.12 Intangible assets

Separately acquired intangible assets are carried at cost on initial recognition.

The useful life of intangible assets is either finite or indefinite: (i) intangible assets with finite useful life are amortized over their useful lives and tested for impairment whenever there is any indication that the asset might be impaired. (ii) intangible assets with indefinite useful lives are not amortized, but they are tested for impairment on an annual basis, either individually or at the level of the cash-generating unit.

Gains or losses arising from the write-off of an intangible asset are calculated as the difference between the net sale value and its carrying amount and are recognized in the statement of profit and loss when the asset is written off.

3.13 Leases

(a) The Company as lessee

The Company evaluates, at the commencement of the contract, if the contract conveys the right to control the use of the identified asset for a period of time in exchange for consideration.

- ***Lessee***

The Company applies a single recognition and measurement approach to all leases, except for short-term leases and leases of low-value assets. The Company recognizes lease liabilities to make lease payments and right-of-use assets that represent the right of use of underlying assets.

- ***Right-of-use assets***

The Company recognizes the right-of-use assets at the date of commencement of the lease. The right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any new remeasurement of the lease liabilities. In determining the right-of-use cost, the Company considers the lease liability amounts recognized, plus the direct costs incurred, lease payments made through the commencement date and the estimated cost to recover and return the underlying asset to the lessor at the end of the lease, less any lease incentives received. The right-of-use assets are depreciated on a straight-line basis over the term of the lease.

- ***Lease liabilities***

At the commencement of the lease, the Company recognizes the lease liabilities measured at the net present value of the lease payments to be made over the term of the lease. Lease payments include fixed payments (including, substantially, fixed payments), less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be payable by the lessee under residual value guarantees.

In calculating the net present value of lease payments, the Company uses the implicit borrowing rate at the commencement of the lease. After the commencement date, the lease liability amount is increased to reflect the incremental interest less the lease payments made. In addition, the carrying amount of the lease liabilities is remeasured if there is a change: change in the lease term, change in lease liabilities, or change in the appraisal of the purchase option of the underlying asset.

- ***Short-term leases and low-value assets***

Payments of short-term leases and low-value assets are recognized as expenses under the straight-line method over the term of the lease.

3.14 Other current and noncurrent assets

Stated at their net realizable value.

Expected losses for reduction of the carrying amount to the recoverable value are recognized at the amounts considered as unlikely for the realization of assets on the balance sheet date.

3.15 Current and noncurrent liabilities

Stated at known or estimated amounts, plus charges, inflation adjustment and/or exchange gains or losses incurred through the balance sheet date, when applicable.

3.16 Provisions

Provisions are recognized for present obligations resulting from past events, when it is possible to reliably estimate the amounts and whose financial settlement is probable.

The amount recognized as a provision is the best estimate of the consideration required to settle the obligation at the end of each reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured based on the cash flows estimated to settle an obligation, its carrying amount corresponds to the present value of such cash flows.

Provisions are quantified at the present value of the expected disbursement to settle the obligation using the appropriate discount rate, according to related risks. Provisions are adjusted through the balance sheet date for the probable loss amount, according to the nature of each contingency and based on the opinion of the Company's and its subsidiaries' legal counsel.

Provisions are recognized when the Company and its subsidiaries have a legal or constructive obligation as a result of past events, and it is probable that a cash disbursement will be required to settle the obligation, and its value can be reliably estimated.

The bases for and nature of the provisions for tax, civil, and labor risks are described in Note 21 (a).

3.17 Employee benefits

The Company sponsors supplementary retirement and death benefit plans for its employees, former employees and related beneficiaries, administered by Fundação CESP (Vivest –- former "Funcesp"), the objective of which is to supplement the social security benefits.

Payments to defined contribution plans are recognized as expense when the services they entitle to are provided.

In the actuarial appraisal of the liabilities under this plan, the projected unit credit method was adopted, according to CPC 33 (R1) (IAS 19).

This appraisal is conducted on an annual basis, and the effects of the remeasurement of the plan liabilities, which includes actuarial gains and losses, the effect of changes in the asset ceiling (if applicable) and the return on plan assets (less interest), are immediately reflected in the balance sheet as a charge or credit recognized in other comprehensive income in the period in which they occur.

As of December 31, 2020, the Company recorded actuarial liabilities (equity) and, as of December 31, 2019, recorded actuarial asset (equity), recognized for accounting purposes, as mentioned in note 22.

Short-term benefits comprise: (i) profit sharing program; (ii) health and dental care plans; and (iii) other usual market benefits.

3.18 Dividends and interest on capital

The dividend recognition policy is in accordance with CPC 24 (IAS 10) and ICPC 08 (R1), which determine that proposed dividends that are based on statutory obligations be recorded in current liabilities. The Company's bylaws establish mandatory minimum dividend, as described in note 24 (b).

The Company may pay interest on capital, which is deductible for tax purposes and considered part of the mandatory dividends, and reported as profit allocation directly in equity.

3.19 Segment reporting

Operating segments are defined as business activities from which the Company obtains revenues and incurs expenses, whose financial information may be made available individually and whose operating profit or loss is revised by Management on an ongoing basis in the decision-making process.

Although the Company's Management recognizes revenue from infrastructure implementation, operation and maintenance activities, they considered that these revenues are originated by concession agreements that have only one business segment: electric power transmission.

3.20 Statement of value added (DVA)

The purpose of this statement is to disclose the wealth created by the Company and its distribution during a certain reporting period, and is presented by the Company, as required by the Brazilian Corporate Law, as an integral part of its individual financial statements, and as additional disclosure of the consolidated financial statements, since this statement is not required by IFRS.

3.21 Statement of cash flows (DFC)

The statement of cash flows was prepared using the indirect method and is presented in accordance with CVM Decision No. 641, of October 07, 2010, which approved technical pronouncement CPC 03 (R2) (IAS 7) - Statement of Cash Flows, issued by CPC.

The Company classifies interest paid on borrowings, debentures and leases as borrowing activities and dividends received as investment activities, since it understands that they are costs to obtain financing or return on investments, respectively.

3.22 Earnings per share

The Company calculates earnings per shares based on the weighted average number of common and preferred shares outstanding during the period corresponding to the profit or loss, as prescribed by CPC 41 (IAS 33).

The basic earnings per share is calculated by dividing the profit for the period by the weighted average number of shares issued. The diluted earnings is affected by instruments convertible into shares, as mentioned in note 24(f).

4 New and revised standards and interpretations:

(a) Revised and effective:

- CPC 15 (R1) (IFRS 3) – Definition of a business

- CPC 00 (R2) – Conceptual financial reporting framework

CVM Decision No. 854, approving revisions of technical pronouncements:

- CPC 38 (IAS 39) Financial Instruments: Recognition and measurement
- CPC 40 (R1) / IFRS 7 - Financial Instruments: Disclosures
- CPC 48 (IFRS 9) – Financial Instruments
- CPC 26 (R1) (IAS 1) and (CPC 23) (IAS 8) – Definition of material

The management of the Company and its subsidiaries evaluated the standards above and no significant impacts on the financial statements were identified.

(b) Revised and not yet effective

- CPC 11 (IFRS 17) - Insurance Contracts
- CPC 26 (IAS 1) – Presentation of financial statements (classification of liabilities as current or noncurrent)

Except for IFRS 17 – Insurance contracts, not yet effective in Brazil, and not applicable to the Company and its subsidiaries, the management of the Company and its subsidiaries are evaluating the impacts of the other standards mentioned above.

(In thousands of reais, unless otherwise stated)

5 Cash and cash equivalents

		Parent		Consolidated	
	% of CDI	**2020**	**2019**	**2020**	**2019**
Cash and banks		3,035	3,825	18,195	4,437
Cash equivalents					
CDB (a)	100.4%	2,017,084	589,838	2,047,352	589,838
Repurchase transactions (b)	96.5%	-	-	1,790	1,696
		2,020,119	**593,663**	**2,067,337**	**595,971**

Cash equivalents are measured at fair value through profit or loss and have daily liquidity.

The Company's Management's analysis of these assets' exposure to interest rate risks, among others, is disclosed in note 31 (c).

(a) Securities issued by banks at rates pegged to the variation of the Interbank Certificate of Deposit (CDI).

(b) Repurchase transactions refer to securities issued by banks for repurchase by the bank and resale by the Company, at rates pegged to the variation of the Interbank Certificate of Deposit (CDI) at preset maturities, backed by government bonds registered with B3.

6 Short-term investments

	Parent	**Consolidated**	**Parent**		**Consolidated**	
	Average yield in the portfolio in 2020					
	% of CDI			**2019**	**2020**	**2019**
Fundo de Investimento Referenciado DI Bandeirantes			1,931	3,689	140,561	120,968
Fundo de Investimento Xavantes Referenciado DI	**117.4%**	**102.1%**	15,385	25,601	260,401	1,912,816
Fundo de Investimento Assis Referenciado DI			30,823	3,936	30,823	3,936
Fundo de Investimento Barra Bonita Referenciado DI			3,648	8,429	21,772	30,891
			51,787	**41,655**	**453,557**	**2,068,611**

(*) Investments funds are consolidated as described in note 2.4.

The Company, its subsidiaries and jointly controlled subsidiaries concentrate their short-term investments in the following investment funds:

- Fundo de Investimento Referenciado DI Bandeirantes: an investment fund organized exclusively for the Company, its subsidiaries and jointly controlled entities, managed by Banco Bradesco, having its portfolio comprised of units in Fundo de Investimento Referenciado DI Coral.

- Fundo de Investimento Xavantes Renda Fixa Referenciado DI: an investment fund organized exclusively for the Company, its subsidiaries and jointly controlled entities, managed by Banco Itaú-Unibanco, having its portfolio comprised of units in Fundo de Investimento Special Referenciado DI (Corp Referenciado DI merged by Special DI).

(In thousands of reais, unless otherwise stated)

- Fundo de Investimento Assis Referenciado DI: an investment fund organized exclusively for the Company, its subsidiaries and jointly-controlled entities, managed by Banco Santander, having its portfolio comprised of units in Fundo de Investimento Santander Renda Fixa Referenciado DI.

- Fundo de Investimento Barra Bonita Renda Fixa Referenciado DI LP: an investment fund organized exclusively for the Company, its subsidiaries and jointly controlled entities, managed by Banco do Brasil, having its portfolio comprised of units in Fundo de Investimento Top DI FI Referenciado DI LP.

Said investment funds are highly liquid, readily convertible into a cash amount, regardless of the assets, and any risk of change in the amount will be directly linked to the composition of the funds, which holds government bonds and private securities. Portfolios are comprised of fixed income securities, such as federal government bonds and private securities, in order to follow the variation of the Interbank Certificates of Deposits (CDI) and/or of the Selic rate.

The Company's Management's analysis of these assets' exposure to interest rate risks, among others, is disclosed in note 31 (c).

7 Concession assets

	Parent		Consolidated	
	2020	**2019 (Restated)**	**2020**	**2019 (Restated)**
Financial assets				
O&M services (a)	146,905	124,222	179,839	142,224
Contractual asset				
Assets under Law No. 12.783 - SE (b)	9,264,491	8,512,646	9,264,491	8,512,646
Infrastructure implementation (c)	3,824,165	3,430,799	7,478,497	6,006,163
	13,088,656	11,943,445	16,742,988	14,518,809
	13,235,561	**12,067,667**	**16,922,827**	**14,661,033**
Current	**2,533,173**	**1,865,137**	**2,804,373**	**2,061,882**
Noncurrent	**10,702,388**	**10,202,530**	**14,118,454**	**12,599,151**

(a) O&M - Operation and Maintenance refers to the portion of revenues monthly and separately informed by the ONS for compensation of O&M services, with an average collection period below 30 days.

(b) Receivables under Law No. 12.783 - amounts receivable relating to investments under Concession Agreement No. 059/2001, which was extended under Law No. 12.783 and had the right to the receivable subdivided into SE and NI:

NI facilities

The compensation relating to NI facilities corresponded to the original amount of R$2,891,291, inflation adjusted to R$2,949,121, as determined by Interministerial Ruling No. 580. The equivalent to 50% of this amount was received on January 18, 2013, and the remaining 50% was divided into 31 monthly installments, which had been transferred to the Company by Eletrobras. However, the terms under which these remaining installments should be adjusted are still under discussion. Following a Federal Court of Auditors' request, ANEEL revised the amounts transferred as compensation for NI facilities to all concessionaires and understood that erroneous adjustment calculations were made, which resulted in overpayments to concessionaires. Although recognizing that calculations were erroneous, Eletrobras challenged ANEEL`S understanding of the matter. Based on an independent appraisal report and on the opinion of its legal counsel, the Company's interpretation of the adjustment approach differs from that applied by ANEEL. Accordingly, its best estimate for the amount under discussion, totaling R$33,585, remains recorded in "Other", in noncurrent liabilities, not including the fine and late payment interest that would be due in favor of the Company, considering the delays occurred in the transfers. Eletrobras filed a collection action against ISA CTEEP and, on December 17, 2020, a decision was published requiring the return of the amount over-received by the Company, less the amounts related to late payment effects, due to the delayed payment of the indemnity portions. The Company may file an appeal and the determination of the amounts will depend on the process being settled.

SE facilities

The amounts receivable relating to SE facilities have specific characteristics in view of the renewal conditions established in Administrative Ruling No. 120/16 and amounts regulated by ANEEL Technical Note No. 336/2016v and are treated as a contractual asset segregated from the other assets of the Company. The future cash flow from RBSE is comprised of: (i) the portion relating to cost of equity capital (Ke) (financial component); and (ii) the portion relating to the remuneration base (economic component), which have different settlement terms and whose amounts were remeasured according to the Periodic Tariff Revision in June 2020(*).

(c) Infrastructure implementation – flow of receipt from expected cash relating to the remuneration from the implementation investments, retrofitting and improvements in the electric power transmission infrastructure, discounted to present value, when applicable. Includes the portion of the investments made and not amortized through the end of the concession term (reversible assets).

(*) Approval Resolution No. 2.714, of June 30, 2020

Such Approval Resolution defined the Periodic Tariff Revision for Concession Agreement No. 059/2001, and the following accounting impacts were recorded during December 31, 2020:

- Asset under Law No. 12.783 - SE: an increase of R$1,631,668 (net of PIS/Cofins totaling R$1,480,739) recorded in Revenues - Periodic Tariff Revision (RTP) due to the revision of the cash receipt flow and remeasurement of the concession asset relating to the SE facilities, and the adjustment of the portion relating to the cost of equity capital (ke) relating to tariff cycles 2017/2018, 2018/2019 and 2019/2020 (note 25.3 (b)(i));
  Since most of the injunctions that prohibited ANEEL from considering the portion relating to the cost of equity capital (ke) in RAP were overruled, Authorization Resolution No. 2.714, of June 30, 2020, includes the ke portions relating to tariff cycles 2017/2018, 2018/2019 and 2019/2020, which have been received through the adjustment portion (PA) mechanism in the three subsequent periods beginning July 2020. The retrospective amounts relating to tariff cycles 2017/2018, 2018/2019 and 2019/2020 were adjusted by the IPCA. The Company understands that it is entitled to compensation based on actual ke and, in conjunction with entities in the same sector, filed an administrative appeal with the Regulatory Body (25.3 (b)).

- Infrastructure implementation: a reduction of R$26,088 (net of PIS/Cofins totaling R$9,885) recorded in Revenues - Periodic Tariff Revision (RTP) due to the revision of the cash receipt relating to the remuneration from infrastructure implementation investments discounted at present value (note 25.3 (b)(i)).

- O&M services: amount of R$41,936 relating to the recognition of the negative Adjustment Portion (PA) recorded in revenue from operation and maintenance, relating to the retrospective amounts of tariff cycles 2018/2019 and 2019/2020 (note 25.3 (b)(ii)).

(In thousands of reais, unless otherwise stated)

Approval Resolution No. 2.826, of December 18, 2020

- Infrastructure implementation: An increase of R$7,024 (net of PIS/Cofins totaling R$6,768) recorded in Revenues - Periodic Tariff Revision (RTP) due to the revision of the cash receipt relating to the remuneration from infrastructure implementation investments discounted at present value (note 25.3 (b)(i)).

The aging list of trade receivables is as follows:

	Parent		Consolidated	
	2020	**2019**	**2020**	**2019**
Current	13,224,622	12,056,328	16,910,782	14,648,605
Past due				
Up to 30 days	68	934	114	973
31 to 60 days	37	296	42	328
61 to 360 days	420	397	460	451
Over 361 days (i)	10,414	9,712	11,429	10,676
	10,939	**11,339**	**12,045**	**12,428**
	13,235,561	**12,067,667**	**16,922,827**	**14,661,033**

(i) Some market players challenged in the courts the balances amounts relating to the Basic Grid. By virtue of this challenge, escrow deposits are made by such members, classified as noncurrent receivables. The Company billed the amounts in accordance with authorizations granted by regulatory agencies and, therefore, no provision for risk relating to this discussion was recognized.

The Company does not have any history of losses on collection of trade receivables, which are collateralized by letters of guarantee and/or guarantee agreements managed by the National System Operator (ONS) and, therefore, no allowance for expected credit losses was recognized.

Changes in trade receivables are as follows:

	Parent	Consolidated
Balances in 2018 (Restated)	**12,055,565**	**14,133,856**
Infrastructure revenue (note 25.1)	232,706	808,525
Compensation from concession assets - RBSE (note 25.1)	464,490	464,490
Compensation from concession assets (note 25.1)	1,120,464	1,402,082
O&M revenues (note 25.1)	1,086,028	1,108,520
Revenues - Periodic Tariff Revision (RTP)	-	(28,421)
Receipts and others	(2,891,586)	(3,228,019)
Balances in 2019 (Restated)	**12,067,667**	**14,661,033**
Infrastructure revenue (note 25.1)	368,631	1,135,533
Efficiency gain on the infrastructure implementation (note 25.1)	29,919	152,998
Compensation from concession assets (note 25.1)	1,556,708	1,846,116
O&M revenues (nota 25.1)	1,022,642	1,071,126
Revenues - Periodic Tariff Revision (RTP)	1,605,580	1,612,604
Receipts and others	(3,415,586)	(3,556,583)
Balances in 2018Saldos em 2020	**13,235,561**	**16,922,827**

(In thousands of reais, unless otherwise stated)

8 Receivables - Finance Department

	Parent and consolidated	
	2020	**2019**
Payroll processing - Law No. 4819/58 (a)	1,999,993	1,808,600
Labor claims - Law No. 4819/58 (b)	295,261	283,987
Allowance for expected credit losses (c)	(516,255)	(516,255)
	1,778,999	**1,576,332**

(a) Refers to amounts receivable for settlement of the payroll relating to the retirement supplementation plan governed by State Law No. 4.819/58, in the period from January 2005 to December 2020. The increase in relation to prior year is due to compliance with the court decision issued by the 49th Labor Court whereby CTEEP, as the defendant, monthly transfers funds to Vivest (former "Funcesp") to process payments to retired employees.

(b) Refer to certain labor claims settled by CTEEP, upon a court order, relating to employees retired under the terms of State Law No. 4.819/58, which should be borne by the State Government of São Paulo.

(c) The expected loss recognized was based on decisive factors such as the extension of the expected term for realization of part of accounts receivable from the State of São Paulo and on the status of pending litigation. The Company monitors the progress of this issue and regularly revises the provision, evaluating the need for supplementing or reversing the provision based on legal events that may change the opinion of its advisors. Through December 31, 2020, no events occurred that would indicate the need to change the expected loss (impairment).

9 Recoverable taxes

	Parent		Consolidated	
	2020	**2019**	**2020**	**2019**
Income tax	640	10,734	876	11,887
Social contribution	-	1,583	125	1,660
Withholding income tax	1,449	837	3,260	3,217
Withholding social security contribution	30	30	30	659
Cofins (tax on revenue)	14,547	8,531	14,604	8,588
PIS (tax on revenue)	3,157	1,851	3,173	1,867
Taxes in installments	4,124	3,601	4,124	3,601
Other	2,464	704	2,615	856
	26,411	**27,871**	**28,807**	**32,335**

(In thousands of reais, unless otherwise stated)

10 Sureties and judicial deposits

Sureties and restricted deposits are recorded in noncurrent assets, given the uncertainties around the outcome of the related litigation.

Deposits are recognized at nominal value and adjusted for inflation based on the Benchmark Rate (TR) for labor and social security deposits and on Selic for tax and regulatory deposits. Balance is broken down as follows:

	Parent		Consolidated	
	2020	**2019**	**2020**	**2019**
Judicial deposits				
Labor (Note 20 (a) (i))	29,038	30,070	29,087	30,136
PIS/Cofins (a)	12,559	9,514	12,559	9,514
Assessments - ANEEL (b)	2,072	12,271	2,072	12,271
Other	401	378	401	965
	44,070	**52,233**	**44,119**	**52,886**

(a) In March 2015, through Decree No. 8426/15, the PIS/Cofins rate applicable on finance income was reinstated at 4.65% effective July 1, 2015. For the period from July 2015 to February 2018, the Company filed a lawsuit seeking the non-levy of such tax based on the fact that the levy could only be required by Law, as set forth in article 150, item I, of the Federal Constitution, and that Decree No. 8.426/15 also violates the principle of non-cumulative taxation established in paragraph 12 of article 194.

(b) Refers to deposits for the purpose of voiding ANEEL assessment notices which the Company has challenged. In 2020, the Company redeemed a judicial deposit relating to Annulment Action with ANEEL, in the amount of R$7,501.

11 Investments

(a) Breakdown of share of profit of investees:

	Parent	Consolidated
	2020	**2020**
Share of profit of investees	915,866	300,564
Consolidation adjustment - Official Circular Letter CVM 04/2020 (*)	46,677	171,961
Realization of control acquisition (11 b)	5,409	-
	967,952	**472,525**

(*) Refers to impacts of the application of CVM Official Letter 04/2020 on balances for 2019, in jointly controlled subsidiaries and reclassification of balances in Parent, as shown in note 2.4.

(In thousands of reais, unless otherwise stated)

b) Changes in investments

Parent

	Balances in 2018	Capital payment	Share of profit (loss) of investees (restated)	Adjustment – effect of CVM Official Letter 04/2020 (*)	Realization of control acquisition	Dividends received	Adjustment – financial instrument	Balances in 2019
IESerra do Japi	434,063	-	43,103	-	-	(41,500)	-	435,666
IEMG (*)	67,951	-	1,444	21	1,966	-	-	71,382
IENNE	274,245	-	23,064	98	-	-	-	297,407
IEPinheiros	503,964	-	66,190	100	-	(21,900)	-	548,354
Evrecy (*)	65,837	-	4,206	-	(2,490)	(4,200)	-	63,353
IEItaúnas (**)	45,060	81,264	(22,133)	27,504	-	-	-	131,695
IETibagi (**)	12,467	77,065	(27,478)	28,084	-	-	-	90,138
IEItaquerê (**)	113,899	63,856	(32,074)	44,533	-	-	-	190,214
IEItapura (**)	7,136	72,250	29,325	(9,382)	-	-	-	99,329
IEAguapeí (**)	11,539	90,082	(34,431)	35,262	-	-	-	102,452
IESul	126,574	-	12,403	-	-	-	-	138,977
IEBiguaçu	3,174	9,510	(109)	(936)	-	-	(826)	10,813
IEMadeira	1,434,227	-	138,510	-	-	-	-	1,572,737
IEGaranhuns	365,851	-	37,629	-	-	(14,876)	-	388,604
IEParaguaçu (**)	14,500	87,500	1,540	-	-	-	-	103,540
IEAimorés (**)	10,959	52,500	975	-	-	-	-	64,434
IEIvaí (**)	22,555	45,000	1,134	-	-	-	-	68,689
Total	**3,514,001**	**579,027**	**243,298**	**125,284**	**(524)**	**(82,476)**	**(826)**	**4,377,784**

(*) Refers to impacts of the application of CVM Official Letter 04/2020 on balances for 2019, in jointly controlled subsidiaries and reclassification of balances in Parent, as shown in note 2.4.

(In thousands of reais, unless otherwise stated)

								Parent
	Balances in 2019	**Capital payment**	**Share of profit (loss) of investees**	**Adjustment – effect of CVM Official Letter 04/2020 (*)**	**Realization of control acquisition**	**Dividends**	**Adjustment – financial instrument**	**Balances in 2020**
IESerra do Japi	435,666	-	75,449	-	-	(39,700)	-	471,415
IEMG (**)	71,382	18,641	(16,021)	(21)	1,810	-	-	75,791
IENNE	297,407	-	17,701	(98)	-	-	-	315,010
IEPinheiros	548,354	-	12,584	(100)	-	(23,600)	-	537,238
Evrecy (**)	63,353	-	5,668	-	(2,491)	-	-	66,530
IEItaúnas (***)	131,695	51,081	112,656	(27,504)	-	-	-	267,928
IETibagi (***)	90,138	6,535	67,935	(28,084)	-	-	-	136,524
IEItaquerê (***)	190,214	30,638	313,736	(44,533)	-	-	-	490,055
IEItapura (***)	99,329	43,094	(10,474)	9,382	-	-	-	141,331
IEAguapeí (***)	102,452	202,862	201,016	(35,262)	-	-	-	471,068
IESul (**)	138,977	-	(24,613)	-	6,090	-	-	120,454
IEBiguaçu	10,813	92,719	(15,051)	936	-	-	14,064	103,481
IERiacho Grande	-	-	-	-	-	-	558	558
IEMadeira	1,572,737	-	25,054	58,280	-	(5,950)	-	1,650,121
IEGaranhuns	388,604	-	38,419	(21,187)	-	(28,077)	-	377,759
IEParaguaçu (***)	103,540	127,500	81,703	71,279	-	-	-	384,022
IEAimorés (***)	64,434	94,000	55,736	40,206	-	-	-	254,376
IEIvaí (***)	68,689	-	99,652	23,383	-	-	-	191,724
Total	**4,377,784**	**667,070**	**1,041,150**	**46,677**	**5,409**	**(97,327)**	**14,622**	**6,055,385**

(*) Refers to impacts of the application of CVM Official Letter 04/2020 on balances for 2019, in jointly controlled subsidiaries and reclassification of balances in Parent, as shown in note 2.4.
(**) The fair values of the investments as of the acquisition dates were assigned to concession assets and are amortized over the concession term.
(***) The amounts of investments of these subsidiaries are financed by the 7th issuance of debentures, classified as "Green Bonds" (note 16 (iv)).

(In thousands of reais, unless otherwise stated)

					Consolidated
	Balances at 31.12.2018	Capital payment	Share of profit of investees	Dividends	Balances at 31.12.2019
IEMadeira	1,434,227	-	138,510	-	1,572,737
IEGaranhuns	365,851	-	37,629	(14,876)	388,604
IEParaguaçu	14,500	87,500	1,540	-	103,540
IEAimorés	10,959	52,500	975	-	64,434
IEIvaí	22,555	45,000	1,134	-	68,689
Total	**1,848,092**	**185,000**	**179,788**	**(14,876)**	**2,198,004**

						Consolidated
	Balances in 2019	Capital payment	Share of profit of investees	Adjustment – effect of CVM Official Letter 04/2020 (*)	Dividends	Balances in 2020
IEMadeira	1,572,737	-	25,054	58,280	(5,950)	1,650,121
IEGaranhuns	388,604	-	38,419	(21,187)	(28,077)	377,759
IEParaguaçu	103,540	127,500	81,703	71,279	-	384,022
IEAimorés	64,434	94,000	55,736	40,206	-	254,376
IEIvaí	68,689	-	99,652	23,383		191,724
Total	**2,198,004**	**221,500**	**300,564**	**171,961**	**(34,027)**	**2,858,002**

(*) Refers to impacts of the application of CVM Official Letter 04/2020 on balances for 2019, in jointly controlled subsidiaries and reclassification of balances in Parent, as shown in note 2.4.

(In thousands of reais, unless otherwise stated)

(c) Information on investments in subsidiaries

	Reporting date	Number of common shares	Share of paid-in capital - %	Paid-in capital	Assets	Liabilities	Equity	Adjusted equity (*)	Gross revenue	Profit (loss) for the year
IESerra do Japi	2020	130,857,000	100.0	130,857	546,846	75,431	471,415	-	82,008	75,449
	2019	130,857,000	100.0	130,857	516,431	80,765	435,666	-	58,898	43,103
IEMG	2020	101,695,000	100.0	101,695	139,357	38,450	100,907	75,791	29,289	(16,042)
	2019	83,055,292	100.0	83,055	125,953	27,645	98,308	71,382	17,203	1,465
IENNE	2020	338,984,000	100.0	338,984	500,951	185,941	315,010	-	50,027	17,603
	2019	338,984,000	100.0	338,984	494,570	197,163	297,407	-	49,062	23,162
IEPinheiros	2020	300,910,000	100.0	300,910	614,631	77,393	537,238	-	42,624	12,484
	2019	300,910,000	100.0	300,910	639,468	91,114	548,354	-	82,136	66,290
Evrecy	2020	21,512,367	100.0	21,512	63,131	8,015	55,116	66,530	23,493	5,668
	2019	21,512,367	100.0	21,512	53,667	4,219	49,448	63,353	7,502	4,206
IEItaúnas	2020	175,831,000	100.0	175,831	290,304	22,376	267,928	-	158,709	85,152
	2019	124,750,000	100.0	124,750	142,632	10,937	131,695	-	82,877	5,371
IETibagi	2020	96,422,000	100.0	96,422	170,453	33,929	136,524	-	49,111	39,851
	2019	89,887,000	100.0	89,887	123,000	32,862	90,138	-	106,828	606
IEItaquerê	2020	206,093,000	100.0	206,093	558,274	68,219	490,055	-	318,165	269,203
	2019	175,455,000	100.0	175,455	248,309	58,095	190,214	-	118,507	12,459
IEItapura	2020	123,046,000	100.0	123,046	155,299	13,968	141,331	-	54,054	(1,092)
	2019	79,952,000	100.0	79,952	142,644	43,315	99,329	-	88,459	19,943

(*) The adjusted equity includes the adjustments at fair value according to appraisal report as of the acquisition date.

(In thousands of reais, unless otherwise stated)

(Continuation)

	Reporting date	Number of common shares	Share of paid-in capital - %	Paid-in capital	Assets	Liabilities	Equity	Adjusted equity (*)	Gross revenue	Profit (loss) for the year
IEAguapeí	2020	304,429,000	100.0	304,429	526,533	55,465	471,068	-	430,130	165,754
	2019	101,567,000	100.0	101,567	125,210	22,758	102,452	-	83,245	831
IESul	2020	220,660,000	100.0	220,660	219,469	44,719	174,750	120,454	(4,981)	(24,613)
	2019	220,660,000	100.0	220,660	243,632	44,270	199,362	138,977	34,729	12,403
IEBiguaçu	2020	103,133,000	100.0	103,133	120,810	17,329	103,481	-	99,867	(14,115)
	2019	10,413,000	100.0	10,413	12,076	1,263	10,813	-	9,057	(1,045)
IE Riacho Grande	2020	-	100.0	-	577	19	558	-	-	-
	2019	-	-	-	-	-	-	-	-	-

(*) The adjusted equity includes the adjustments at fair value according to appraisal report as of the acquisition date.

(In thousands of reais, unless otherwise stated)

(d) Information on investments in jointly controlled subsidiaries

	2020					2019				
	IEMadeira	IEGaranhuns	IEParaguaçu	IEAimorés	IEIvaí	IEMadeira	IEGaranhuns	IEParaguaçu	IEAimorés	IEIvaí
Current assets										
Cash and cash equivalents	14,673	14,595	4,433	10,821	1,039,553	40	3,770	23	28	11,628
Short-term investments	350,636	-	9,704	5,186	-	276,806	14,720	9,140	8,074	1,658,552
Concession assets	435,367	93,321	-	-	-	540,138	87,415	-	-	-
Other assets	51,264	5,285	1,910	1,606	4,910	84,586	18,882	1,016	2,302	312
Noncurrent assets										
Concession assets	5,562,015	994,365	1,028,124	669,582	1,549,158	5,272,344	1,020,125	277,147	168,656	160,975
Other noncurrent assets	253,157	41,086	760	617	46,499	108,724	14,534	326	219	243
Current liabilities										
Borrowings and financing	182,025	33,394	50	50	50	172,426	33,678	55	55	55
Other liabilities	75,874	-	-	-	-	79,004	-	-	-	-
Noncurrent liabilities	126,681	21,260	20,808	15,993	211,242	221,127	22,533	51,843	32,711	112,769
Borrowings and financing										
Current liabilities	1,194,090	153,431	397	418	397	1,226,555	186,262	6	5	4
Debentures	361,226	-	-	-	1,727,550	397,004	-	-	-	1,562,961
Other liabilities	1,480,018	183,424	255,632	162,599	317,433	1,102,724	155,004	28,668	17,641	18,543
Equity	3,247,198	757,143	768,044	508,752	383,448	3,083,798	761,969	207,080	128,867	137,378
	IEMadeira	IEGaranhuns	IEParaguaçu	IEAimorés	IEIvaí	IEMadeira	IEGaranhuns	IEParaguaçu	IEAimorés	IEIvaí
Net operating revenue	595,800	114,990	465,661	332,922	1,188,915	613,672	91,022	229,145	136,705	100,190
Infrastructure and O&M costs	(172,375)	(21,273)	(217,932)	(164,068)	(758,274)	(26,170)	(14,063)	(221,696)	(131,755)	(92,380)
Despesas gerais e Administrativas	(44,711)	5,882	(2,127)	(1,646)	(3,321)	(56,013)	3,490	(2,450)	(1,764)	(2,085)
Finance income (costs)	(329,725)	(11,096)	428	368	(127,542)	(149,490)	(14,494)	588	422	(825)
Other operating income (expenses)	125	383	-	-	(9)	-	-	-	-	-
Income tax and social contribution	12	(13,555)	(82,622)	(56,102)	(100,468)	(110,411)	7,827	(2,507)	(1,659)	(2,630)
Proft for the year	49,126	75,331	163,408	111,474	199,301	271,588	73,782	3,080	1,949	2,270
Equity interest CTEEP (%)	51%	51%	50%	50%	50%	51%	51%	50%	50%	50%

(In thousands of reais, unless otherwise stated)

(i) Subsidiaries and jointly controlled subsidiaries

Operating agreements

Company	Incorporation	Agreement	Segment	Start of commercial operations	Substations	Installed power	Transmission lines	Extension of lines	Region
Operating									
IESerra do Japi	07.01.09	026/2009	Transmission	2012	Jandira and Salto	2,000 MVA	Botucatu – Chavantes C4	137.0	São Paulo
IEMG	12.13.06	004/2007	Transmission	2009	-	-	Neves 1 – Mesquita	172.0	Minas Gerais
IENNE	12.03.07	001/2008	Transmission	2010	-	-	Colinas – São João do Piauí	710.0	Maranhão, Piauí and Tocantins
IEPinheiros	07.22.08	015/2008	Transmission	2010	Piratininga ll, Mirassol ll, Getulina, Araras, Atibaia II, and Itapeti	4,200 MVA	Interlagos – Piratininga II	0.72	São Paulo
Evrecy	11.14.06	020/2008	Transmission	2008	Aimorés, Conselheiro Pena and Mascarenhas	450 MVA	Governador Valadares – Mascarenhas	163.0	Espírito Santo and Minas Gerais
IESul	07.23.08	016/2008	Transmission	2010	Curitiba, Forquilhinha, Jorge Lacerda, Joinville, Nova Santa Rita, Scharlau 2, Siderópolis	900 MVA	Nova Santa Rita – Scharlau, Joinville Norte – Curitiba, Jorge Lacerda B – Siderópolis and Siderópolis – Lajeado Grande	167.0	Paraná, Santa Catarina and Rio Grande do Sul
IEItapura	04.11.17	042/2017	Transmission	2019	Bauru	-125 to +250Mvar	-	-	São Paulo
IEItaquerê (*)	04.11.17	027/2017	Transmission	2020	Araraquara 2	1,800 MVA	-	-	São Paulo
IE Madeira	12.18.08	013/2009	Transmission	2013	Porto Velho rectifying station and Araraquara reversing station	7,464,0 MVA	Porto Velho – Araraquara II	2,385.0	Rondônia, Mato Grosso, Goiás, Minas Gerais and São Paulo
IE Garanhuns	10.07.11	022/2011	Transmission	2015	Garanhuns ll and Pau Ferro	2,100 MVA	Luiz Gonzaga – Garanhuns, Garanhuns – Pau Ferro, Garanhuns – Campina Grande III, Garanhuns – Angelim, Angelim I	633.0	Paraíba, Pernambuco and Alagoas
IE Tibagi (**)	04.11.17	026/2017	Transmission	2020	Rosana	500 MVA	Nova Porto Primavera – Rosana CD	18.0	São Paulo and Paraná

(*) Started operations on September 14, 2020, eleven months earlier than ANEEL's estimate under a final release instrument obtained on December 4, 2020, with the Annual Permitted Revenue (RAP) being fully received.
(**) Started operations on December 11, 2020, eight months earlier than ANEEL's estimate.

(In thousands of reais, unless otherwise stated)

Pre-operating agreements

Company	Incorporation	Agreement	Segment	Expected start of operations (*)	Substations	Installed power	Transmission lines	Extension of lines	Region	Estimated investment (**)	Contract execution date
IEItaúnas	13/01/2017	018/2017	Transmission	60 months	João Neiva 2	1,200 MVA	Viana 2 – João Neiva 2	79.0	Espírito Santo	R$297,819	02/10/17
IEItapura (***)	11/04/2017	021/2018	Transmission	48 months	Lorena	1,200 MVA	-	6.0	São Paulo	R$237,947	09/21/18
IEAguapeí	11/04/2017	046/2017	Transmission	48 months	Baguaçu e Alta Paulista	1,400 MVA	Marechal Rondon – Taquaruçu and Ilha Solteira – Bauru C1/C2	111.0	São Paulo	R$601,879	08/11/17
IEBiguaçu	06/07/2018	012/2018	Transmission	60 months	Ratones	300 MVA	-	57.0	Santa Catarina	R$641,382	09/21/18
Evrecy	12.19.2019	001/2020	Transmission	60 months	Caxias Norte	2,700 MVA	Caxias Norte – Caxias 6 C1 Caxias Norte - Vinhedos C1 Caxias Norte - Monte Claro	169.0	Rio Grande do Sul	R$681,550	03/20/20
IETibagi	12.19.2019	006/2020	Transmission	42 months	-	-	Ilha Solteira - Três Irmãos C2	37.0	Mato Grosso do Sul and São Paulo	R$98,797	03/20/20
IEMG	12.19.2019	007/2020	Transmission	60 months	Nova Ponte Araxá 3 Uberlândia 10 and Monte Alegre de Minas 2	1,600 MVA	Nova Ponte - Araxá 3 Nova Ponte - Uberlândia 10	173.0	Minas Gerais	R$553,567	03/20/20
IERiacho Grande (****)	12.17.2020	-	Transmission	60 months	São Caetano do Sul	800 MVA	Miguel Reale - São Caetano do Sul, C1/C2; Sul - São Caetano do Sul, C1/C2; Trechos LT entre SE Sul - LT Ibiúna - Tijuco Preto C2	63.0	São Paulo	R$1,140,629	03/31/21

(In thousands of reais, unless otherwise stated)

Pre-operating agreements

Company	Incorporation	Agreement	Segment	Expected start of operations (*)	Substations	Installed power	Transmission lines	Extension of lines	Region	Estimated investment (**)	Contract execution date
IEParaguaçu	11.18.2016	003/2017	Transmission	60 months	-	-	Poções III – Padre Paraíso 2 C2	338.0	Bahia and Minas Gerais	R$509,595	02.10.2017
IEAimorés	11.18.2016	004/2017	Transmission	60 months	-	-	Padre Paraíso 2 – Governador Valadares 6 C2	208.0	Minas Gerais	R$341,118	02.10.2017
IEIvaí (***)	05.17.2017	022/2017	Transmission	60 months	Guaíra, Sarandi and Paranavaí Norte	2,988 MVA	Guaíra – Sarandi, Foz do Iguaçu – Guaíra, Londrina – Sarandi, Sarandi – Paranavaí Norte	599.0	Paraná	R$1,936,474	08.11.2017

(*) Term for placement into operation as from the contract execution date, according to ANEEL's estimate.
(**) Investment, according to ANEEL's estimate.
(***) Double circuit.
(****) The term for executing the contracts, according to ANEEL´s estimate, is March 31, 2021.

(ii) Business combination

On December 2, 2020, the Company entered into the purchase and sale agreement with Wire Fundo de Investimento em Participações Multiestratégia e Fundo de Investimento em Participações em Infraestrutura Kavom for the acquisition, directly and indirectly, of all shares in the capital of Piratininga - Bandeirantes Transmissora de Energia S.A. (PBTE). The shares in PBTE will be indirectly acquired by purchasing all shares in the capital of its Parent, SF Energia Participações S.A.

The purchase price is R$1,594,000, considering the estimated net debt of R$292 million and will be subject to the price adjustment mechanisms established in the purchase and sale agreement, which will occur after approval by the regulatory bodies. PBTE operates a 30km underground transmission line in the city of São Paulo, which was placed into operation in April 2020, interconnecting CTEEP´s substations Piratininga II and Bandeirantes.

The operation was approved by the Brazilian Antitrust Authority (CADE) On January 19, 2021 and, on February 01, 2021, obtained the early authorization of ANEEL (note 36).

(iii) Jointly controlled subsidiary

Interligação Elétrica do Madeira S.A.

- **Arbitration process:**

  IE Madeira is a party to an arbitration process at the Reconciliation and Arbitration Chamber of Fundação Getúlio Vargas, in Rio de Janeiro, against Transformadores e Serviços de Energia das Américas Ltda., formerly “Toshiba América do Sul Ltda.” (“Toshiba”), engaged in July 2010 to build approximately 900 km of IE Madeira transmission line, stretches 1A, 1B and 2B. On June 25, 2020, the Arbitration Court issued its final decision, after the clarification stage, and decided that IE Madeira shall pay Toshiba an indemnity of R$285,061, already adjusted for inflation based on IPCA plus interest of 1% per month and a fine of 2%. IEMadeira recognized a provision to cover potential losses from this lawsuit and, in August 26, 2020, a settlement was made to pay the debt, 40% payable in cash and the remaining balance in 48 monthly installments plus inflation adjustment and interest.

(In thousands of reais, unless otherwise stated)

12 Property, plant and equipment

Refers mainly to chattels used by the Company and not related to the concession arrangement.

					Parent
			2020	2019	Average annual depreciation rates
	Cost	Accumulated depreciation	Net	Net	%
Land	2,060	-	2,060	2,060	-
Buildings	1,246	(947)	299	37	4,00%
Lease of buildings (i)	53,930	(7,477)	46,453	40,392	10,37%
Machinery and equipment	7,958	(2,869)	5,089	4,097	5,67%
Furniture and fixtures	13,145	(6,449)	6,696	1,836	3,89%
IT equipment	21,683	(15,364)	6,319	6,566	11,69%
Vehicles	10,196	(7,527)	2,669	4,127	14,29%
Lease of vehicles (i)	17,694	(13,231)	4,463	8,158	35,00%
Leasehold improvements	10,071	(525)	9,546	679	12,50%
Construction in progress	7,590	-	7,590	17,747	-
	145,573	**(54,389)**	**91,184**	**85,699**	

(i) Depreciation rate over the lease agreement term.

					Consolidated
			2020	2019	Taxas médias anuais de depreciação
	Cost	Accumulated depreciation	Net	Net	%
Land	2,060	-	2,060	2,060	-
Buildings	1,246	(947)	299	37	4.00%
Lease of buildings (i)	55,837	(7,690)	48,147	40,838	10.37%
Machinery and equipment	8,015	(2,875)	5,140	4,150	5.67%
Furniture and fixtures	13,155	(6,450)	6,705	1,843	3.89%
IT equipment	21,731	(15,395)	6,336	6,590	11.69%
Vehicles	10,196	(7,528)	2,668	4,127	14.29%
Lease of vehicles (i)	17,956	(13,490)	4,466	8,289	35.25%
Leasehold improvements	10,071	(525)	9,546	679	12.50%
Construction in progress	7,624	-	7,624	17,764	-
	147,891	**(54,900)**	**92,991**	**86,377**	

(i) Depreciation rate over the lease agreement term.

(In thousands of reais, unless otherwise stated)

Changes in property, plant and equipment are as follows:

					Parent
	Balances in 2018	**Additions**	**Depreciation**	**Write-offs / Transfers**	**Balances in 2019**
Land	2,060	-	-	-	2,060
Buildings	38	-	(1)	-	37
Lease of buildings (i)	-	52,539	(4,291)	(7,856)	40,392
Machinery and equipment	3,599	-	(352)	850	4,097
Furniture and fixtures	1,761	-	(256)	331	1,836
IT equipment	5,754	-	(2,210)	3,022	6,566
Vehicles	5,570	-	(1,457)	14	4,127
Lease of vehicles (i)	759	13,785	(6,386)	-	8,158
Leasehold improvements	702	-	(23)	-	679
Construction in progress	5,204	18,517	-	(5,974)	17,747
	25,447	**84,841**	**(14,976)**	**(9,613)**	**85,699**

					Parent
	Balances in 2019	**Additions**	**Depreciation**	**Write-offs / Transfers**	**Balances in 2020**
Land	2,060	-	-	-	2,060
Buildings	37	-	(3)	265	299
Lease of buildings	40,392	10,785	(5,201)	477	46,453
Machinery and equipment (*)	4,097	-	(396)	1,388	5,089
Furniture and fixtures	1,836	-	(384)	5,244	6,696
IT equipment	6,566	4	(1,908)	1,657	6,319
Vehicles	4,127	-	(1,458)	-	2,669
Lease of vehicles	8,158	3,624	(6,842)	(477)	4,463
Leasehold improvements	679	-	(545)	9,412	9,546
Construction in progress	17,747	7,497	-	(17,654)	7,590
	85,699	**21,910**	**(16,737)**	**312**	**91,184**

(*) Transfer of R$971 from intangible assets.

(In thousands of reais, unless otherwise stated)

	Consolidated				
	Balances in 2018	**Additions**	**Depreciation**	**Write-offs / Transfers**	**Balances in 2019**
Land	2,060	-	-	-	2,060
Buildings	38	-	(1)	-	37
Lease of buildings	-	53,163	(4,469)	(7,856)	40,838
Machinery and equipment	3,599	-	(354)	905	4,150
Furniture and fixtures	1,764	-	(256)	335	1,843
IT equipment	5,767	-	(2,217)	3,040	6,590
Vehicles	5,570	-	(1,457)	14	4,127
Lease of vehicles	759	14,104	(6,541)	(33)	8,289
Leasehold improvements	702	-	(23)	-	679
Construction in progress	5,280	18,533	-	(6,049)	17,764
	25,539	**85,800**	**(15,318)**	**(9,644)**	**86,377**

	Consolidated				
	Balances in 2019	**Additions**	**Depreciation**	**Write-offs / Transfers**	**Balances in 2020**
Land	2,060	-	-	-	2,060
Buildings	37	-	(3)	265	299
Lease of buildings	40,838	12,220	(5,388)	477	48,147
Machinery and equipment (*)	4,150	-	(401)	1,391	5,140
Furniture and fixtures	1,843	-	(385)	5,247	6,705
IT equipment	6,590	4	(1,915)	1,657	6,336
Vehicles	4,127	-	(1,459)	-	2,668
Lease of vehicles	8,289	3,618	(6,964)	(477)	4,466
Leasehold improvements	679	-	(545)	9,412	9,546
Construction in progress	17,764	7,520	-	(17,660)	7,624
	86,377	**23,362**	**(17,060)**	**312**	**92,991**

(*) Transfer of R$971 from intangible assets.

(In thousands of reais, unless otherwise stated)

13 Intangible assets

	Parent		Consolidated	
	2020	2019	2020	2019
ERP-SAP and software (a)	12,257	10,168	13,084	11,291
Concession asset generated in the acquisition of subsidiary (b)	-	-	11,415	13,905
	12,257	**10,168**	**24,499**	**25,196**

(a) Primarily refers to expenses incurred to upgrade ERP-SAP and software licenses, amortized on a straight-line basis over five years.

(b) Refers to the concession asset, determined according to a report prepared by an independent firm, generated on the acquisition of subsidiary Evrecy, whose economic basis is the expected earnings during the effective concession agreement term. The concession asset (Agreement 02/2008) is amortized over the subsidiary concession agreement, which matures on July 17, 2025, as determined by ICPC 09 (R2) - Individual Financial Statements, Separate Financial Statements, Consolidated Financial Statements and Application of the Equity Method of Accounting.

The changes in intangible assets are as follows:

	Parent	Consolidated
Balance in 2018	**11,878**	**30,142**
Additions	2,600	2,871
Write-offs	(646)	(646)
Amortization	(3,664)	(7,171)
Balance in 2019	**10,168**	**25,196**
Additions	5,511	5,511
Transfers (*)	(971)	(971)
Amortization	(2,451)	(5,237)
Balances in 2020	**12,257**	**24,499**

(*) Transfer to property, plant and equipment.

(In thousands of reais, unless otherwise stated)

14 Borrowings and financing

Borrowings and financing are broken down as follows:

a) Local Currency

Agreement	Company	Borrowing amount	Start date	Charges	IRR p.a.	Final date	Purpose	Payment conditions	Collateral	Financial ratio (***)	Parent 2020	Parent 2019	Consolidated 2020	Consolidated 2019
BNDES														
Agreement 13.2.1344.1 (*)	CTEEP	284,136	12.23.2013	TJLP + 1.80% p.a.	8.35%	03.15.29	Pluriannual Investment Plan 2012 - 2015	Quarterly interest through March 2015 and payment of principal and interest beginning April 2015	Bank guarantee	Net debt/EBITDA < 3.0 and Net debt/Net debt + Equity < 0.6	159,057	178,166	159,057	178,166
		105,231		3.50% p.a.	3.60%	01.15.24					31,455	41,664	31,455	41,664
		1,940		TJLP	6.17%	03.15.29					23	26	23	26
Agreement 17.2.0291.2 (*)	CTEEP	272,521	08.08.2017	TJLP + 2.62% p.a.	7.04%	03.15.32	Pluriannual Investment Plan 2016 - 2019	Principal and monthly interest beginning April 15, 2018	Fiduciary assignment	Net debt/EBITDA < 3.0 and Net debt/Net debt + Equity < 0.6	218,877	234,145	218,877	234,145
		1,378		TJLP	4.98%	03.15.32					29	-	29	-
Agreement 13.2.0650.1	Pinheiros	23,498	08.13.2013	TJLP + 2.06% p.a.	7.55%	02.15.28	Finance Projects of Lot K - Auction 004/2008	Principal and interest - 168 monthly installments beginning March 15, 2014	-	DSCR of at least 1.3 determined annually	-	-	3,932	4,482
				3.50% p.a.	3.55%	04.15.23					-	-	4,226	6,037
Agreement 10.2.2034.1	Pinheiros	119,886	12.30.2010	TJLP + 2.62% p.a.	8.28%	05.15.26	Finance Projects of Lots E, H and K - Auction 004/2008	Principal and interest - 168 monthly installments beginning September 15, 2011	-	ICSD de no mínimo 1.3 apurado anual	-	-	19,543	23,326
				5.50% p.a.	5.78%	01.15.21					-	-	838	10,888

(In thousands of reais, unless otherwise stated)

Agreement	Company	Borrowing amount	Start date	Charges	IRR p.a.	Final date	Purpose	Payment conditions	Collateral	Financial ratio (***)	Parent 2020	Parent 2019	Consolidated 2020	Consolidated 2019
Agreement 11.2.0842.1	IE Serra do Japi	93,373	10.28.2011	TJLP + 1.95% p.a.	8.20%	05.15.2026	Finance Projects of Lot I - Auction 001/2009	Principal and interest - 168 monthly installments beginning June 15, 2012	-	DSCR of at least 1.2 determined annually	-	-	20,881	24.741
				TJLP + 1.55% p.a.	7.90%	05.15.2026					-	-	18,044	21.380
Agreement 08.2.0770.1	IEMG	70,578	01.14.2009	TJLP + 2.39% p.a.	7.93%	04.15.2023	Finance Projects of Lot D - Auction 005/2006	Principal and interest - 168 monthly installments beginning May 15, 2009	-	DSCR of at least 1.3 determined annually	-	-	12,324	17.610
Agreement 10.2.1883.1	IESUL	18,166	12.21.2010	5.5% p.a.	5.50%	01.15.2021	Finance Projects of Lot F - Auction 004/2008	Principal and interest - 168 monthly installments beginning June 15, 2011	-	DSCR of at least 1.3 determined annually	-	-	93	1.213
				TJLP + 2.58% p.a.	7.72%	05.15.2025					-	-	3,372	4.136
Agreement 13.2.0422.1	IESUL	28,200	06.28.2013	3.0% p.a.	3.00%	04.15.2023	Finance Projects of Lot I - Auction 004/2008	Principal and interest - 168 monthly installments beginning May 26, 2014	-	DSCR of at least 1.3 determined annually	-	-	2,781	3.972
				TJLP + 2.58% p.y.	7.93%	02.2028					-	-	5,942	6.772
Eletrobrás	CTEEP	-	-	8.0% p.a.	8.00%	11.15.2021	-	-	-	-	19	35	19	35
CCB	CTEEP	650,000	04.30.2020	CDI + 2.45% p.a.	3.90%	04.20.2022	-	Principal by final maturity and quarterly interest	-	-	653,317	-	653,317	-
BNB	IENNE	220,000	05.19.2010	10.0% p.a.	10.00 %	05.19.2030	Finance Projects of Lot A - Auction 004/2008	Quarterly interest through May 2012 and monthly beginning June 2012	Reserve account held in BNB	-	-	-	148,176	160.307
Total in local currency											1,062,777	454,036	1,302,929	738,900

(In thousands of reais, unless otherwise stated)

b) Foreign currency

									Parent		Consolidated	
Agreement	Company	Borrowing amount	Start date	Charges	IRR p.a.	Final date	Financial ratio	Payment conditions	2020	2019	2020	2019
Law No. 4131(**)												
MUFG	CTEEP	USD 75,000	07.20.2018	Forex + 3.3415% p.a. + IR (swap for 102.3% CDI)	5.73%	07.20.2020	Net Debt / EBITDA < 3.5 EBITDA / Finance income (costs) > 2.0	Quarterly interest and principal by final maturity	-	306,069	-	306.069
CITI	CTEEP	USD 75,000	08.24.2018	Forex + Libor 3M + 0.47% p.a. + IR (swap for 102.3% CDI)	5.63%	08.24.2020	Net Debt / EBITDA < 3.5 EBITDA / Finance income (costs) > 2.0	Quarterly interest and principal by final maturity	-	302,407	-	302.407
Total in foreign currency									**-**	**608.476**	**-**	**608,476**
Total in local and foreign currency									**1.062.777**	**1.062.512**	**1.302.929**	**1,347,376**
Current									**54.330**	**658,553**	**94,628**	**709.928**
Noncurrent									**1.008.447**	**403,959**	**1,208,301**	**637,448**

(*) For purposes of BNDES calculation and to show that such ratios were reached, the Company consolidates all subsidiaries and jointly-controlled subsidiaries (proportionately to its equity interest), provided that the equity interest held is equal or higher than 10%.

(**) The effects of contracting swap financial instruments for foreign currency contracts 4131 are described in note 31.

- On July 20, 2020, the foreign currency borrowing, hedged by a currency (reais) swap contract with Banco MUFG under Law No. 4.131, in the net amount of R$306,963, was settled.
- On July 24, 2020, the foreign currency borrowing, hedged by a currency (reais) swap contract with Citibank under Law No. 4.131, in the net amount of R$318,747, was settled.

(***) The EBITDA is calculated according to the methodology defined in the respective agreement with BNDES, MUFG, and CITI.

(In thousands of reais, unless otherwise stated)

The noncurrent portion of borrowings and financing is as follows:

	Parent		Consolidated	
	2020	**2019**	**2020**	**2019**
2021	-	48,410	-	82,097
2022	698,096	48,410	731,628	81,943
2023	48,757	48,410	77,583	77,236
2024	39,429	39,081	66,293	65,946
2025	38,581	38,233	65,484	65,137
2026	38,581	38,233	59,704	59,218
2027 to 2031	140,154	138,418	202,759	201,108
2032 to 2032	4,849	4,764	4,850	4,763
	1,008,447	**403,959**	**1,208,301**	**637,448**

Changes in borrowings and financing are as follows:

	Parent	Consolidated
Balances in 2018	**1,220,781**	**1,549,244**
Additions	100,000	100,000
Repayment of principal	(295,105)	(336,849)
Payment of interest	(66,025)	(91,512)
Interest, inflation adjustment and exchange rate changes	102,861	126,493
Balances in 2019	**1,062,512**	**1,347,376**
Additions	655,516	655,516
Repayment of principal	(870,868)	(913,352)
Payment of interest	(62,671)	(84,304)
Interest, inflation adjustment and exchange rate changes	278,288	297,693
Balances in 2020	**1,062,777**	**1,302,929**

(In thousands of reais, unless otherwise stated)

The Company participates as intervening guarantor, to the limit of its interests in subsidiaries, jointly controlled subsidiaries, in their financing agreements, as shown below:

Subsidiary	Equity interest in subsidiary	Bank	Debt type	Outstanding balance at 12.31.2020	Type of collaterals	Balance guaranteed by CTEEP	
IE Pinheiros	100%	BNDES	FINEM and PSI	8,158	Pledge of shares	8,158	02.15.2028
IE Pinheiros	100%	BNDES	FINEM and PSI	20,381	Pledge of shares	20,381	05.15.2026
IE Serra do Japi	100%	BNDES	FINEM	38,925	Pledge of shares	38,925	05.15.2026
IEMG	100%	BNDES	FINEM	12,324	Pledge of shares	12,324	04.15.2023
IESul	100%	BNDES	FINEM and PSI	3,465	Pledge of shares	3,465	05.15.2025
IESul	100%	BNDES	FINEM and PSI	8,723	Pledge of shares	8,723	02.15.2028
IENNE	100%	Banco do Nordeste	FNE	148,176	Pledge of shares/corporate	148,176	05.19.2030
IE Madeira	51%	Banco da Amazônia	Bank credit note	296,333	Pledge of shares	151,130	01.10.2033
IE Madeira	51%	BNDES	FINEM and PSI	1.079.782	Pledge of shares	550.689	02.15.2030
IE Madeira	51%	Itaú/BES	Infrastructure debentures	437,100	Pledge of shares/corporate	222,921	03.18.2025
IE Garanhuns	51%	BNDES	FINEM and PSI	186,725	Pledge of shares	95,230	12.15.2028
IE Ivaí	50%	Itaú	Infrastructure debentures	1,727,550	Pledge of shares Corporate guarantee	863,775	12.15.2043 01.15.2024

In addition to the collaterals mentioned above, the financing agreements between the subsidiaries and jointly-controlled subsidiaries with the development banks (BNDES/BASA/BNB) require the creation and maintenance of a reserve account for the debt service in an amount equivalent to three to six times the last installment paid under the financing, including the portion of principal and interest, classified under restricted cash in the balance sheet in the amount of R$10,349, Parent, and R$41,160, consolidated (R$10,152, Parent, and R$39,987, consolidated, at December 31, 2019).

The BNDES financing agreements and debentures of subsidiaries and jointly controlled subsidiaries contain covenants that require the maintenance of financial indicators for the Debt Service Coverage Ratio (DSCR) as well as cross default clauses that provided for the acceleration of payment in case of failure to comply with the obligations under the agreements.

As of December 31, 2020, no payment had been accelerated due to the covenants under the agreements with the Parent, subsidiaries, and jointly controlled subsidiaries.

(In thousands of reais, unless otherwise stated)

15 Debentures

	Maturity	Number	Charges	IRR p.a.	Parent and Consolidated 2020	Parent and Consolidated 2019
Single series (i)	07.15.2021	148,270	IPCA + 6.04%	8.1%	176,460	168,545
Single series (ii)	02.15.2024	300,000	IPCA + 5.04%	6.9%	352,490	336,910
Single series (iii)	12.13.2020	350,000	105.65% do CDI p.a.	5.9%	-	350,368
Single series (iv)	04.15.2025	621,000	IPCA+ 4.70%	6.5%	681,986	651,017
Single series (v)	12.15.2029	409,325	IPCA+3.50%	5.6%	407,032	389,639
1st series (vi)	11.15.2028	800,000	CDI + 2.83%	8.3%	795,750	-
2nd series (vi)	05.15.2044	800,000	IPCA + 5.30%	9.6%	765,548	-
					3,179,266	**1,896,479**
Current					**217,948**	**367,508**
Noncurrent					**2.961.318**	**1.528.971**

(i) In August 2016, the Company issued 148,270 infrastructure debentures, in accordance with article 2 paragraph 1 of Law No. 12431/2001 in a single series, to a total amount of R$148,270 with the purpose of reimbursing contributions and investments in jointly controlled subsidiaries IEMadeira and IEGaranhuns. These debentures will mature on July 15, 2021 and yield will be paid annually in July of each year, with the first installment due on July 15, 2017.

Financial ratios established in the indenture are as follows: Net Debt/EBITDA(*) >3.5 and EBITDA(*)/Finance Income (Costs) > 1.5 through the measurement made as of June 30, 2017 and, as from the measurement made at September 30, 2017, > 2.0.

(ii) In March 2017, the Company issued 300,000 infrastructure debentures under article 2, paragraph 1, of Law No. 12431/2001, in a single series, in the total amount of R$300,000, to cover future payments and/or reimbursement of expenditures, expenses or debts relating to investments in enhancements and improvements in transmission facilities, encompassing the installation, replacement or renovation with a view to maintain proper quality services, the reliability of the National Interconnected System (SIN), the useful life of equipment and/or connect new users. Debentures will mature on February 15, 2024 and yield will be paid every February of each year, the first installment was paid on February 15, 2018. Issuance costs, net of transaction costs, amounted to R$292,603. Costs are recognized in profit or loss over the transaction term.

Financial ratios established in the indenture are as follows: Net Debt/EBITDA(*) < 3.5 and EBITDA(*)/Finance Income (Costs) > 1.5 through the measurement made as of June 30, 2017 and, as from the measurement made at September 30, 2017, > 2.00.

(iii) In December 2017, the Company issued 350,000 debentures, in a single series, in the total amount of R$350,000, exclusively for working capital purposes and to extend the financial liabilities. Debentures matured on December 13, 2020 and yield was paid on a semi-annual basis in June and December of each year, the first installment was paid on June 13, 2018. Issuance costs, net of transaction costs, amounts to R$348,041. The costs were recognized in profit or loss over the transaction term.

The financial indicators established in the indenture are Net Debt/EBITDA(*) < 3.5 and EBITDA(*)/Finance Income (Costs) > 2.00.

(*) The EBITDA is calculated according to the methodology defined in the agreement.

(iv) In May 2018, the Company issued 621,000 infrastructure debentures, under article 2 of Law No. 12.431/2011, in a single series, in the total amount of R$621,000, with a view to reimburse the costs incurred in up to 24 months as of the disclosure of the Offering Closing Notice, or future payment in the scope of the investment in IEParaguaçu, IEAimorés, IEItaúnas, IEIvaí, IETibagi, IEItaquerê, IEItapura, and IEAguapeí projects. Debentures were classified as “green bonds”, since their proceeds will contribute to the sustainable development by supporting the generation of renewable energy, according to an independent opinion of specialists experienced and having technical capacity in the sustainability field, disclosed in May 2018 on the Company’s website. Debentures will mature on April 15, 2025 and yield will be paid on a semi-annual basis in October and April of each year; the first installment was paid on October 15, 2018. Issuance costs, net of transaction costs, amounts to R$603,877. The costs will be recognized in profit or loss over the transaction term.

(v) In December 2019, the Company issued 409,325 infrastructure debentures, under article 2 of Law No. 12.431/2011, in a single series, in the total amount of R$409,325, with a view to reimburse the costs incurred in up to 24 months as of the disclosure of the Offering Closing Notice, or future payment in the scope of the investment in IEParaguaçu, IEAimorés, IEItaúnas, IETibagi, IEItaquerê, IEItapura, IEAguapeí, and IEBiguaçu projects. Debentures were classified as “green bonds”, since their proceeds will contribute to the sustainable development by supporting the generation of renewable energy, according to an independent opinion of specialists experienced and having technical capacity in the sustainability field, disclosed in December 2019 on the Company’s website. Debentures will mature on December 15, 2027, December 15, 2028 and December 15, 2029, and yield will be paid on a semi-annual basis in June and December of each year; the first installment was paid on June 15, 2020. Issuance costs, net of transaction costs, amount to R$387,852. The costs are recognized in profit or loss over the transaction term.

(vi) In December 2020, the Company issued 1,600,000 debentures, in two series, in the total amount of R$1,600,000, payable in May 2044. The first series, in the total amount of R$800,000 is exclusively intended for working capital purposes and to extend the financial obligation. The 1st series debentures will mature on November 15, 2028, with yield payable semiannually in May and November of each year.

The 2nd series infrastructure debentures, in the total amount of R$800,000, under article 2 of Law No. 12.431/2011, intended to reimburse the costs incurred in up to 24 months as of the disclosure of the Offering Closing Notice, or future payment in the scope of the investment in IEParaguaçu, IEAimorés, IEItaúnas, IEItaquerê, IEItapura, IEAguapeí, and IEBiguaçu projects and in retrofitting projects in ISA CTEEP’s electric power transmission facilities. Debentures were classified as “green bonds”, since their proceeds will contribute to the sustainable development by supporting the generation of renewable energy, according to the “Green Finance Framework”, disclosed in November 2020 on the Company’s website, and the evaluation and independent opinion of specialists experienced and having technical capacity in the sustainability field. The 2nd series debentures will mature on May 15, 2044, with yield payable semiannually in May and November of each year. The total issue amount, net of transaction costs, is R$1,555,745. Costs are recognized in profit or loss over the transaction term.

All requirements and covenants set out in the indentures of the issuances have been properly met and satisfied by the Company and its subsidiaries through the reporting date.

Issuance costs recognized in the respective financial transactions through December 31, 2020 totaled R$97,691. The balance of the remaining costs to be recognized beginning December 31, 2020 is R$77,468.

(In thousands of reais, unless otherwise stated)

The noncurrent portion of installments matures as follows:

	2020	2019
2021	-	165,019
2022	25,395	-
2023	26,007	-
2024	365,486	324,284
2025	706,316	648,296
2026	292,121	-
2027 to 2031	1,084,287	391,372
2032 to 2036	165,988	-
2037 to 2041	190,848	-
2042 to 2044	104,870	-
	2,961,318	**1,528,971**

Changes in debentures are as follows:

Balances in 2018	**1,465,211**
Additions	409,325
Payments of interest	(78,209)
Interest and inflation adjustment	100,152
Balances in 2019	**1,896,479**
Additions	1,600,000
Repayment of principal	(350,000)
Payment of interest	(82,840)
Interest and inflation adjustment	115,627
Balances in 2020	**3,179,266**

(In thousands of reais, unless otherwise stated)

16 Leases

Leases are broken down as follows:

						Parent		Consolidated	
Agreement	Contractual Amount	Start date	Rate	End date	Payment conditions	2020	2019	2020	2019
Vehicle leases	13,278	06.01.2017 to 06.01.2020	0.58% p.m.	10.31.2020 to 03.14.2024	principal and monthly interest	4,168	8,058	4,168	8.210
Property lease	10,885	09.01.2018 to 07.01.2019	0.58% p.m.	08.31.2022 to 06.30.2029	principal and monthly interest	47,647	41,227	49,369	41.686
Total leases						**51,815**	**49,285**	**53,537**	**49,896**
Current						**8,603**	**9,642**	**8,795**	**9,948**
Noncurrent						**43,212**	**39,643**	**44,742**	**39,948**

(In thousands of reais, unless otherwise stated)

The noncurrent portion of leases matures as follows:

	Parent		Consolidated	
	2020	2019	2020	2019
2021	-	3,959	-	4,015
2022	6,162	4,291	6,357	4,317
2023	5,689	4,109	5,887	4,137
2024	5,578	4,300	5,778	4,330
2025 to 2029	25,783	22,984	26,720	23,149
	43,212	**39,643**	**44,742**	**39,948**

Changes in leases are as follows:

	Parent	Consolidated
Balances in 2018	**512**	**512**
Additions	58,468	59,377
Payments	(11,838)	(12,165)
Interest	2,143	2,172
Balances in 2019	**49,285**	**49,896**
Additions	14,409	15,836
Payments	(12,921)	(13,275)
Interest	1,042	1,080
Balances in 2020	**51,815**	**53,537**

According to Official Circular Letters No. 02/2019 and No. 01/2020, issued on December 18, 2019 and February 05, 2020, respectively, the inflation effects on the balances reported in the financial statements relating to CPC 06 (R2) (IFRS 6) are as follows: (i) right of use of R$13,290, Parent, and R$14,391, consolidated; (ii) lease liability of R$9,384, Parent, and R$10,140, consolidated; (iii) depreciation of R$1,444, Parent, and R$1,558, consolidated; and (iv) finance income of R$3,345, Parent, and R$3,625, consolidated.

(In thousands of reais, unless otherwise stated)

17 Taxes and payroll charges payable

	Parent		Consolidated	
	2020	**2019**	**2020**	**2019**
Income tax	147,518	24,325	149,012	25,266
Social contribution	47,544	12,681	48,409	13,343
Cofins (tax on revenue)	33,654	27,213	34,459	27,883
PIS (tax on revenue)	6,852	5,457	7,027	5,603
INSS (Social Security Contribution)	5,426	5,504	7,551	5,976
ISS (Service tax)	1,614	1,975	2,712	2,495
Severance Pay Fund (FGTS)	-	1,921	-	1,921
Withholding income tax	4,128	4,122	4,255	4,164
Other	1,713	5,159	2,189	5,455
	248,449	**88,357**	**255,614**	**92,106**

18 Deferred PIS and Cofins (taxes on revenue)

	Parent		Consolidated	
	2020	**2019**	**2020**	**2019**
PIS	210,824	191,665	234,846	211,410
Cofins	970,923	882,821	1,081,876	973,913
	1,181,747	**1,074,486**	**1,316,722**	**1,185,323**

Deferred PIS and Cofins relate to infrastructure implementation revenues and compensation from concession assets determined on the contractual financial asset recorded in the proper accounting period. Payment is made as monthly revenues are billed, as provided for in Law No. 12973/14.

19 Regulatory charges payable

	Parent		Consolidated	
	2020	**2019**	**2020**	**2019**
Research & Development - R&D (i)	75,083	72,634	81,608	78,018
Global Reversal Reserve (RGR)	548	548	548	548
Energy Development Account - CDE (ii)	12,721	8,730	12,721	8,730
Alternative Power Sources Incentive Program (Proinfa)	2,260	1,889	2,260	1,889
ANEEL inspection fee	-	-	385	387
	90,612	**83,801**	**97,522**	**89,572**
Current	**47,390**	**47,187**	**49,457**	**48,336**
Noncurrent	**43,222**	**36,614**	**48,065**	**41,236**

(In thousands of reais, unless otherwise stated)

(i) The Company and its subsidiaries recognize obligations relating to tariff amounts already billed (1% of net operating revenue), applied to the Research and Development (R&D) Program, monthly adjusted, as from the second month subsequently to its recognition through its actual realization, based on Selic (The Central Bank interest rate) as established in ANEEL Resolutions 300/2008 and 316/2008. According to Official Letter No. 0003/2015, of May 18, 2015, expenditures applied to R&D are accounted for in assets and, by completion of the project, recognized as obligation settled and, subsequently, submitted to audit and final evaluation by ANEEL. The amount invested in projects not completed by December 31, 2020 totals R$26,002 (R$25,824 at December 31, 2019) and is recorded in other assets.

(ii) The CDE is a fee transmission companies are required to transfer based on amounts collected from free consumers.

20 Payroll and related taxes

	Parent and Consolidated	
	2020	**2019**
Vacation and related taxes	32,147	20,589
Profit sharing (PRL)	12,947	12,752
	45,094	**33,341**

21 Provisions

(a) Provision for risks

Lawsuits are assessed periodically and classified based on their likelihood of loss for the Company and its subsidiaries. Provisions are recognized for all lawsuits for which it is probable that an outflow of funds will be required to settle the obligation and a reliable estimate can be made.

Lawsuits assessed as probable loss are as follows:

	Parent		Consolidated	
	2020	**2019**	**2020**	**2019**
Labor (i)	50,535	54,619	50,569	54,740
Civil (ii)	1,748	3,269	1,748	6,935
Tax - IPTU (property tax) (iii)	2,192	388	2,192	388
Land (iv)	2,669	-	33,923	-
Other	250	304	250	304
	57,394	**58,580**	**88,682**	**62,367**

(i) Labor

The Company is a defendant in certain lawsuits that are under discussion at different courts relating to claims of salary equalization, overtime, hazardous duty premium, among others. The Company made judicial deposits for labor claims in the amount of R$29,038, Parent, and R$29,087, consolidated (R$26,555, Parent, and R$26,604, consolidated, as of December 31, 2019), as shown in note 10.

(In thousands of reais, unless otherwise stated)

(ii) Civil

The Company is a party to civil lawsuits relating to issues including real estate, indemnities, collections, annulment and class actions arising in the normal course of business, that is, operation and maintenance of transmission lines, substations and equipment under the electric power transmission concession agreements.

(iii) Tax – IPTU (property tax)

The Company is a party to proceedings relating to the collection of Property Tax (IPTU) and recognizes a provision to cover debts to the government of various municipalities in the State of São Paulo.

(iv) Land

Civil-land lawsuits to which subsidiaries are parties relating to properties, involving right of ways, expropriation, indemnities, collections, and other claims arising in the normal course of business, that is, operation and maintenance of transmission lines, substations and equipment under the electric power transmission concession agreements.

(v) Changes in provisions are as follows:

						Parent
	Labor	**Civil**	**Tax – IPTU (property tax)**	**Land**	**Other**	**Total**
Balances in 2018	**86,763**	**2,900**	**996**	**-**	**6**	**90,665**
Recognition	13,319	1,190	5	-	275	14,789
Reversal	(30,986)	(608)	(631)	-	(7)	(32,232)
Payment	(21,445)	(555)	(33)	-	-	(22,033)
Adjustment	6,968	342	51	-	30	7,391
Balances in 2019	**54,619**	**3,269**	**388**	**-**	**304**	**58,580**
Recognition	18,639	554	2,176	2,799		24,168
Reversal	(13,083)	(2,312)	(387)	(242)	(59)	(16,083)
Payment	(14,783)	(142)	-	-	-	(14,925)
Adjustment	5,143	379	15	112	5	5,654
Balances in 2020	**50,535**	**1,748**	**2,192**	**2,669**	**250**	**57,394**

(In thousands of reais, unless otherwise stated)

	Consolidated					
	Labor	**Civil**	**Tax – IPTU (property tax)**	**Land**	**Other**	**Total**
Balances in 2018	**86,765**	**2,941**	**996**	**-**	**6**	**90,708**
Recognition	13,437	4,761	5	-	275	18,478
Reversal	(30,986)	(794)	(631)	-	(7)	(32,418)
Payment	(21,445)	(555)	(33)	-	-	(22,033)
Adjustment	6,969	582	51	-	30	7,632
Balances in 2019	**54,740**	**6,935**	**388**	**-**	**304**	**62,367**
Recognition	18,640	734	2,176	33,700	-	55,250
Reversal	(13,181)	(6,363)	(387)	(467)	(59)	(20,457)
Payment	(14,783)	(142)	-	-	-	(14,925)
Adjustment	5,153	584	15	690	5	6,447
Balances in 2020	**50,569**	**1,748**	**2,192**	**33,923**	**250**	**88,682**

(b) Lawsuits whose likelihood of loss is assessed as possible - Parent and consolidated

The Company and its subsidiaries are parties to labor, civil, social security and tax lawsuits involving risks of loss which, based on the assessment of the legal counsel, Management classified as possible loss, in the estimated amounts of R$771,066 and R$780,482 as of December 31, 2020 (R$607,435 and R$612,961 as of December 31, 2019), Parent and consolidated, respectively, for which no provision was recognized.

	Parent		Consolidated	
Classification	**Number of claims**	**Total**	**Number of claims**	**Total**
Labor	142	19,042	143	19,065
Civil	63	60,768	70	62,654
Civil - Land	7	3,856	33	10,716
Social security	31	2,383	31	2,383
Civil - Annulment of merger of EPTE by CTEEP (i)	2	396,824	2	396,824
Tax - Goodwill amortization (ii)	2	169,560	2	169,560
Tax – negative basis of CSLL (iii)	1	29,550	1	29,550
Tax - IPTU (property tax)	145	80,731	146	80,741
Tax - Other	35	8,352	39	8,989
	428	**771,066**	**467**	**780,482**

(i) Annulment of merger of EPTE by CTEEP

- **Declaratory Action**

Lawsuit whereby minority shareholders claim the annulment of EPTE's merger by the Company or, in a jointly liable manner, the declaration of its right to withdrawal and determination of the payment of the share reimbursement value. Currently in the execution phase, pending final assessment of the pre-enforcement exception. The Company filed a cancellation claim and obtained an injunction conditioned to the possible raising of amounts by the filing party in order to submit a suitable surety. The injunction was overruled and the Company filed an appeal and awaits judgment. In the primary action, the minority shareholders have been complying with the decision on a temporary basis; the company's objection was held partially valid and the Company filed an appeal.

- **Action for damages**

In October 2020, the minority shareholders started a new action against the Company claiming that the indemnity for the value of the shares be calculated based on the RBSE report. The minority shareholders submitted an economic technical report indicating the amount of around R$133 million for the lawsuit. The lawsuit is in discovery phase.

(ii) Tax - Goodwill amortization

Lawsuits arising from tax assessment notices issued by the Federal Revenue Service from 2013 to 2017 (period from 2008 to 2013), relating to the goodwill paid by ISA Capital on the acquisition of CTEEP shareholding control.

- The 2008 case was judged at the higher court of the Administrative Board of Tax Appeals (CARF), which granted an unfavorable decision. The Company started a lawsuit which was partially granted (for the income tax but not for the social contribution). A claim was filed with the appellate court and awaits ruling.

- The 2009, 2010, 2011 and 2012 cases were awarded a favorable decision by the higher court of the Administrative Board of Tax Appeals (CARF).

For 2013, the decision was partially favorable to the Company at the lower court. An appeal was be filed and awaits judgment.

The existence of CARF's unfavorable decisions does not bind the other lawsuits awaiting judgment since CARF does not have a unanimous position on the matter, as unfavorable judgments were preceded by a deadlock, subsequently decided by the deciding vote of the President of the Panel/Chamber.

(iii) Tax - CSLL tax loss carryforwards

Lawsuit arising from a tax assessment notice issued in 2007, in connection with the failure to confirm the CSLL tax loss carryforwards basis, arising from the partial spin-off of CESP. The Company's Administrative Proceeding with CARF had an unfavorable outcome by a casting vote. The Company discusses the issue at the judicial level and obtained an injunction to suspend the requirement to pay the debt without pledging collateral. In September 2020, the Company was awarded an unfavorable decision and filed an appeal which awaits judgment. However, a favorable decision was granted to the company, suspending the enforceability of

(c) Lawsuits whose likelihood of loss is assessed as remote - Parent and consolidated

(i) PIS/Cofins (taxes on revenue)

The Company is a defendant to tax assessment notices relating to PIS and Cofins (taxes on revenue) for the period from 2003 to 2011, under the allegation that the Company would be required to pay PIS/Cofins on a cumulative basis. The Company paid PIS/Cofins on a cumulative basis until 2003. With the changes introduced in legislation in October 2003, the general rule became paying PIS/COFINS on a noncumulative basis, except for revenues meeting the following requirements: i) agreements executed before October 2003, ii) with an effective term longer than one year, iii) at predetermined prices, iv) for purchases of goods or services. Since SE revenue (Agreement 059/2001 prior to Law No. 12.783/2013) meets these requirements, and, also, following ANEEL's instructions, the Company requested the offset of the amounts overpaid in the period the Company paid PIS and Cofins on a noncumulative basis and begun paying such taxes cumulatively on the portion of SE revenue.

Through September 2013, administrative proceedings in most advanced stages were granted a favorable decision by CARF, in line with the Court's understanding on the issue. In December 2015, CARF changed its understanding on the matter; however, the Court maintained their original position. Currently, these cases were already closed at CARF (for the period from 2003 to 2010), totaling the adjusted amount of R$2,006 million and are the subject of a lawsuit that discuss the analysis of an expert report by CARF, and an unfavorable decision was granted to the Company at the lower court. The Company awaits ruling of the appeal.

The proceeding relating to 2011 involves the amount of R$640 million, adjusted for inflation, and was granted an unfavorable decision at CARF's lower level. CARF´s Lower Panel determined that the National Treasury Attorney General should analyze the report prepared by the specialized consulting firm, which was analyzed and validated. The Company awaits a new ruling by CARF's Lower Panel.

(ii) Ace Seguradora

Collection lawsuit filed by the insurers of CESP - Companhia Energética de São Paulo, alleging CTEEP's responsibility in the claim incurred in Generation Unit No. 5 - "UG-05" of Hydro Power Plant Três Irmãos, resulting in serious damage to its generator and transformer on June 21, 2013. The amount charged refers to the amount received by CESP and its insurers, totaling R$8.8 million on July 27, 2015, for repair of the generator and transformer allegedly damaged in the event. In June 2020, the agreement between parties was approved whereby the supplier and its insurance company assumed the responsibility and the payment of the indemnity of R$7.5 million, excluding CTEEP from the lawsuit.

22 Post-employment Benefit/Amounts payable – Vivest (formerly "Funcesp") – Parent and consolidated

The Company sponsors retirement and survivors' pension complementation and supplementation and health care plans managed by Vivest (former "Funcesp"), which, together with the administrative costs of the fund, amounts to R$871 as of December 31, 2020 (R$2,173 as of December 31, 2019), relating to monthly installments payable as contribution to the fund.

(a) Retirement and pension plan - PSAP/CTEEP

PSAP/CTEEP includes the following subplans:

- Proportional Supplemental Settled Benefit (BSPS) – (Plan "B");
- Defined benefit (BD) – (Plan "B1");
- Variable contribution (VC) - (Plan "B1").

PSAP/CTEEP, governed by Supplementary Law No. 109/2001 and managed by Vivest (former "Funcesp"), is sponsored by the Company itself and offers retirement and survivors' pension supplementation benefits, whose reserves are determined on a funded basis.

PSAP/CTEEP originated from the spin-off of PSAP/CESP B1 on September 1, 1999 and covers all participants transferred to the Company. On January 1, 2004, PSAP/EPTE was incorporated by PSAP/Transmissão, the name of which was changed from that date to PSAP/Transmissão Paulista and from December 1, 2014 changed to PSAP/CTEEP.

Subplan "BSPS" refers to the Proportional Supplemental Settled Benefit arising from the Supplementary Retirement and Pension Plan PSAP/CESP B, transferred to this plan on September 1, 1999 and from PSAP/Eletropaulo Alternativo, transferred to this plan after the merger of PSAP/EPTE on January 1, 2004, calculated on December 31, 1997 (CTEEP) and March 31, 1998 (EPTE), based on effective regulations, and the actuarial asset-liability balance was obtained at the time.

The Defined Benefit ("DB") subplan defines contributions and related matching responsibilities between the Company and Participants on 70% of employees' Actual Contribution Salary in order to obtain the plan's actuarial asset-liability balance. This subplan ensures annuity post-retirement and death benefits to employees, former employees and beneficiaries in order to supplement the benefits provided by the official social security system.

The VC sub-plan defines voluntary contributions from Participants with limited compensation of the Company, levied on 30% of the Actual Contribution Salary of these employees in order to provide additional supplementation in the cases of retirement and death pension. On the date of receipt of the benefit, the Variable Contribution (CV) sub-plan may become a Defined Benefit ("BD") if the annuity is chosen by the Participant as a form of receipt of this supplementation.

(i) Actuarial valuation

The actuarial valuation prepared by an independent actuary relating to the PSAP/CTEEP pension plans, sponsored by the Company, under the projected unit credit method.

As of December 31, 2020, PSAP/CTEEP recorded an actuarial deficit of R$381,977.

The change from the actuarial surplus to actuarial deficit between December 31, 2019 and December 31, 2020 was due to an adjustment to life income higher than 23% (cumulative IGP-DI in the period). This significant actuarial loss was the main responsible for the change from an asset of R$43,024 recognized in the financial statements in 2019 to a liability of R$381,977 in the financial statements in 2020.

(In thousands of reais, unless otherwise stated)

The main financial and actuarial information is as follows:

	2020	2019
Amount recognized in the entity's balance sheet		
Defined benefit obligation	(4,956,813)	(4,198,694)
Fair value of plan assets	4,574,836	4,254,164
Surplus / (deficit)	**(381,977)**	**55,470**
Nonrecoverable surplus (effect of the asset limit)	-	(10,495)
Net (Liability) / Asset	**(381,977)**	**44,975**
Changes in nonrecoverable surplus		
Nonrecoverable surplus at the end of prior year	(10,495)	(395,165)
Interest on nonrecoverable surplus	(739)	(38,489)
Changes in nonrecoverable surplus during the year	11,234	423,159
Nonrecoverable surplus at the end of year	**-**	**(10,495)**
Reconciliation of defined contribution obligations		
Benefit definition obligation at the end of prior year	(4,198,694)	(3,317,667)
Current cost of service	(20,020)	(12,462)
Interest cost	(287,388)	(312,626)
Benefits paid by the plan	247,438	223,679
Participants' contribution	(1,404)	(1,023)
Actuarial gain / (Loss)	(696,745)	(778,595)
Benefit definition obligation at the end of year	**(4,956,813)**	**(4,198,694)**
Reconciliation of the fair value of plan assets		
Fair value of the plan assets at the end of prior year	4,254,164	3,820,192
Expected return on investments	291,337	361,626
Employer's contribution	1,443	916
Participants' contribution	1,404	1,023
Benefits paid by the plan	(247,438)	(223,679)
Gain / (Loss) on return on investments	273,926	294,086
Fair value of the plan assets at the end of year	**4,574,836**	**4,254,164**

(In thousands of reais, unless otherwise stated)

	2020	2019
Defined benefit (cost)/ revenue components		
Current cost of service	(20,020)	(12,462)
Interest on defined benefit obligation	(287,388)	(312,626)
(Interest) / yield on fair value of plan assets	291,337	361,626
Interest on nonrecoverable surplus	(739)	(38,489)
Cost of defined benefit obligation on the Company's profit or loss	**(16,810)**	**(1,951)**
Resizing in other comprehensive income ("OCI")		
Actuarial gain / (Loss)	(696,745)	(778,595)
Gain / (Loss) on return on investments	273,926	294,086
Changes in nonrecoverable surplus during the year	11,234	423,159
Resizing of the obligation included in "OCI"	**(411,585)**	**(61,350)**
Total cost of defined benefit obligation on the Company's profit or loss and OCI	**(428,395)**	**(63,301)**
Reconciliation of the defined benefit net value of (liabilities)/ assets		
Net (Liabilities) / Assets at the end of the prior year	44,975	107,360
Cost of defined benefit obligation on the Company's profit or loss (*)	(16,810)	(1,951)
Resizing of the obligation included in "OCI"	(411,585)	(61,350)
Employer's contribution	1,443	916
Net (Liabilities) / Assets at the end of the year	**(381,977)**	**44,975**
Estimated costs for the subsequent year		
Cost on defined benefit obligation	(47,569)	(16,810)
Estimated value for the subsequent year	**(47,569)**	**(16,810)**
Sensitivity analysis for assumptions adopted		
Defined benefit obligation (interest rate - 100 base points)	5,583,731	4,773,013
Defined benefit obligation (interest rate + 100 base points)	4,440,360	3,730,530
Expected cash flows for the subsequent year and duration of the commitment		
Expected employer's contribution	410	418
Total estimated benefit payments under the plan:		
Year 1	289,819	232,946
Year 2	300,022	244,510
Year 3	311,229	254,306
Year 4	321,078	265,170
Year 5	329,798	274,884
5 subsequent years	1,789,211	1,513,263
Duration of commitments under the plan	**12.3 years**	**12.9 years**

(*) This amount is recognized in line item "General and administrative expenses".

(In thousands of reais, unless otherwise stated)

	2020	2019
Breakdown of investments portfolio (in R$)		
Fixed income	3,522,934	3,225,933
Floating income	597,350	740,225
Structured investments	81,461	111,034
Foreign investments	212,592	38,713
Properties	129,438	108,481
Operations with participants	31,061	29,778
	4,574,836	**4,254,164**
Main financial and actuarial assumptions		
Discount rate	6.81% p.a.	7.04% p.a.
Salary increase rate	1.87% p.a.	1.87% p.a.
Rate of adjustment to benefits granted on a continuing basis	3.20% p.a.	3.60% p.a.
General mortality table	AT-2000(M/F)	AT-2000(M/F)
Disability table	Light-Weak (*)	Light-Weak (*)
Disability mortality table	AT-1949	AT-1949
Turnover	Exp,Vivest (former "Funcesp") (*)	Exp, Vivest (former "Funcesp") (*)

(*) 30% smooth

	2020	2019
Demographic Data		
Number of active participants	1,331	1,376
Number of affiliates	129	129
Number of assisted beneficiaries	2,701	2,636

23 Global Reversal Reserve (RGR)

As of December 31, 2020, the amount of R$14,132 (R$16,612 as of December 31, 2019) recorded in noncurrent liabilities refers to the funds deriving from the reversal reserve, amortization and portion retained in the Company of the monthly shares of the Global Reversal Reserve (RGR) relating to investments of funds to expand power services and repay borrowings raised for the same purpose, occurred through December 31, 1971. Annually, according to the ANEEL Order, interest of 5% is charged on the value of the reserve, with monthly settlement. Under article 27 of Decree No. 9022, of March 31, 2017, electric power concessionaires shall amortize fully the RGR debits beginning January 2018 to December 2026.

24 Equity

(a) Capital

As of December 31, 2020, the Company's issued capital is R$5,000,000, of which R$1,957,386 in common shares and R$3,042,614 in preferred shares, all registered, book-entry, and without par value.

The subscribed and paid-in capital as of December 31, 2020 and 2019 totals R$3,590,020 and is represented by common and preferred shares, as follows:

	2020	R$ thousand	2019	R$ thousand
Common shares	257,937,732	1,405,410	257,937,732	1,405,410
Preferred shares	400,945,572	2,184,610	400,945,572	2,184,610
	658,883,304	**3,590,020**	**658,883,304**	**3,590,020**

(In thousands of reais, unless otherwise stated)

Common shares entitle their holders the right to one vote at the resolutions of general meetings.

Preferred shares are not entitled to vote; however, they have priority in the refund of capital and payment of dividends corresponding to this class of shares.

(b) Dividends and interest on capital

In 2020, the Board of Directors approved the payment of interest on capital for FY2020 and the distribution of interim dividends, respectively, as follows:

	Interim dividends		Interest on capital		
BoD meeting date	**Total**	**Per share**	**Total**	**Per share**	**Payment**
04.13.2020	-	-	150,333	0.228164	04.29.2020
07.01.2020	100,000	0.151772	-	-	07.16.2020
10.29.2020	343,999	0.522095	-	-	11.13.2020
12.11.2020	116,000	0.176055	435,848	0.661494	01.18.2021
	559,999	**0.849922**	**586,181**	**0.889658**	

Total dividends and interest on capital paid through December 31, 2020 is R$747,369, with resolutions made in 2019 and 2020. The amount of R$500,513 recorded in interest on capital and dividends payable refer to the balance to be settled subsequently.

The Company's bylaws establish that the allocation of profit for the year in the following order: (i) recognition of the legal reserve; (ii) balance, payment of dividends attributed to preferred and common shares, at the higher value between R$218,461and R$140,541, respectively, and 25% of profit for the year; (iii) of balance, up to 20% of profit for recognition of the statutory reserve.

	2020	**2019**
Profit (loss) for the year	**3,361,503**	**1,762,631**
Recognition of legal reserve	-	(81,158)
Dividends and interest on capital forfeited	377	302
	3,361,880	1,681,775
Recognition of statutory reserve	(672,301)	(336,295)
Recognition of unrealized earnings reserve, net	(1,018,949)	(428,021)
Interim dividends paid	(559,999)	(215,755)
Interest on capital paid	(586,181)	(701,704)
Additional dividends proposed	(524,450)	-
	-	**-**

(In thousands of reais, unless otherwise stated)

(c) Capital reserves

	2020	2019
Investment grants - CRC	78	78
Special goodwill reserve - merger	588	588
	666	**666**

(d) Earnings reserves

	2020	2019
Legal reserve (i)	718,004	718,004
Statutory reserve (ii)	1,862,804	1,190,503
Earnings retention reserve (iii)	797,312	797,312
Unrealized special earnings reserve (iv)	6,485,572	5,466,623
	9,863,692	**8,172,442**

(i) Legal reserve

Recognized as 5% of profit for the year, before any allocation, up to 20% of capital. In the year ended December 31, 2019, the Company reached the maximum percentage for recognition of the legal reserve.

(ii) Statutory reserve

The Company's Bylaws establish that up to 20% of profit for the year, after deducting the legal reserve, must be allocated to the statutory reserve, the amount of which may not exceed the capital amount. The statutory reserve may be used for the following purposes: (a) support investments to expand the Company's activities; (b) help maintain a proper working capital; (c) maintain funds necessary to meet obligations with third parties, including lenders; and (d) protect the Company against potential contingencies or losses arising from regulatory risks.

(iii) Earnings retention reserve

Management proposes to maintain in equity prior years' retained earnings, in a retained earnings reserve, which is intended to meet the capital budget approved at the General Shareholders' Meeting in the respective periods.

(iv) Unrealized special earnings reserve

The unrealized special earnings reserve includes the impacts of (i) amounts receivables from SE (note 7); (ii) adjustments due to application of ICPC 01 (R1) Concession Agreements; (iii) initial application of CPC 47 (IFRS 15); and (iv) share of profit of investees, since they do not comprise the realized portion of profit for the year. Allocation in this reserve is made to reflect the fact that the financial realization of earnings from these operations will occur in future years. Once realized, in case the special reserve is not absorbed by subsequent losses, the Company will allocate its balance for capital increase, distribution of dividends or recognition of other earnings reserves, considering Management's proposals to be made on a timely basis.

(In thousands of reais, unless otherwise stated)

Changes in 2020 are as follows:

Balance in 2019	**5,466,623**
Realization (*)	(1,848,074)
Recognition (**)	2,867,023
Balance in 2020	**6,485,572**

(*) The realization mainly includes the amounts received relating to RBSE and dividends received from subsidiaries and jointly controlled subsidiaries.

(**) The recognition amount is comprised of the adjusted RBSE balance receivable and noncash items from the application of the accounting practices adopted in Brazil and IFRS standards, mainly the application of IFRS 9 and IFRS 15, and their specifics for the transmission sector.

(e) Other Comprehensive Income (OCI)

The Company recognizes in Other Comprehensive Income the liability and respective tax effects arising from an actuarial deficit supported by a report prepared by an independent actuarial specialist. As of December 31, 2020, this amount to R$240,676, net of taxes (an actuarial surplus of R$29,683 as of December 31, 2019) (note 22).

Also classified in Other Comprehensive Income are derivative financial instruments, namely non-deliverable forwards (NDF) to manage the currency risk of the cash flow of subsidiaries Biguaçu's and IERiacho Grande in the amount of R$16,131, net of taxes, whereby the effective portion of changes in the fair value of the hedge accounting is recorded in equity, not in profit or loss (note 11 (a)). In May 2020, the first financial settlement was made in the amount of R$6,401, and the final settlement is scheduled for up to September 2021.

(f) Earnings (loss) per share

Basic earnings or loss per share are calculated through the Company's profit or loss, based on the weighted average number of common and preferred shares outstanding in the respective period. Diluted earnings or loss per share is calculated by obtaining such average number of outstanding shares, adjusted by instruments potentially convertible into shares. In this case, the Company considered shares that may be issued through capitalization of the special goodwill reserve on merger in favor of the controlling shareholder.

As prescribed in CVM Instruction No. 319, to the extent that the tax benefit of the special goodwill reserve on merger is realized, included in the Company's equity, this benefit can be capitalized on behalf of the Parent, and other shareholders shall have an interest in such capital increase, so as to maintain its ownership interest in the Company.

Those shares issued based on this realization were considered as dilutive for purposes of calculating the Company's earnings or loss per share, based on the assumption that all issuance conditions have been met. As of December 31, 2020 and 2019, the share issuance conditions relating to goodwill amortization were satisfied.

(In thousands of reais, unless otherwise stated)

The table below shows the profit or loss and share data used to calculate basic and diluted earnings per share:

	Parent	
	2020	**2019**
Basic and diluted earnings per share		
Profit - R$ thousand	3,361,503	1,762,631
Weighted average number of shares (i)		
Common shares	257,937,732	208,116,882
Preferred shares	400,945,572	323,502,660
	658,883,304	531,619,542
Weighted adjusted average number of shares		
Common shares	257,960,466	208,135,584
Preferred shares	400,972,125	323,523,457
	658,932,591	531,659,041
Basic earnings per share	5,10182	3,31559
Diluted earnings per share	5,10144	3,31534

(i) The calculation of the weighted average of shares in 2019 considers the weighted average of shares before the reverse split of shares occurred on April 04, 2019.

(In thousands of reais, unless otherwise stated)

25 Net operating revenue

25.1 Breakdown of net operating revenue

	Parent		Consolidated	
	2020	2019 (Restated)	2020	2019 (Restated)
Gross revenue				
Infrastructure revenue (a) (note 7)	368,631	232,706	1,135,533	808,525
O&M (a) (Note 7)	29,919	464,490	152,998	464,490
Compensation from concession assets (b) (note 7)	1,022,642	1,086,028	1,071,126	1,108,520
Efficiency gain on the infrastructure implementation (c)	1,556,708	1,120,464	1,846,116	1,402,082
Rentals	21,838	20,587	22,314	20,936
Services	37,777	14,454	12,908	10,912
Total gross revenue	3,037,515	2,938,729	4,240,995	3,815,465
Taxes on revenue				
Cofins (tax on revenue)	(240,399)	(223,384)	(278,681)	(246,741)
PIS (tax on revenue)	(52,192)	(48,498)	(60,495)	(53,559)
State VAT (ICMS)	(3)	(377)	(3)	(377)
Service Tax (ISS)	(1,773)	(697)	(1,773)	(697)
	(294,367)	(272,956)	(340,952)	(301,374)
Regulatory charges				
Energy Development Account (CDE)	(125,086)	(111,792)	(125,086)	(111,792)
Global Reversal Reserve - RGR	-	-	(6,055)	(6,207)
Research and development (R&D)	(36,873)	(25,604)	(39,331)	(27,629)
Alternative Power Sources Incentive Program (Proinfa)	(20,897)	(25,794)	(20,897)	(25,794)
Electric Power Services Inspection Fee	(11,373)	(10,024)	(12,246)	(10,807)
	(194,229)	(173,214)	(203,615)	(182,229)
Net operating revenue	**2,548,919**	**2,492,559**	**3,696,428**	**3,331,862**

(a) Infrastructure implementation and operation and maintenance services

The revenue from the performance obligation relating to infrastructure implementation of electric power transmission services under a service concession agreement is recognized as expenditures are incurred plus the estimated margin for each project. The revenues from the performance obligation relating to O&M services are recognized when services are provided by the Company. When the Company provides more than one service under a service concession arrangement, the consideration received is allocated by reference to the fair values of the services delivered.

(b) Efficiency gain on the infrastructure implementation

Efficiency gain on the infrastructure implementation reflects the positive variances determined when retrofitting projects are placed into operation and new concession agreements arising from savings from investments in relation to the estimate made at the beginning of the works, revision of the Annual Permitted Revenue (RAP) and placement into operation earlier than the due date. In 2020 and 2019, the efficiency gain refers to retrofitting projects and Agreement 027/2017 of subsidiary Itaquerê, which started operations.

(In thousands of reais, unless otherwise stated)

(c) Compensation from concession assets

Revenue from compensation of assets is recognized at the implicit rate of each project on the future flow of cash receipts, considering the specifics of each retrofitting project, improvements, and auctions and that compensates the transmission infrastructure investment. The purpose of the implicit rate is to price the financial component of the contractual asset established at the commencement of the contracts/projects and are not subsequently adjusted.

(d) Performance obligation margins

		2020
	Parent	**Consolidated**
Infrastructure implementation		
Infrastructure revenue	368,631	1,135,533
Infrastructure implementation cost	(209,717)	(739,373)
Margin	158,914	396,160
% perceived margin	**43.1%**	**34.9%**
Efficiency gain	**29,919**	**152,998**
O&M		
O&M revenue	1,022,642	1,071,126
O&M cost	(385,795)	(394,315)
Margin	636,847	676,811
% perceived margin	**62.3%**	**63.2%**
Compensation from concession assets	1,556,708	1,846,116
Discount rate of the contractual asset	**6.64%**	**de 6.13% to 9.92%**

25.2 Variable Portion (PV) and RAP Additional

Regulatory Resolution 729, of July 28, 2016, regulates the Variable Portion (PV) and RAP Additional. The Variable Portion is the pecuniary penalty applied by the Grantor for any unavailability or operating restrictions of the facilities comprising the Basic Grid. The RAP Additional corresponds to the pecuniary premium granted to transmission companies as an incentive for improving the availability of transmission facilities. For both situations, a revenue and/or O&M revenue reduction is recognized in the period they occur.

25.3 Periodic revision of the Annual Permitted Revenue (RAP)

Under concession agreements, at every four and/or five years, after the agreement execution date, ANEEL will periodically revise the electric power transmission RAP to promote tariff efficiency and moderation.

Each agreement has its specifics; however, in general terms, concessionaires have their RAP revised for three times (every five years), when the cost of debt capital is revised. Retrofitting projects related to the tendered agreements are revised every five years. A revenue reduction may also be applied for Operation and Maintenance (O&M) costs to capture Business Efficiency Gains.

The considerations above do not apply to the revenue associated with IE Serra do Japi's Concession Agreement No. 143/2001, which is not subject to a Periodic Tariff Revision of the portion related to the auctioned revenue. However, Proret 9.2, release 3.0, established that, beginning 2019, the reinforcements and improvements of contracts that do not contain a revision clause would be revised every five years. Considering the Concession Agreement No. 143/2001 does not include reinforcements and improvements, its RAP was not affected.

(In thousands of reais, unless otherwise stated)

The periodic tariff revision for concession agreements, such as Concession Agreement No. 059/2011, of concessionaires considered as existing, is made every five years and includes the revenue repositioning upon determination of the following:

a) the regulatory compensation basis for RBNI and RBSE;
b) efficient operating costs;
c) the optimal capital structure and definition of the compensation of transmission companies;
d) identification of the amount to be considered as tariff reduction – Other revenues;
e) application of the "x" factor (ratio set by ANEEL in the periodic revision process to foster efficiency and capture productivity gains for the consumer).

The information on the latest periodic tariff revisions is described below:

Concessionaire	Agreement	Approval Resolution (REH)	Approval Resolution REH	Effective date
CTEEP	059/2001	2.714	06.30.2020	07.01.2020
Subsidiaries				
IESerra do Japi	026/2009	2.826	12.15.2020	07.01.2020
IEMG	004/2007	2.257	06.20.2017	07.01.2017
IENNE	001/2008	2.405	06.19.2018	07.01.2018
IEPinheiros	012/2008	2.556	06.11.2019	07.01.2019
IEPinheiros	015/2008	2.556	06.11.2019	07.01.2019
IEPinheiros	018/2008	2.556	06.11.2019	07.01.2019
IEPinheiros	021/2011	2.257	06.20.2017	07.01.2017
Evrecy	020/2008	2.404	06.19.2018	07.01.2018
IESul	013 and 016/2008	2.556	06.11.2019	07.01.2019
Jointly controlled subsidiaries				
IEMadeira	013 and 015/2009	2.556	06.11.2019	07.01.2019
IEGaranhuns	022/2011	2.257	06.20.2017	07.01.2017

The next periodic tariff revisions for the RAP of the Company and its subsidiaries and jointly controlled subsidiaries are described in note 1.2.

(a) Periodic Tariff Revision – CTEEP Agreement 059/2001

The Company's Periodic Tariff Revision (RTP), relating to Concession Contract No. 059/2001, was defined by means of Approval Resolution No. 2.714, of June 30, 2020, Proceeding No. 48500.000748/2019-16, with effects retrospective to July 2018, and the differences between the RAP are determined in this RTP. The differences between the amounts actually received and those in the RTP will be adjusted, positively or negatively, by using the Adjustment Portion (PA) mechanism.

Said RTP included the revenue repositioning upon the determination of several costs that comprise the Annual Permitted Revenue (RAP) portions, as shown below:

(i) CAA (Annual Cost of the Assets) compensation for RBNI (*) and RBSE

The consideration for new facilities (RAP "RBNI") of the Company increased from R$233,762 to R$237,058, representing an increase of 1.41%, due to the following: (i) change in the compensation base due to the benchmark price bank; (ii) change in the profile of part of the RAP´s from plain to descending (as determined by Proret 9.1, release 2.0); (iii) retrospective change of the WACC from 6.64% to 7.71%; and (iii) inclusion of regulatory premium for the risk of operating and maintaining assets arising from special obligations.

The RAP "RBSE" increased from R$1,531,817 to R$1,842,311, with an increase of 20.27 % due to the following:

- The amounts relating to the financial component, under Administrative Ruling No. 120/2016, encompass (i) write-off of assets made in the period from January 2013 to June 2017; (ii) incorporation of amounts relating to the cost of equity capital (Ke). The Ke amounts relating to cycles 2017/2018, 2018/2019 and 2019/2020 will be received by using the adjustment position mechanism in the three subsequent cycles. These retrospective amounts were added IPCA only. The RAP of the financial component totaled R$1,035,452 for cycle 2018/2019.

- The economic component decreased from R$714,729 to R$692,415, as of July 2018, basically due to the change in WACC and the revision of the write-offs and assets fully depreciated.

(*) projects that were placed into commercial operation in the period from January 2013 to January 2018.

(ii) O&M compensation

To define the O&M compensation, ANEEL used the efficient operating cost methodology based on a benchmarking model. This process was completed upon the publication of Regulatory Resolution No. 880/20. The Company was appointed as a benchmark company and, as such, 134.07% of its regulatory operating and maintenance costs will be transferred, having 2016 as the base year, thus representing a reduction of around 17% in relation to the O&M RAP for cycle 2017/2018. This reduction will be applied gradually at a rate of 1/5 of the amount per year, beginning in July 2018, in such a way that the tariff cycle 2020/2021 will start with a reduction of 3/5. The retrospective amounts for cycles 2018/2019 and 2019/2020 will be returned by using the Adjustment Portion (PA) mechanism.

(iii) c) Optimal capital structure and definition of the transmission companies' compensation

In defining the provisional RAP, ANEEL applies the WACC rates effective in the year reinforcements were authorized. This compensation is revised in the subsequent tariff revision process. Consequently, all base of assets subject to such tariff revision was compensated at a WACC of 7.71%.

(iv) iv) Identification of the amount to be considered as tariff reduction – Other Revenues

The methodology used to capture the amounts of Other Revenues for the tariff moderation was approved by means of Regulatory Resolution No. 754/2016, and the amount of R$3,543, as of June 2018, was captured.

(v) Adjustment Portion (PA)

The Adjustment Portion (PA) is the portion of revenue arising from the enforcement of a mechanism established in the agreement, which is used in the periodic annual adjustments by adding to or subtracting from the RAP in order to offset a surplus or deficit of collection in the period prior to the adjustment.

In the Periodic Tariff Revision (RTP) adjustment portions were defined that will be received by the Company in a period of three years in the total amount of R$892,079, considering the following: (i) the RAP RBNI retroactivity, (ii) the write-off of the assets in the financial component, (iii) the start of the cost of equity capital (Ke) payment,

(In thousands of reais, unless otherwise stated)

(iv) the revision of the amounts relating to small-sized improvements, and (v) postponement of the RTP from cycle 2018/2019 to cycle 2020/2021.

(vi) Administrative Proceeding

Regarding the RTP, on July 13, 2020, the Company filed Administrative Appeal claiming the following:

- RBNI: (i) correction of the total value of the Special Obligations assets amount; (ii) inclusion of the decommissioning costs for assets whose New Replacement Value (VNR) was defined under the inspected and adjusted original carrying amount (VOC) methodology, to equalize the costs considered in building the new replacement value of the assets appraised under ANEEL's Benchmark Price Bank methodology; (iii) inclusion of assets that, despite in operation, were not defined a revenue;

- RBSE: (i) need to compensate the cost of capital relating to the amounts that should have been paid to transmission concessionaires extended by Law No. 12.783/2013 according to the rational established in art. 1, paragraph 3, of Administrative Ruling MME 120/2016, requiring the compensation at the actual cost of equity capital (Ke), under article 1, paragraph 3, of MME Administrative Ruling No. 120/2016 through the actual payment date (art. 15, paragraph 3, of Law No. 12.783/2013).

Through December 31, 2020, there were no movements in such Appeal.

(b) Periodic Tariff Revision - Subsidiaries

The RTP process of the entities involves: (i) a revision of the debt capital cost for the assets obtained by means of auctions; (ii) application of the business productivity gain (which is currently equal to zero); (iii) a revision of the base of assets comprised of retrofittings. For 2018 and 2019, the debt capital costs were revised. Whereas, the valuation of said regulatory compensation base is preferably made by ANEEL's Benchmark Price Bank; the related discussions occurred by means of Public Hearing No. 031/18, and the results were approved by means of Approval Resolution No. 2.514/2019. Considering that on the effective date of the RTPs the price bank was still under discussion, the base of assets comprised of retrofitting projects was not revised; such base was revised in 2020 by means of Approval Resolutions Nos. 2.702 and 2.705, of June 23, 2020, respectively, for IENNE and IEPinheiros (2.702) and IESul (2.705), with retrospective effects.

Accordingly, the variance in the subsidiaries' RAPs for 2018 and 2019, considering the revision of the base of retrofittings, is as follows:

Entity	Year of revision	Concession agreement	RTP revision results (%)
IENNE	2018	001/2008	0.61
IEPinheiros	2019	012/2018	(1.95)
IEPinheiros	2019	015/2018	2.22
IEPinheiros	2019	018/2018	4.13
IESul	2019	013/2008	(2.37)
IESul	2019	016/2008	1.89

On July 8, 2020, an administrative appeal was filed with ANEEL for the contracts of IEPinheiros (012/2008, 015/2008, 018/2008) and IESul (016/2008), relating to appraisal reports relating to BRR assets. The amounts used by ANEEL in determining the RAP were based on BRR reports filed on July 2019, which did not include the changes in relation to the Price Bank according to Order No. 2.869/2019, published on October 29, 2019, which changed data relating to the quantitative references of the assets that comprise said bank, resulting in changes to the VNR reference values in appraising the assets. Through December 31, 2020, there were no movements in such Appeal.

During the first half of 2020, Public Consultation No. 027/120 was launched to address the RTP for IESerra do Japi Agreement No. 026/2009. However, the result of such Public Consultation was only completed when Approval Resolution REH 2826/20 was published, on December 18, 2020. Therefore, the positive result of around 2.86% of the Periodic Tariff Revision (RTP) will only be applied beginning July 2021, with retrospective effects.

(In thousands of reais, unless otherwise stated)

These effects are reflected on the cash receipt flow considered in measuring the contractual asset. With the result of Resolution REH 2826/20 for IESerra do Japi Agreement 026/2009 on December 23, 2020, an Administrative Appeal was filed with ANEEL, relating to valuation report relating to BRR assets, since the final version of the valuation report filed on June 5, 2020 was not considered in the RTP for said Agreement, as the regulatory agency used one of the preliminary versions of such valuation report.

25.4 Annual revenue adjustment

On July 14, 2020, Approval Resolution No. 2.725 was published to establish the annual permitted revenues for the Company and its subsidiaries for the availability of the transmission facilities comprising the Basic Grid and other transmission facilities, for a 12-month cycle, from June 30, 2020 to June 30, 2021, considering the cycle shown below:

Concessionaire	Index	RAP 19/20 cycle REH 2.565 (*)	Inflation	Retrofitting projects	Ke	RTP	50% reduction RAP	RAP 20/21 cycle REH 2.725	PA	RAP 20/21 cycle
ISA CTEEP	IPCA	2,633,794	49,031	10,157	278,840	(72,940)	-	2,898,882	232,149	3,131,031
Operating subsidiaries	IPCA /IGP-M	230,531	5,736	697	-	1,978	(5,118)	233,824	3,461	237,285
Total		**2,864,325**	**54,767**	**10,854**	**278,840**	**(70,962)**	**(5,118)**	**3,132,706**	**235,610**	**3,368,316**

(*) The amounts do not include the adjustment portion (PA) of the cycle 2019/2020 negative of R$63,985.

The Company's and its subsidiaries' Regulatory Revenue, net of PIS and Cofins, is as follows:

Concession agreement	Basic Grid				Other Transmission Facilities – DITs				Total 2020 (*)	Total 2019 (*)
	RBSE	RBNI	Tendered	Adjustment portion	RPC (***)	RCDM (***)	Tendered	Adjustment portion		
059/2001	1,910,977	189,189	-	193,658	650,006	148,709	-	38,492	3,131,031	2,579,079
143/2001	-	-	13,352	(191)	-	-	-	-	13,161	16,476
004/2007	-	-	20,076	(213)	-	-	-	-	19,863	19,030
012/2008	-	7	9,081	236	-	1,019	1,369	34	11,746	10,677
015/2008	-	16,280	17,368	396	-	4,833	425	146	39,448	35,337
018/2008	-	100	4,473	86	-	1,471	54	(415)	5,769	5,865
021/2011	-	-	4,478	(28)	-	-	1,643	-	6,093	5,495
026/2009	-	5,541	30,802	(211)	-	-	7,006	-	43,138	41,840
001/2008	-	5	48,858	3,675	-	-	-	-	52,538	46,371
020/2008	-	11,030	-	(668)	-	2,414	-	(1)	12,775	10,401
013/2008	-	-	6,340	78	-	-	-	-	6,418	5,777
016/2008	-	2,389	11,128	542	-	-	257	5	14,321	12,166
042/2017 (**)	-	-	12,022	(7)	-	-	-	-	12,015	-
	1,910,977	**224,541**	**177,978**	**197,353**	**650,006**	**158,446**	**10,754**	**38,261**	**3,368,316**	**2,788,514**

(*) Including the amounts relating to the adjustment portion (PA).
(**) Placement into operation in August 2019.
(***) RPC represents the equivalent to "RBSE" whereas RCDM represents the equivalent to "RBNI" for the DITs.

(In thousands of reais, unless otherwise stated)

26 Costs of infrastructure implementation, operation and maintenance services, and general and administrative expenses

	Parent				
	2020				2019
	Implementation and O&M costs	Cost of services	Expenses	Total	Total
Management fees	-	-	(9,963)	(9,963)	(16,219)
Personnel	(246,745)	(824)	(80,342)	(327,911)	(327,373)
Services	(134,035)	(13)	(52,466)	(186,514)	(184,065)
Depreciation	-	-	(19,174)	(19,174)	(18,603)
Materials	(160,258)	(1,463)	(909)	(162,630)	(98,592)
Leases and rentals	(951)	-	(1,214)	(2,165)	(4,960)
Lawsuits	-	-	(11,394)	(11,394)	14,700
Other	(53,523)	-	(27,690)	(81,213)	(64,544)
	(595,512)	**(2,300)**	**(203,152)**	**(800,964)**	**(699,656)**

	Consolidated				
	2020				2019
	Implementation and O&M costs	Cost of services	Expenses	Total	Total
Management fees	-	-	(9,963)	(9,963)	(16,219)
Personnel	(246,745)	(824)	(83,694)	(331,263)	(331,134)
Services	(354,842)	(13)	(57,021)	(411,876)	(316,346)
Depreciation	-	-	(19,791)	(19,791)	(19,963)
Materials	(453,917)	(1,463)	(910)	(456,290)	(388,296)
Leases and rentals	(2,051)	-	(1,214)	(3,265)	(5,994)
Lawsuits	-	-	(52,689)	(52,689)	8,847
Other	(76,133)	-	(28,234)	(104,367)	(78,191)
	(1,133,688)	**(2,300)**	**(253,516)**	**(1,389,504)**	**(1,147,296)**

Out of the costs shown above, the costs of implementing infrastructure, Parent, totaled R$209,717 in 2020 and R$132,164 in 2019. Consolidated infrastructure implementation costs totaled R$739,373 in 2020 and R$548,126 in 2019. The respective infrastructure implementation revenue, shown in note 25.1, is calculated by adding the margin estimated for each project and the PIS and Cofins rates and other charges to the cost of the investment.

(In thousands of reais, unless otherwise stated)

27 Revenues – Periodic Tariff Revision (RTP), net

In 2020, the amount of R$1,470,854, Parent, and R$1,477,622, consolidated, refers to: (i) the revision of the cash receipt flow and adjustment portion (PA) of the adjustment of the asset's Ke under Law No. 12.783 – SE, (ii) revision of the flow of receipts from expected cash relating to the remuneration of the investments in the infrastructure implementation of the Company and subsidiary IESerra do Japi, (iii) recognition of deferred PIS and Cofins on impacts of the Periodic Tariff Revision (RTP). In 2019, the amount of R$26,707 refers to revision of the flow of receipts from expected cash relating to the remuneration of the investments in the infrastructure implementation of subsidiaries IESul and IEPinheiros, as shown below:

	Parent	Consolidated	
	2020	2020	2019
Asset under Law No. 12.783 - SE	1,546,968	1,546,968	-
Adjustment Portion (PA) of the adjusted Ke	84,700	84,700	-
Infrastructure implementation	(26,088)	(19,064)	(28,421)
Deferred PIS and Cofins (taxes on revenue)	(134,726)	(134,982)	1,714
	1,470,854	1,477,622	(26,707)

28 Other operating income (expenses), net

The amount of R$172,785, Parent, and R$170,171, consolidated, primarily refers to the following: (i) gain of R$73,464 arising from the negotiation of 395 thousand m² in rights of way with the municipal government of São José dos Campos for the development of an urban mobility project in that city, and (ii) recognition of the compensation due to the expropriation of plots of land belonging to former EPTE resulting from a favorable decision of a lawsuit involving R$75,328, receivable through court-ordered collection notes ("precatórios"), recorded in "Other", in noncurrent assets, and (iii) R$13,165 in untimely PIS and Cofins credits.

(In thousands of reais, unless otherwise stated)

29 Finance income (costs)

	Parent		Consolidated	
	2020	2019	2020	2019
Finance income				
Income from short-term investments	25,375	43,276	49,247	65,745
Interest income	278	435	291	484
Inflation adjustments	12,805	4,240	12,871	4,337
Hedge transactions (i)				
MtM (mark to market) adjustment	8,223	48,549	8,223	48,549
Exchange rate changes	39,428	137,958	39,428	137,958
Adjustment of swap - hedging instruments	256,628	174,417	256,628	174,417
Other	4,194	7,365	4,661	7,551
	346,931	416,240	371,349	439,041
Finance costs				
Interest on borrowings	(55,379)	(39,223)	(74,811)	(62,846)
Interest expense	(2,587)	(2,534)	(2,600)	(2,607)
Charges on debentures	(93,534)	(84,376)	(93,534)	(84,376)
Inflation adjustments	(87,315)	(50,271)	(88,063)	(50,695)
Hedging instrument (i)				
Charges on swap	(11,703)	(45,618)	(10,914)	(45,615)
MtM (mark to market) adjustment	(8,223)	(48,549)	(8,223)	(48,549)
Exchange rate changes - borrowings	(256,628)	(174,417)	(256,628)	(174,417)
Adjustment of swap - hedging instruments	(39,428)	(137,958)	(39,428)	(137,958)
Other	(5,698)	(16,302)	(6,323)	(17,237)
	(560,495)	(599,248)	(580,524)	(624,300)
	(213,564)	**(183,008)**	**(209,175)**	**(185,259)**

(i) Refers to results of financial transactions under Law No. 4131, of September 03, 1962, which addresses the use of foreign capital and remittance of profits abroad.

30 Income tax and social contribution

The provision for income tax and social contribution is recognized monthly on an accrual basis and computed as provided for in Law No. 12.973/14.

The Company adopts the taxable income regime on an estimate basis and makes monthly payments by applying the deemed income rates on gross revenue while subsidiaries adopt the deemed income regime.

(In thousands of reais, unless otherwise stated)

(a) Reconciliation of the effective tax rate

The reconciliation of the income tax and social contribution expense for the year to book income is as follows:

	Parent		Consolidated	
	2020	2019	2020	2019
Profit before income tax and social contribution	4,145,982	2,107,349	4,218,067	2,155,913
Statutory rates	34%	34%	34%	34%
Income tax and social contribution at statutory rate	(1,409,634)	(716,499)	(1,434,143)	(733,010)
Income tax and social contribution on permanent differences				
Other revenues - nontaxable (note 28)	52,422	-	52,422	-
Interest on capital	199,301	238,580	199,301	238,580
Share of profit of investees	371,700	125,318	160,658	61,128
Effect of adoption of the deemed income regime - subsidiaries (*)	-	-	184,613	48,957
Others	1,732	7,883	1,732	7,883
Effective income tax and social contribution	**(784,479)**	**(344,718)**	**(835,417)**	**(376,462)**
Income tax and social contribution				
Current	(405,641)	(268,784)	(415,955)	(276,796)
Deferred	(378,838)	(75,934)	(419,462)	(99,666)
	(784,479)	**(344,718)**	**(835,417)**	**(376,462)**
Effective rate	**19%**	**16%**	**20%**	**17%**

(*) The taxation regime based on deemed income was adopted to calculate the income tax and social contribution for subsidiaries.

(b) Breakdown of deferred income tax and social contribution

	Parent		Consolidated	
Assets / (Liabilities)	**2020**	**2019**	**2020**	**2019**
Receivables - Law No. 12783 - SE (i)	(2,098,270)	(1,880,013)	(2,098,270)	(1,880,013)
Adjustments IFRS (ICPC 01 [R1] and CPC 47) (ii)	(1,084,027)	(957,791)	(1,198,437)	(1,031,474)
Provision for risks	19,514	20,003	19,514	20,003
Other temporary differences	324,030	218,610	324,338	218,658
Total, net	**(2,838,753)**	**(2,599,191)**	**(2,952,855)**	**(2,672,826)**

(In thousands of reais, unless otherwise stated)

(i) Deferred income tax and social contribution on the compensation from concession asset relating to SE facilities, which will be incorporated into the tax base as amounts are received.

(ii) Refers to income tax and social contribution on profit from infrastructure implementation operation to provide the electric power transmission services and compensation from concession assets (ICPC 01 [R1]) and CPC 47 [IFRS 15]) recognized on an accrual basis, which are taxed when amounts are received, as provided in article 168 of Normative Instruction No. 1700/17 and article 36 of Law No. 12973/14.

The Company's Management believes that deferred income tax and social contribution balances are assets arising from temporary differences and will be realized proportionately to the lawsuits, trade receivables and the materialization of the events that gave rise to the provisions for risks.

31 Related-party transactions

The main balances and transactions with related parties in the year are as follows:

		2020		2019		2020	2019
Nature of transaction	**Related parties**	**Assets**	**Liabilities**	**Assets**	**Liabilities**	**Revenue/ (Expense)**	**Revenue/ (Expense)**
Short-term benefits (a)	Management	-	-	-	-	(9,963)	(16,219)
Dividends	ISA Capital	-	(174,246)	-	(32,834)	-	-
	IEGaranhuns	8,384					
	IEMadeira	5,950					
Sublease, reimbursements and sharing of personnel expenses (b)	ISA Capital	116	-	52	-	246	283
	IEMG	71	-	58	-	285	262
	IEPinheiros	243	-	177	-	965	817
	IESerra do Japi	121	-	91	-	480	414
	Evrecy	81	-	44	-	266	205
	IENNE	291	-	224	-	1,160	1,038
	IEItaúnas	22	-	48	-	108	111
	IETibagi	22	-	115	-	108	105
	IEItaquerê	22	-	95	-	108	105
	IEItapura	19	-	29	-	109	105
	IEAguapeí	22	-	54	-	108	105
	IESul	120	-	119	-	499	538
	IEGaranhuns	-	-	-	-	-	6
	IEBiguaçu	22	-	41	-	51	-
	IEAimorés	22	-	38	-	160	150
	IEParaguaçu	22	-	39	-	160	153
	IEIvaí	22	-	34	-	160	145
	Internexa Brasil	-	-	-	-	474	(334)
		15,572	-	1,258	-	5,447	4,208

(In thousands of reais, unless otherwise stated)

		2020		2019		2020	2019
Nature of transaction	Related parties	Assets	Liabilities	Assets	Liabilities	Revenue/ (Expense)	Revenue/ (Expense)
Service provision (c)	ISA Capital	30	-	30	-	337	337
	IEMG	151	-	14	-	3,210	155
	IEPinheiros	1,446	-	120	-	2,632	1,365
	IESerra do Japi	101	-	97	-	1,146	1,099
	Evrecy	2,334	-	82	-	2,924	923
	IENNE	349	-			4,638	
	IEItaúnas	915	-			831	
	IETibagi	2,554	-			2,410	
	IEItaquere	1,378	-			1,149	
	IEtapura	2,276	-			2,546	
	IEAguapei	2,199	-			1,833	
	IEGaranhuns	37	-	36	-	472	412
	IEBiguaçu	673	-			624	
	Internexa Brasil	411	**(31)**	474	(74)	1,113	1,051
		14,854	**(31)**	853	(74)	25,865	5,342
Related-party balances		**30,426**	**(174,277)**	**2,111**	**(32,908)**	**21,349**	**(6,669)**
Short-term investments – investment funds (note 6)	Bandeirantes	140,561	-	120,968	-	672	20,982
	Xavantes	260,401	-	1,912,816	-	2,194	22,241
	Assis	30,823	-	3,936	-	959	15,781
	Barra Bonita	21,772	-	30,891	-	508	3,599
		453,557	-	2,068,611	-	4,333	62,603
Other liabilities (note 7)	Eletrobras	-	(33,585)	-	(30,623)		-
		-	(33,585)	-	(30,623)		-
Total		**483,983**	**(207,862)**	**2,070,722**	**(63,531)**	**25,682**	**55,934**

(a) Refers to management fees, which, as disclosed in the Company's income statement, amount to R$9,963, Parent and consolidated (R$16,219 in 2019).

The Company's compensation policy does not include postemployment benefits, other long-term benefits, severance benefits or share-based compensation.

(b) The sublease agreement comprises the sub-leased area of the Company's headquarters building, as well as apportionment of condominium and maintenance expenses, reimbursement of shared services, among others.

The personnel expenses sharing agreement requires the proportional allocation of expenses relating to employees shared the Company and its subsidiaries.

(c) The Company maintains the following service agreements: (i) ISA Capital - tax and accounting bookkeeping services, tax determination and payroll processing; (ii) IEMG, IEPinheiros, Serra do Japi, Evrecy, and IEGaranhuns - operation and maintenance of its facilities; (iii) Internexa, a subsidiary of ISA Group - two service agreements including assignment of right of use, on a remunerated basis, of the infrastructure support necessary for the installation of fiber optical cables, auxiliary services and related improvements and sharing of IT infrastructure. Additionally, the Company contracted the provision of 10 Mbps internet link services with Internexa Brasil.

(d) The transactions are conducted under specific conditions agreed upon between the parties and no transactions considered unusual and out of the normal course of business were performed.

The Company has free lease agreements with subsidiaries IEItapura and IEPinheiros and the jointly controlled subsidiary IEMadeira to formalize the borrowing of pieces of equipment and material that the companies did not have readily available.

The Company entered into a non-onerous Procurement Management Cooperation Agreement with Interconexión Elétrica S.A. E.S.P. to generate increased synergy and efficiency in managing the quotation and negotiation process for ISA Group’s purchases.

Additionally, the Company contributes as a founding member of Brazil’s Association for Social and Cultural and Business Interchange - Colombia, whose objective is to be the largest platform of relationship between Brazil and Colombia, fostering bilateral social, culture and trade investments.

(In thousands of reais, unless otherwise stated)

32 Financial instruments

(a) Identification of the main financial instruments

		Parent		Consolidated	
	Level	2020	2019 (Restated)	2020	2019 (Restated)
Financial assets					
Fair value through profit or loss					
Cash equivalents	1	2,017,084	589,838	2,049,142	591,534
Short-term investments	2	51,787	41,655	453,557	2,068,611
Derivative financial instruments	2	-	17,508	10,016	19,202
Restricted cash	2	18,489	18,556	48,711	48,391
Amortized cost					
Concession asset - O&M services	-	146,905	124,222	179,839	142,224
Accounts receivable - São Paulo State Finance Department	-	1,778,999	1,576,332	1,778,999	1,576,332
Receivables from related parties	-	30,426	2,111	14,994	703
Sureties and escrow deposits	-	44,070	52,233	44,119	52,886
Other – Accounts receivable		101,662	-	101,662	-
Financial liabilities					
Fair value through profit or loss					
Derivative financial instruments		-	-	-	135
Amortized cost					
Borrowings and financing					
Current	-	54,330	658,553	94,628	709,928
Noncurrent	-	1,008,447	403,959	1,208,301	637,448
Debentures					
Current	-	217,948	367,508	217,948	367,508
Noncurrent	-	2,961,318	1,528,971	2,961,318	1,528,971
Leases					
Current	-	8,603	9,642	8,795	9,948
Noncurrent	-	43,212	39,643	44,742	39,948
Trade payables	-	75,332	48,048	153,346	167,774
Interest on capital and dividends payable	-	500,513	102,079	500,513	102,079

The carrying amounts of financial assets and financial liabilities, when compared to the amounts that could be obtained if they are traded in an active market or, in the absence of such market, the net present value adjusted based on the prevailing market interest rate, approximate their fair values. The Company classifies financial instruments as required by CPC 46 (IFRS) – Fair Value Measurement:

Level 1 – quoted prices (unadjusted) in active markets, net and observable for identical assets or liabilities, available of measurement date;

Level 2 – quoted prices (which can be adjusted or unadjusted) of similar assets or liabilities in active markets, other inputs not directly or indirectly observable in level 1, in the asset or liability terms; and

Level 3 – assets and liabilities whose prices are unavailable or prices or valuation techniques supported by a small or inexistent, unobservable or net market. In this level, the fair value estimate becomes highly subjective.

(In thousands of reais, unless otherwise stated)

The Company contracted swap transactions to hedge against fluctuations in currency and interest rate on foreign-currency borrowings under Law No. 4.131/1962. For swap transactions, the applied rate is 102.3%. These transactions were settled between July and August 2020.

The Company classifies the derivative instrument contracted as fair value hedge and, based on the requirements of CPC 48 and IFRS 9, the Company adopted the hedge accounting for such transactions.

In 2018, subsidiary Biguaçu entered into NDF hedge contracts with Citibank, whereby that company bought future dollar with a notional value of USD29,301. The purpose of these transactions was to hedge commitments in foreign currency assumed by Biguaçu. In May 2020, the first financial settlement was made, and the final settlement is scheduled for up to the end of September 2021.

In the third quarter of 2020, subsidiary Biguaçu entered into NDF hedge contracts with Citibank, whereby that company bought future dollar with a notional value of USD7,097. The purpose of these transactions was to hedge commitments in foreign currency assumed by Biguaçu.

In December 2020, subsidiary IERiacho Grande entered into NDF hedge contracts with BTG Pactual, whereby the company bought future dollar with a notional value of USD32,723. The purpose of these transactions was to hedge foreign currency commitments assumed (CAPEX) by the subsidiary.

The Company classifies the derivative instrument contracted as fair value hedge and, based on the requirements of CPC 48 and IFRS 9, the Company adopted the hedge accounting for such transactions.

Financial instrument management is in line with the Risk Management Policy and Financial Risk Guidelines of the Company and its subsidiaries. The results from these transactions and adoption of controls to manage this risk are part of the monitoring of the financial risks adopted by the Company and its subsidiaries as follows:

NDF transaction

								Consolidated
								12.31.2020
	Instrument	**Hedging purpose**	**Nature**	**Counter part**	**Contrac t date**	**Final maturity**	**Notional value - US$**	**Fair value adjustment**
Biguaçu	Non Deliverable Forward - NDF	USD	Purchase	Citibank	Oct 18	Sep 21	17,354	9,439
IERiacho Grande	Non Deliverable Forward - NDF	USD	Purchase	BTG Pactual	Dec 20	Jul 25	32,723	576

(In thousands of reais, unless otherwise stated)

(b) Financing

Debt-to-equity ratio

The debt ratio at the end of the prior year and beginning of the current period is as follows:

	Parent		**Consolidated**	
	2020	**2019**	**2020**	**2019**
Borrowings and financing				
Current	54,330	658,553	94,628	709,928
Noncurrent	1,008,447	403,959	1,208,301	637,448
Leases				
Current	8,603	9,642	8,795	9,948
Noncurrent	43,212	39,643	44,742	39,948
Debentures				
Current	217,948	367,508	217,948	367,508
Noncurrent	2,961,318	1,528,971	2,961,318	1,528,971
Total debt	4,293,858	3,008,276	4,535,732	3,293,751
Cash and cash equivalentes and short-term investments	2,071,906	635,318	2,520,894	2,664,582
Net debt	2,221,952	2,372,958	2,014,838	629,169
Equity	13,754,283	11,794,319	14,125,442	13,761,607
Net debt ratio	16.2%	20.1%	14.3%	4.6%

CTEEP and its subsidiaries are parties to borrowings and financing agreements that contain covenants determined based on debt ratios (notes 14 and 16). As of December 31, 2020, the Company and its subsidiaries are compliant with the requirements relating to covenants.

The carrying amount of borrowings and financing, considering the financial instruments applicable, and debentures is pegged to the TJLP, CDI and IPCA fluctuation and approximates the fair value.

(c) Risk management

The main risk factors inherent in the Company's and its subsidiaries' transactions are as follows:

(i) Credit risk - The Company and its subsidiaries enter into agreements with the National Electric System Operator (ONS), concessionaires and other agents, governing the provision of services relating to the basic grid, including a bank guarantee clause. The Company and its subsidiaries also maintain agreements governing the provision of services directly to free consumers, also containing a bank guarantee clause, to mitigate the risk of default.

(ii) Price risk - The Company's and its subsidiaries' revenues are, as set forth in the concession agreement, annually adjusted by ANEEL, based on the IPCA and IGP-M fluctuation, and a portion of the revenues is subject to periodic tariff revision (note 25.2).

(iii) Interest rate risk - The adjustment of financing agreements is pegged to the TJLP, IPCA and CDI fluctuation (notes 14 and 16). Additionally, the Company's Management monitors the valuation of the pension plan1s actuarial assets, pegged to the interest rate, which is determined based on market inputs for returns on NTN-B notes.

(iv) Currency risk - The Company manages the currency risk of its borrowing liabilities by contracting swap derivatives designated as fair value hedge for the Foreign Currency Borrowings Agreement (note 14). The Company and its subsidiaries do not have trade receivables and other foreign-currency assets; however, there are transactions involving the acquisition of underground and subsea cables and respective accessories as well as the provision of the services necessary to their implementation, in subsidiary Biguaçu, with future cash disbursements in dollars, for which a NDF derivative instrument has been contracted to manage the cash flow's currency risk.

(v) Borrowing risk - The Company and its subsidiaries may face difficulties in the future to raise funds at costs and reimbursement terms aligned with their cash generation profile and/or debt obligations.

(vi) Guarantee risk - The main guarantee risks are the following:

- Management of risks related to the retirement and health care benefits via Vivest (formerly "Funcesp"), a private pension entity, through its representation in management bodies.

- Participation as intervening guarantor, to the limit of its interests in subsidiaries, jointly controlled subsidiaries, in their financing agreements (note 14).

(vii) Liquidity risk - The Company's and its subsidiaries' main sources of cash are the following:

Its operations, mainly from the use of the electric power transmission system by other utilities and agents of the sector. The cash amount, represented by the RAP linked to the basic grid's facilities and other transmission facilities (DIT) is defined, as set forth in prevailing laws, by ANEEL.

The Company is compensated for the transmission system availability, and any electric power rationing will have no impact on revenue and respective cash receipts.

The Company manages the liquidity risk by maintaining adequate credit facilities and lines of credit to raise borrowings it considers appropriate, based on the continuous monitoring of budgeted and actual cash flows, and the combination of the maturity profiles of financial assets and financial liabilities.

Receipt of the facilities indemnity installment related to the SE represents an important source of cash generation for the Company in order to be able to comply with its financial planning for the coming years. The Company manages any changes to the timeframe and legal proceedings that may impact cash receipts.

(d) Sensitivity analysis

The Company analyzes the sensitivity to interest rate and currency risks. The Company's management does not consider as material its exposure to other risks described above.

For purposes of defining a base scenario for analyzing the sensitivity of interest rate, price risk and currency fluctuations, we used the same assumptions as those defined for the Company's long-term financial and economic plan. These assumptions are based on the macroeconomic environment in Brazil and the opinions of market experts.

Therefore, to assess the effects of changes in the Company's cash flow, the sensitivity analysis below, for items pegged to floating rates, considers:

Base scenario: Interest rate quotation (pre-DI curve) and exchange rate (future dollar) on March 31, 2021, determined on December 30, 2020, according to B3, which are shown in the interest risk and currency risk tables; and positive and negative 25% (scenario I) and 50% (scenario II) were applied.

(In thousands of reais, unless otherwise stated)

			Interest rate risk - Effects on finance income (costs) - Parent				
				Risk of increase in indices		Risk of decrease in indices	
Transaction	**Risk**	**Balances in 2020**	**Base scenario**	**Scenario I**	**Scenario II**	**Scenario I**	**Scenario II**
Financial assets							
Short-term investments	104.7% CDI	2,068,871	34,072	36,594	39,107	31,541	29,001
Financial liabilities							
Debentures - single series (i)	IPCA+6.04%	176,460	4,505	4,971	5,433	4,036	3,563
Debentures - single series (ii)	IPCA + 5.04%	352,490	8,034	8,950	9,859	7,112	6,182
Debentures - single series (iv)	IPCA + 4.70%.	681,986	15,192	17,548	19,329	13,944	12,121
Debentures - single series (v)	IPCA + 3.50%.	407,032	7,870	8,937	9,996	5,016	4,518
Debentures 1st series (v)	CDI + 2.83%	795,750	3,880	4,841	5,799	2,915	1,947
Debentures 2nd series (v)	IPCA + 5.30%	765,547	18,172	20,188	22,189	16,140	14,093
CCB	CDI + 2.45%	653,317	3,175	3,973	4,759	2,393	1,598
FINEM BNDES (i), (ii)	TJLP+1.80% to 2.62%	377,986	6,167	6,719	7,731	4,749	3,734
Net effect of changes			**(32,923)**	**(39,533)**	**(45,988)**	**(24,764)**	**(18,755)**
Reference for financial assets and financial liabilities							
100% CDI (March 2021) (*)			1.96% p.a.	2.45% p.a.	2.94% p.a.	1.47% p.a.	0.98% p.a.
IPCA (March 2021)			4.31% p.a.	5.39% p.a.	6.47% p.a.	3.23% p.a.	2.16% p.a.
TJLP (March 2021)			4.39% p.a.	5.49% p.a.	6.59% p.a.	3.29% p.a.	2.20% p.a.

(In thousands of reais, unless otherwise stated)

			Interest rate risk - Effects on finance income (costs) - Consolidated				
				Risk of increase in indices		Risk of decrease in indices	
Transaction	**Risk**	**Balances in 2020**	**Base scenario**	**Scenario I**	**Scenario II**	**Scenario I**	**Scenario II**
Financial assets							
Short-term investments	103.0% CDI	2,502,699	30,827	33,866	36,893	27,778	24,717
Financial liabilities							
Debentures - single series (i)	IPCA+6.04%	176,460	4,505	4,971	5,433	4,036	3,563
Debentures - single series (ii)	IPCA + 5.04%	352,490	8,034	8,950	9,859	7,112	6,182
Debentures - single series (iv)	IPCA + 4.70%.	681,986	15,192	17,548	19,329	13,944	12,121
Debentures - single series (v)	IPCA + 3.50%.	407,032	7,870	8,937	9,996	5,016	4,518
Debentures 1st series (v)	CDI + 2.83%	795,750	3,880	4,841	5,799	2,915	1,947
Debentures 2nd series (v)	IPCA + 5.30%	765,547	18,172	20,188	22,189	16,140	14,093
CCB	CDI + 2.45%	653,317	3,175	3,973	4,759	2,393	1,598
FINEM BNDES (i), (ii)	TJLP+1.80% to 2.62%	377,986	6,167	6,719	7,731	4,749	3,734
BNDES (Subsidiaries)	TJLP + 1.55% p.a. 2.62% p.a.	84,038	1,333	1,453	1,657	1,041	828
Net effect of changes			**(37,501)**	**(43,714)**	**(49,859)**	**(29,568)**	**(23,867)**
Reference for financial assets and financial liabilities							
100% CDI (March 2020) (*)			1.96% p.a.	2.45% p.a.	2.94% p.a.	1.47% p.a.	0.98% p.a.
IPCA (March 2020)			4.31% p.a.	5.39% p.a.	6.47% p.a.	3.23% p.a.	2.16% p.a.
TJLP (March 2020)			4.39% p.a.	5.49% p.a.	6.59% p.a.	3.29% p.a.	2.20% p.a.

(*) Source: http://www.bmfbovespa.com.br/pt_br/servicos/market-data/consultas/mercado-de-derivativos/precos-referenciais/taxas-referenciais-bm-fbovespa

(In thousands of reais, unless otherwise stated)

33 Insurance

The Company's insurance coverage and effective terms by insurance line is as follows:

Parent

Type	Effective term	Insured amount - R$ thousand	Premium - R$ thousand
Property (a)	12/01/19 to 06/01/21	2,433,326	6,015
General civil liability (b)	12/19/20 to 12/19/21	60,000	100
National transportation (c)	12/19/20 to 12/19/21	360,000	33
Group personal accident (d)	04/30/20 to 04/30/21	85,000	15
Vehicles (e)	10/04/20 to 12/19/21	Market value	222
Court guarantee (f)	03/14/16 to 02/04/26	591,438	3,633
			10,018

Consolidated

Type	Effective term	Insured amount - R$ thousand	Premium - R$ thousand
Property (a)	12/01/19 to 12/19/21	3,243,060	6,562
General civil liability (b)	12/19/20 to 12/19/21	60,000	100
National transportation (c)	12/19/20 to 12/19/21	360,000	33
Group personal accident (d)	04/30/20 to 04/30/21	85,000	15
Vehicles (e)	04/10/20 to 12/19/21	Market value	222
Court guarantee (f)	03/14/16 to 02/04/26	591,438	3,633
			10,565

(a) **Property** - coverage against fire and electrical damages for the main equipment installed in transmission substations, buildings and related components, storeroom supplies and facilities, as set forth in concession arrangements, where the transmission companies should keep insurance policies to ensure the proper coverage of the most import equipment of the transmission system facilities, and the transmission company should define the assets and facilities to be insured.

(b) **General civil liability** - Coverage against repairs for involuntary, personal and/or property damages caused to third parties, as a result of the Company's activities.

(c) **National transportation** - Coverage against damages caused to the Company's assets and equipment transported in Brazilian territory.

(d) **Collective personal accident** - Coverage against personal accidents of executives and apprentices.

(e) **Vehicles** - coverage against crash, fire, theft and third parties.

(f) **Court guarantee** - replacement of sureties and/or escrow deposits made by the Judicial Branch.
There is no coverage for eventual damages to the transmission lines against fire, lightning, explosion, short circuit and power interruption.

The assumptions adopted to contract insurance, given their nature, are not included in the scope of an audit work. Consequently, they were not reviewed by the independent auditors.

34 Retirement supplementation plan governed by Law No. 4819/58

The supplementary pension plan under State Law No. 4819/58, which established the creation of the State Social Security Fund, is applicable to mixed-capital entities' employees, corporations in which the State of São Paulo holds the majority of shares, with right to control and to industrial services owned and managed by the State, hired through May 13, 1974, and also provided for supplementary pension plans, bonus leave and family allowance. The funds necessary to cover the charges under such plan are borne by the relevant bodies of the State Government of São Paulo, whose implementation was made as set forth in the agreement entered into among the Finance Department of the State of São Paulo (SEFAZ-SP) and CTEEP, on December 10, 1999.

Such procedure was properly carried out through December 2003 by Vivest (Fundação CESP), with the funds provided by SEFAZ-SP, transferred by CESP and subsequently by CTEEP. Since January 2004, SEFAZ-SP has processed payments of benefits directly, without the intermediation of CTEEP and Vivest (Fundação CESP) at amounts lower than those historically paid through December 2003.

(a) Civil class action under discussion at the 2nd Court of the Treasury Department

The change in SEFAZ's method used to pay retirements and pensions led retirees to file lawsuits, especially a civil class action. The 2nd Court of the Treasury Department issued a decision thereon in June 2005 overruling the pension supplementation claim and allowing the processing of payroll and payments of retirements and pensions by SEFAZ-SP under Law No. 4819/58. The Association of Funcesp Retirees (AAFC), which represents retirees and pensioners, filed an appeal against the decision and the fact that the lawsuit was upheld to the regular courts. On November 24, 2015, a final and unappealable was issued by the Superior Court of Justice, which maintained the discussion at the regular courts.

Accordingly, on June 27, 2016, AAFC's appeal remained stay and the labor court injunction (item (b, below) should be maintained until the appeal was judged.

Since June 2016, a public-interest civil action is pending in conjunction with a class action whose status is reported in item (b.(i)) below. Although these actions are pending together, they are independent from each other.

(b) Civil class action under discussion at the 2nd Court of the Treasury Department (former Labor Claim which was discussed at the 49th São Paulo Labor Court)

Class action started by AAFC, simultaneously to the civil class action referred to above. This time, however, the Labor Court, in an individual lawsuit for which the Entity had been granted advanced relief. On July 11, 2005, the advanced relief was ratified so that Vivest (Fundação CESP) resumed the processing of payments of those benefits under Law No. 4819/58, under the respective regulation, the same way as that effective until December 2003, in which the Company was acting as an intermediary between SEFAZ-SP and Vivest (Fundação CESP).
Currently, the public-interest civil action and civil class action are being discussed at the regular courts, as established in the decision obtained by the Company in a conflict of jurisdiction raised at STF.

Following the decision on the Conflict of Jurisdictions mentioned above, the class action was received at the 2nd Court of the Treasury Department on May 20, 2016 and, on May 30, 2016, a decision was issued revoking the preliminary injunction that ordered the Company to make monthly payments, extinguishing the requests relating to payroll processing, and considering groundless the request for refunding any differences that may be owed to retirees and pensioners under Law No. 4819/58.

SEFAZ-SP resumed payroll processing in June 2016. However, after filing an appeal against the decision, AAFC requested São Paulo Court of Justice to stay the effect of the appeal, which was granted on June 27, 2016.

On July 22, 2016, a new decision was issued clarifying that the labor injunction should be maintained until AAFC's appeal was judged.

Since June 2016, a class action is pending in conjunction with a public-interest civil action whose status is reported in item (b.i) below. Although these actions are pending together, they are independent from each other.

(i) Status of the Public-interest Civil Action and Class Action (items a and b)

On August 2, 2017, São Paulo Court of Justice unanimously considered the decision groundless, condemned AAFC's position as bad-faith litigation, and revoked the injunction.

Following the decision above, on August 8, SEFAZ sent an Official Letter to the Company informing that they were assuming the payroll of the retirees and pensioners under Law No. 4819/58 beginning August 2017. AAFC filed an appeal against São Paulo Court of Justice's unanimous decision: one special appeal with the Superior Court of Justice (STJ) and an extraordinary appeal with the Federal Supreme Court (STF), both of them claiming São Paulo Court of Justice's unanimous decision to be stayed.

São Paulo Court of Justice, on October 18, 2017, and STJ, on October 31, 2017, denied the request filed by AAFC. However, STF granted an injunction staying the effects of the decision issued by São Paulo Court of Justice and ordering that defendants shall continue to adopt the same procedures as those were adopted before the matter was judged by São Paulo Court of Justice until STF analyzes the grounds of the request.

As a result of this court injunction, SEFAZ determined that the payroll should be processed by Vivest (Fundação CESP) beginning December 2017.

In December 2017, the Company filed an appeal against the court injunction issued by STF; the appeal awaits judgment.

In April 2020, the STJ did not recognize the Special Appeals filed by AAFC, which filed a new appeal. According to STJ's judge-rapporteur, the court decision should be analyzed by the STF before being analyzed by the STJ to avoid conflicting decisions. Therefore, the lawsuit was immediately upheld to the STF so that AAFC's Extraordinary Appeals may be ruled by.

On December 26, 2020, a decision by the STJ's judge-rapporteur for the civil class action was issued ratifying the injunction published on January 08, 2021. The Company will file an appeal against such decision. The class action is still at the STJ awaiting upheld to the STF.

(c) Claims filed by individuals and by multiple plaintiffs with the Labor Court and State Court

The Company is also a party to 782 claims filed by individuals and by multiple plaintiffs involving around R$414,000, If the outcome of such claims is not favorable, according to the assessment of the Company and its subsidiaries and that of their external legal counsel, any amounts to be paid will be subsequently charged from the State of São Paulo Finance Department and, additionally, recorded in "accounts receivable".

(d) Collection claim

SEFAZ-SP has transferred to the Company, since September 2005, amounts lower than those established by the decision issued by the 49th Labor Court, referred to in letter (a) above.

By virtue of this decision, the Company transferred to Vivest (Fundação CESP), from January 2005 to December 2019, the amount of R$5,370,585 for the payment of benefits under State Law No. 4819/58, and received from SEFAZ-SP the amount of R$3,370,592 for such purpose. The difference between the amounts transferred to Vivest (Fundação CESP) and reimbursed by SEFAZ-SP, in the amount of R$1,999,993 (Note 8 (a)), has been requested by the Company for reimbursement on the part of SEFAZ-SP. In addition, there are amounts relating to labor claims settled by the Company and under the responsibility of SEFAZ-SP, in the amount of R$295,261 (Note 8 (b)), totaling R$2,295,254.

In December 2010, CTEEP filed a collection claim against SEFAZ-SP to recover the amounts that were not received. After a decision that dismissed the case without analyzing its grounds in May 2013, the decision was upheld by São Paulo Court of Justice in December 2014.

The Company filed an appeal and, on August 31, 2015, São Paulo Court of Justice accepted the Company's appeal and condemned SEFAZ-SP to make the transfers relating to supplementary retirement and pension as agreed with the Company and in accordance with the prevailing legislation, except for the disallowed amounts.
Seeking the inclusion of the disallowed amounts in the decision, the Company filed a new appeal for clarifications, which was accepted on February 1, 2016 by the São Paulo Court of Justice, which upheld the decision of August 31, 2015 and determined the measurement of the amounts pending transfers by SEFAZ-SP at the settlement phase.

SEFAZ-SP, on March 7, 2016, filed an appeal that was rejected by a judgment made on July 4, 2016, thus upholding the conviction of SEFAZ-SP, which filed a new appeal also denied by TJ/SP on June 5, 2017.

After the Special Appeal was rejected by TJ/SP, SEFAZ filed a new appeal which awaits judgment by STJ.

In August 2018, the Company was granted a decision by São Paulo Court Justice under which SEFAZ is required not to make any disallowance in the transfer to pay the benefits provided for by Law No. 4819/58 until the administrative proceedings started to determine irregularity in payments are closed. In March 2019, the Superior Court of Justice suspended the effects of the decision that prohibited SEFAZ from making discounts in the transfers to the Company, which again receives the transfer with the disallowances and complement the payment amount since April 2019. The Company continues to make efforts for the favorable decision granted by São Paulo Court Justice to be maintained.

CTEEP's opinion

The Company continues to seek a final and unappealable decision that maintains the procedure of making direct payments of the benefit payroll under State Law No. 4819/58 by SEFAZ-SP. The Company also reinforces the opinion of its legal department and legal advisors that the expenses in connection with State Law No. 4819/58 and respective regulation should be fully assumed by SEFAZ-SP and continues to adopt addition measures to protect the Company's interests.

Due to the new developments occurred in 2013, especially those related to the claim in progress for collection of the amounts payable by SEFAZ-SP, as described above, and also considering the progress of the other proceedings mentioned above, the CTEEP's management recognized in 2013 an allowance for losses on the collection of receivables relating to a portion of the amounts receivable, which is expected to be increased over the realization period and not established as an exclusive responsibility of SEFAZ-SP so far.

The Company's Management has monitored the progress and new facts related to the legal aspects of the issue and has, also, continuously assessed the potential impacts that the matter may have on its financial statements.

(In thousands of reais, unless otherwise stated)

35 Transactions not affecting cash or cash equivalents – Financing activities

As required by CPC 03 (R2) (IAS 7) - Statement of Cash Flows, item 44 (a), the table below shows the reconciliation of the cash flow from financing activities:

Parent

			Changes in noncash transactions			
	2019	**Cash flow**	**Addition or transfer**	**Interest**	**Allocation or forfeiture**	**2020**
Borrowings and financing	1,062,512	(278,023)	-	278,288	-	1,062,777
Debentures	1,896,479	1,167,160	-	115,627	-	3,179,266
Leases	49,285	(12,921)	14,409	1,042	-	51,815
Derivative financial instruments	17,508	(236,129)	-	218,621	-	-
Interest on capital/dividends	102,079	(747,369)	-	-	1,145,803	500,513
Total	**3,127,863**	**(107,282)**	**14,409**	**613,578**	**1,145,803**	**4,794,371**

Consolidated

			Changes in noncash transactions			
	2019	**Cash flow**	**Addition or transfer**	**Interest**	**Allocation or forfeiture**	**2020**
Borrowings and financing	1,347,376	(342,140)	-	297,693	-	1,302,929
Debentures	1,896,479	1,167,160	-	115,627	-	3,179,266
Leases	49,896	(13,275)	15,836	1,080	-	53,537
Derivative financial instruments	19,067	(243,342)	14,883	219,408	-	10,016
Interest on capital/dividends	102,079	(747,369)	-	-	1,145,803	500,513
Total	**3,414,897**	**(178,966)**	**30,719**	**633,808**	**1,145,803**	**5,046,261**

36 Events after the reporting period

(a) Installation Permit

On January 21, 2021, the Company obtained from the Brazilian Institute of the Environment and Renewable Natural Resources ("Ibama") the Installation Permit for Agreement No. 006/2020 of subsidiary IETibagi (Project Três Lagoas). As the Installation permit was obtained, works were already started.

(b) Start of operation

On February 02, 2021, subsidiary IEAguapeí, energized substation Alta Paulista (800 MVA power) and 105km of transmission lines, which account for 59% of the Annual permitted Revenue ("RAP"), 6 months earlier than the due date set by ANEEL.

(c) Issue of debentures

On February 03, 2021, the Company's Board of Directors approved the 10th issue of debentures whereby 672,500 debentures will be issued, totaling R$672,000, payable through July 15, 2044.

(d) ANEEL Order No. 261 – Acquisition of PBTE

On February 01, 2021, ANEEL's financial and economic inspection superintendence decided to early approve the transfer of the indirect ownership control of Piratininga-Bandeirantes Transmissora de Energia Ltda. (PBTEE) to the Company.

(e) Dividends

The Board of Directors' Meeting of February 22, 2021 approved the distribution of dividends in the total amount of R$531,163, corresponding to R$0.806156 per share of both types. These dividends will be paid on May 21, 2021.

* * *

Independent auditor's report on the individual and consolidated financial statements

To the
Shareholders, Directors and Management of
CTEEP – Companhia de Transmissão de Energia Elétrica Paulista S.A.
São Paulo – SP

Opinion

We have audited the accompanying individual and consolidated financial statements of CTEEP - Companhia de Transmissão de Energia Elétrica Paulista S.A. (¨CTEEP" or "Company"), identified as Parent and consolidated, respectively, which comprise the balance sheet as of December 31, 2020, and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the Company's individual and consolidated financial position as of December 31, 2020, and its individual and consolidated financial performance and respective individual and consolidated cash flows for the year then ended, in accordance with accounting practices adopted in Brazil and the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

Basis for opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the individual and consolidated financial statements" section of our report. We are independent of the Company and its subsidiaries in accordance with the relevant ethical requirements set forth in the Code of Ethics for Professional Accountants and the professional standards issued by the Federal Accounting Council and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of matters

Restatement of the corresponding figures

As mentioned in note 2.4, due to the effects of the revision of the discount rates of the financial flows from the concession agreements and the respective effects of the construction margins on profit for the year, and to the effect of the change in the presentation of the concession assets arising from Law No. 12.783/2013 (RBSE), the individual and consolidated income statements for the year ended December 31, 2019 and figures corresponding to December 31, 2019 shown in note 7 – Concession Assets, presented for purposes of comparison, have been adjusted and are restated as prescribed by NBC TG 23 – Accounting Policies, Changes in Estimates and Errors. Our opinion is not modified with respect to this matter.

Law No. 4819/58

As described in Notes 8 and 31, the Company recorded a net balance of receivables from the State of São Paulo Finance Department of R$1,778,999 thousand (R$1,576,332 thousand as of December 31, 2019), relating to the non-reimbursement to the Company by SEFAZ-SP of amounts transferred to Vivest (Fundação CESP) under Law No. 4819/58, which granted the employees of the Company while under the control of the State of São Paulo benefits that had already been granted to other public servants. The Company's Management has monitored the progress and new facts related to the legal aspects of the issue and has, also, continuously assessed the potential impacts that the matter may have on its financial statements. Our opinion is not modified with respect to this matter.

Key audit matters

Key audit matters are those matters that, in our judgment, were of most significance in our audit of the financial statements in the current period. These matters were addressed in the context of our audit of the individual and consolidated financial statements taken as a whole and in forming our opinion on such individual and consolidated financial statements, and, therefore, we do not provide a separate opinion on these matters. For each of the matters below, the description of how our audit addressed the matter, including any comments on the results of our procedures, is presented in the context of the financial statements taken as a whole.

We complied with the responsibilities described in the "Auditor's responsibilities for the audit of the individual and consolidated financial statements", including those related to these key audit matters. Accordingly, our audit included performing procedures designed to respond to our assessment of risks of material misstatements in the financial statements. The results of our procedures, including those performed to address the matters below, provide the basis for our opinion for the Company's financial statements.

Measurement of the concession asset

As disclosed in note 3.7, the Company understands that, even after completion of the transmission infrastructure construction phase, a contract asset will continue to exist, as a balancing entry of the construction revenue, since satisfying the obligation to operate and maintain the infrastructure is required so that the Company becomes entitled to an unconditional right to receive cash. As of December 31, 2020, the Company's contract asset balance is R$13,235,561 thousand, Parent, and R$16,922,827 thousand, consolidated.

The recognition of the Company's contract asset and revenue under CPC 47 - Revenue from contracts with customers (IFRS15 - Revenue from contracts with customers) requires a significant amount of judgment of when control over an asset is transferred to the customer. Additionally, the measurement of the Company's progress in relation to the satisfaction of the performance obligation over time also requires Management to make estimates and significant judgments to estimate the efforts or inputs necessary to satisfy the performance obligation, such as materials and labor, profit margins expected in each performance obligation in identified and the expected revenue projections. Finally, since this is a long-term contract, the identification of the discount rate that represents the financial component embedded in the flow of future receipts also requires judgment by Management. Due to the materiality of the amounts and the significant degree of judgment involved, we considered the measurement of the revenue from contracts with customers a key audit matter.

How our audit addressed the matter

Our auditing procedures included, among others: (i) evaluate the internal procedures relating to expenditures incurred to execute the agreement; (ii) analysis of the determination of the margin on projects under construction, relating to new concession agreements, and to retrofitting projects to improve the existing electric power transmission facilities, by checking the methodology and assumptions adopted by the Company to estimate the total construction cost, and the present value of future cash flows, discounted at the implicit interest rate that represents the financial component embedded in the cash flows; (iii) supported by financial modelling specialists, analyze the methodology and calculations to determine said implicit rate of discount; (iv) analyze the concession agreement and their addenda to identify the performance obligations under the related agreements, in addition to aspects relating to the variable components applicable to the price under the agreement; (v) analyze whether the infrastructure already built falls under the concept of "contract asset", including the concession asset under Law No. 12.783 (RBSE); (vi) analyze the revenue attributable to each performance obligation set forth in the concession agreements; (vii) analyze the risk of penalties due to delays in construction or unavailability; (viii) analyze whether there are any onerous agreements; (ix) analyze the impacts arising from the Periodic Tariff Revision (RTP) by examining the technical notes and public consultations issued by the regulatory body, recalculating the present value of the contractual flow from the concession assets based on the Annual Permitted Revenue (RAP), and checking disallowance of projects and remuneration bases; (x) supported by specialists in assessment of construction projects: (a) analyze whether the physical schedule for works in progress has been met and check whether there are items not covered by the updated physical schedule of the works, with possible changes in the project, or changes of suppliers that may generate costs not captured by the Company's internal controls; (b) evaluate variances between the original and the actual budget of the works in progress, and the reasons provided by the work management for the differences, if any; and (c) where applicable, check indications of sufficiency of costs to be incurred to complete the construction stages of the project; (xi) analyze communications with regulatory bodies relating to the electric power transmission activity and the capital (securities) market; and (xii) evaluate the disclosures made by the Company and its subsidiaries in the individual and consolidated financial statements.

Based on the results of the auditing procedures performed on the measurement of the Company's and its subsidiaries' concession asset, which is consistent with Management´s evaluation, we considered that the criteria and assumptions adopted by Management to determine the construction revenue and contract asset, as well as the respective disclosures in notes 3.7 and 7, are acceptable in the context of the individual and consolidated financial statement taken as a whole.

Other matters

Statements of value added

The individual and consolidated statements of value added (DVA) for the year ended December 31, 2020, prepared under the responsibility of the Company's management and presented as supplemental information for IFRS purposes, have been subject to auditing procedures which were performed together with the audit of the Company's financial statements. In forming our opinion, we evaluated if these statements are reconciled to the financial statements and accounting records, as applicable, and if their form and content are in accordance with the criteria defined in NBC TG 09 – Statement of Value Added. In our opinion, these statements of value added were appropriately prepared, in all material respects, according to the criteria defined in said technical pronouncement and are consistent in relation to the individual and consolidated financial statements taken as a whole.

Information other than the individual and consolidated financial statements and the auditor´s report

The Company's Management is responsible for this other information that is included in the Management Report.

Our opinion on the individual and consolidated financial statements does not cover the Management Report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the individual and consolidated financial statements, our responsibility is to read the Management Report and, in doing so, consider whether this report is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement in Management Report, we are required to report this fact. We have nothing to report in this regard.

Responsibilities of Management and those charged with governance for the individual and consolidated financial statements

Management is responsible for the preparation and fair presentation of the individual and consolidated financial statements in accordance with accounting practices adopted in Brazil and International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB), and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the individual and consolidated financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements, unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative to avoid doing so.

Those charged with the Company's and its subsidiaries' governance are those responsible for overseeing the financial reporting process.

Auditor's responsibility for the audit of the individual and consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the individual and consolidated financial statements, taken as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Brazilian and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Brazilian and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. In addition, we:

- Identify and assess the risks of material misstatement of the individual and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve override of internal control, collusion, forgery, intentional omissions or misrepresentations.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and its subsidiaries' internal controls;

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the individual and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the individual and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

- Obtain sufficient and appropriate audit evidence regarding the financial statements of the entities or business activities within the Group to express an opinion on the individual and consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit and, consequently, for the audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we may have identified during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements, including those regarding independence, and communicate to them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the financial statements for the current year and are, therefore, the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

São Paulo, February 22, 2021

ERNST & YOUNG
Auditores Independentes S.S.

Adilvo França Junior
Accountant

Supervisory Board’s opinion

The Supervisory Board of CTEEP – Companhia de Transmissão de Energia Elétrica Paulista (“Company”), in the discharge of its legal and statutory duties, and in compliance with the provisions of Article 163 of Law No. 6404/76, and subsequent amendments, examined the Management Report and the Company’s financial statements for the year ended December 31, 2020. Based on our examination and on the report issued by our independent auditors, Ernst & Young Auditores Independentes S.S., the Supervisory Board’s opinion is that the abovementioned documents are adequate to be submitted to the analysis and approval of the Company’s shareholders.

São Paulo, February 22, 2021

Manuel Domingues de Jesus e Pinho

Carla Alessandra Trematore

Ricardo Lopes Cardoso

Pablo Saint Just Lopes

Andrea Costa Amancio Negrão

Management's Statement on the Independent Auditor's Report

The Company's executive officers hereby declare that they reviewed, discussed and agreed with the opinions expressed in the independent auditor's report.

São Paulo, February 22, 2021

Rui Chammas
Chief Executive Officer

Dayron Esteban Urrego Moreno
Chief Project Officer

Alessandro Gregori Filho
CFO and Investor Relations Officer

Silvia Diniz Wada
Chief Strategy and Business Development Officer

Gabriela Desire Olimpio Pereira
Chief Operating Officer

The Company's executive officers hereby declare that they reviewed, discussed and agreed with the information contained in the Financial Statements for the year ended December 31, 2020, as well as with the opinion expressed in the respective report issued by the independent auditors, Ernst & Young, and, also, declare that all significant information relating to the Financial Statements, and only it, has been disclosed and corresponds to that used in management. Therefore, the Executive Officers hereby approve the issuance of the Financial Statements for the year ended December 31, 2020.

São Paulo, February 22, 2021

Rui Chammas
Chief Executive Officer

Dayron Esteban Urrego Moreno
Chief Project Officer

Alessandro Gregori Filho
CFO and Investor Relations Officer

Silvia Diniz Wada
Chief Strategy and Business Development Officer

Gabriela Desire Olimpio Pereira
Chief Operating Officer

Other Information that the Company Deems Relevant

1. Reconciliation of the Statutory and Regulatory Balance Sheet and Income Statement

	Consolidated		
Assets	**Statutory**	**Adjustment**	**Regulatory**
Current assets			
Cash and cash equivalents	2,067,337	-	2,067,337
Short-term investments	453,557	-	453,557
Concession assets	2,804,373	(2,145,441)	658,932
Inventories	45,297	(22,645)	22,652
Services in progress	-	22,259	22,259
Recoverable taxes	28,807	-	28,807
Derivatives	9,790	2,578	12,368
Restricted cash	1,808	-	1,808
Receivables from related parties	14,994	(9,345)	5,649
Prepaid expenses	6,400	-	6,400
Other	75,495	(6,080)	69,415
	5,507,858	**(2,158,674)**	**3,349,184**
Noncurrent assets			
Long-term assets			
Restricted cash	46,903	-	46,903
Concession assets	14,118,454	(13,620,145)	498,309
Receivables - Finance Department	1,778,999	-	1,778,999
Sureties and escrow deposits	44,119	-	44,119
Inventories	9,997	(9,997)	-
Deferred income tax and social contribution	-	-	-
Derivatives	226	-	226
Services in progress	-	7,538	7,538
Other	110,310	(7,538)	102,772
	16,109,008	**(13,629,886)**	**2,478,866**
Investments	2,858,002	(1,340,667)	1,517,335
Property, plant and equipment	92,991	7,819,317	7,912,308
Intangible assets	24,499	335,254	359,753
	2,975,492	**6,813,904**	**9,789,396**
	19,084,500	**(6,815,982)**	**12,268,262**
Total assets	**24,592,358**	**(8,974,656)**	**15,617,446**

Consolidado

Liabilities	Statutory	Adjustment	Regulatory
Current liabilities			
Borrowings and financing	94,628	-	94,628
Debentures	217,948	-	217,948
Leases	8,795	(8,714)	81
Derivatives	-	2,578	2,578
Trade payables	153,346	-	153,346
Taxes payable	255,614	-	255,614
Regulatory charges payable	49,457	-	49,457
Deferred income tax and social contribution	-	-	-
Interest on capital and dividends payable	500,513	-	500,513
Payroll and related taxes	45,094	-	45,094
Payables - Vivest	871	-	871
Global Reversal Reserve (RGR)	2,480	-	2,480
Other	43,751	(10)	43,741
	1,372,497	**(6,273)**	**1,366,353**
Noncurrent liabilities			
Long-term liabilities			
Borrowings and financing	1,208,301	-	1,208,301
Debentures	2,961,318	-	2,961,318
Leases	44,742	(44,724)	18
Employee benefits – actuarial deficit	381,977	-	381,977
Deferred PIS and Cofins (taxes on revenue)	1,316,722	(1,245,257)	71,465
Deferred income tax and social contribution	2,952,855	(2,039,298)	913,557
Regulatory charges payable	48,065	-	48,065
Provisions	88,682	(2,946)	85,736
Global Reversal Reserve (RGR)	14,132	-	14,132
Concession-related obligations	-	380,135	380,135
Other	77,625	(23,590)	54,035
	9,094,419	**(2,975,682)**	**6,118,737**
Equity			
Capital	3,590,020	-	3,590,020
Capital reserves	666	(19,046)	(18,380)
Earnings reserves	9,863,692	(8,671,615)	1,192,077
Actuarial surplus (deficit)	(364,659)	-	(364,659)
Other comprehensive income	140,114	-	140,114
Additional dividends proposed	524,450	-	524,450
Revaluation reserve	-	2,136,052	2,136,052
Retained earnings/Accumulated losses	-	561,523	561,523
	13,754,283	**(5,993,086)**	**7,761,197**
Noncontrolling interests in investment funds	371,159	-	371,159
	14,125,442	**(5,993,086)**	**8,132,356**
Total liabilities and equity	**24,592,358**	**(8,974,656)**	**15,617,702**

Consolidated

(Period ended 12.31.2020)

	Statutory	Adjustments	Regulatory

O&M revenues	1,113,062	-	1,113,062
Revenue from CAAE (Annual Cost of Electric Assets)	-	551,240	551,240
RBSE Revenue	1,040,981	777,291	1,818,272
Adjustment Portion (PA) RTP and RBSE	(41,936)	1,011,349	969,413
Infrastructure implementation	1,135,533	(1,135,533)	-
Compensation from concession assets	805,135	(805,135)	-
Efficiency gain in the infrastructure implementation	152,998	(152,998)	-
Other revenues	35,222	10,310	45,532
Deductions from operating revenue	(544,567)	(61,771)	(606,338)
Net operating revenue	**3,696,428**	**194,753**	**3,891,181**
Infrastructure implementation cost (*)	(739,373)	739,373	-
O&M costs	(394,315)	(372)	(394,687)
Cost of services	(2,300)	-	(2,300)
Costs of construction, O&M, and services	**(1,135,988)**	**739,001**	**(396,987)**
Revenues – Periodic Tariff Revision (RTP)	1,477,622	(1,477,622)	-
General and administrative expenses	(233,725)	43,126	(190,599)
Depreciation and amortization	(19,791)	(542,524)	(562,315)
Finance income (costs)	(209,175)	1,192	(207,983)
Share of profit (loss) of investees	472,525	(532,959)	(60,434)
Goodwill amortization	(2,527)	101	(2,426)
Other operating income (expenses)	172,698	(59,680)	113,018
Profit before income tax and social contribution	**4,218,067**	**(1,634,612)**	**2,583,455**
Income tax and social contribution	**(835,417)**	**275,499**	**(559,918)**
Profit for the period	**3,382,650**	**(1,359,113)**	**2,023,537**

(*) The infrastructure implementation cost is equivalent to CAPEX for concession assets in the regulatory financial statements.

2. EBITDA reconciliation – IFRS and Regulatory

	Consolidated 2020
EBITDA IFRS (ICVM 527)	**4,449,560**
(-) Infrastructure implementation revenue	(1,135,533)
(-) Compensation from concession assets	(1,804,180)
(-) Efficiency gain on the infrastructure implementation	(152,998)
(-) O&M revenues	(1,113,062)
(+) Revenue from use of electric power network	4,451,987
(+) Other revenues	10,310
(+) Deferred PIS and Cofins (taxes on revenue)	(61,771)
(+) Infrastructure implementation cost	739,373
(-) O&M costs	(372)
(-) General and administrative expenses	43,126
(-) Share of profit (loss) of investees	(532,959)
(-) Revenues - Periodic Tariff Revision (RTP)	(1,477,622)
(-) Other operating income (expenses)	(59,680)
REGULATORY EBITDA (ICVM 527)	**3,356,179**
Share of profit of investees	60,434
Adjustment Portion (PA) RTP and RBSE	(871,073)
Retrospective receipt of PA (RTP and RBSE)	145,179
Non-recurring costs and expenses1	25,582
ADJUSTED EBITDA	**2,716,301**

3. Company's Shareholding Structure

In compliance with the provisions of the Corporate Governance practices, we are pleased to submit below the Company's shareholding structure and the shareholders who hold more than 5% of each Company share type and class, either directly or indirectly, up to the level of individuals.

The main Company shareholders are as follows:

						2020
	Common shares		Preferred shares		Total	
Shareholders	**Number**	**%**	**Number**	**%**	**Number**	**%**
Controlling shareholder						
ISA Capital do Brasil S. A	230,856,832	89.50	5,144,528	1,28	236,001,360	35,82
Management						
Executive Officers	-	-	-	-	-	-
Board of Directors	-	-	4,000	-	4,000	-
Supervisory Board	-	-	900	-	900	-
	-	-	4,900	-	4,900	-
Total Controlling Block	230,856,832	89.50	5,149,428	1.28	236,006,260	35.82
Outstanding Shares						
Federal Government						
Centrais Elétricas Brasileiras S. A – ELETROBRAS (i)	25,158,644	9.75	212,276,657	52.94	237,435,301	36.04
Others (ii)	1,922,256	0.75	183,519,487	45.78	185,441,743	28.14
Total Outstanding Shares	27,080,900	10.50	395,796,144	98.72	422,877,044	64,18
Total capital	**257,937,732**	**100.00**	**400,945,572**	**100.00**	**658,883,304**	**100.00**

(i) Centrais Elétricas Brasileiras S.A. – Eletrobras is a publicly-held company with CVM registrant code No. 2437.
(ii) Includes shareholders who individually hold a number of shares that is lower than 5% of the voting capital.

	2019					
	Common shares		Preferred shares		Total	
Shareholders	**Number**	**%**	**Number**	**%**	**Number**	**%**
Controlling shareholder						
ISA Capital do Brasil S. A	230,856,832	89.50	5,144,528	1.28	236,001,360	35.82
Management						
Executive Officers	-	-	-	-	-	-
Board of Directors	-	-	4,000	-	4,000	-
Supervisory Board	-	-	-	-	-	-
	-	-	4,000	-	4,000	-
Total Controlling Block	230,856,832	89.50	5,148,528	1.28	236,005,360	35.82
Outstanding Shares						
Federal Government						
Centrais Elétricas Brasileiras S. A – ELETROBRAS (i)	25,158,644	9.75	212,362,220	52.97	237,520,864	36.05
Others (ii)	1,922,256	0.75	183,434,824	45.75	185,357,080	28.13
Total Outstanding Shares	27,080,900	10.50	395,797,044	98.72	422,877,944	64.18
Total capital	**257,937,732**	**100.00**	**400,945,572**	**100.00**	**658,883,304**	**100.00**

(i) Centrais Elétricas Brasileiras S.A. – Eletrobras is a publicly-held company with CVM registrant code No. 2437.
(ii) Includes shareholders who individually hold a number of shares that is lower than 5% of the voting capital.

Shareholding position per type and class of share of holders of more than 5% of each type and class of Company shares, up to the level of individuals

						2020
	Common shares		Preferred shares		Total	
Shareholders	**Number**	**%**	**Number**	**%**	**Number**	**%**
ISA Capital do Brasil S. A.						
ISA Interconéxion Elétrica S.A. E.S.P. (a)	840,625,000	99.99	-	-	840,625,000	99.99
ISA Investimento e Participações do Brasil S.A.	10	0.01	-	-	10	0.01
	840,625,010	100.00	-	-	840,625,010	100.00
(a) ISA Interconéxion Elétrica S.A. E.S.P.						
Ministério de Hacienda Y Crédito Público (b)	569,472,561	51.41	-	-	569,472,561	51.41
Empresa Pública de Medellín E.S.P. (c)	97,724,413	8.82	-	-	97,724,413	8.82
Other shareholders	440,480,920	39.77	-	-	440,480,920	39.77
	1,107,677,894	100.00	-	-	1,107,677,894	100.00
(b) Ministério de Hacienda Y Crédito Público						
State-controlled (National Government of Colombia)	3,008,720	100.00	-	-	3,008,720	100.00
	3,008,720	100.00	-	-	3,008,720	100.00
(c) Empresa Pública de Medellín E.S.P.						
Municipality of Medellin	4,223,308	100.00	-	-	4,223,308	100.00
	4,223,308	100.00	-	-	4,223,308	100.00

	2019					
	Common shares		Preferred shares		Total	
Shareholders	Number	%	Number	%	Number	%
ISA Capital do Brasil S. A.						
ISA Interconéxion Elétrica S.A. E.S.P. (a)	840,625,000	100.00	-	-	840,625,000	100.00
Other shareholders	-	-	-	-	-	-
	840,625,000	100.00	-	-	840,625,000	100.00
(a) ISA Interconéxion Elétrica S.A. E.S.P.						
Ministério de Hacienda Y Crédito Público (b)	569,472,561	51.41	-	-	569,472,561	51.41
Empresa Pública de Medellín E.S.P. (c)	97,724,413	8.82	-	-	97,724,413	8.82
Other shareholders	440,480,920	39.77	-	-	440,480,920	39.77
	1,107,677,894	100.00	-	-	1,107,677,894	100.00
(b) Ministério de Hacienda Y Crédito Público						
State-controlled (National Government of Colombia)	3,008,720	100.00	-	-	3,008,720	100.00
	3,008,720	100.00	-	-	3,008,720	100.00
(c) Empresa Pública de Medellín E.S.P.						
Municipality of Medellin	4,223,308	100.00	-	-	4,223,308	100.00
	4,223,308	100.00	-	-	4,223,308	100.00