



## The Paris Climate Deal: What Does it Mean for Canadian Investors?

### Description

The historic accord reached at the Paris climate change conference aimed at limiting global warming has brought how the global economy is powered firmly back into perspective. The agreement is set to sharply limit the use of fossil fuels as part of the global energy mix and see their eventual replacement with renewable sources of energy including wind, solar, and hydroelectric power.

This will act as a powerful secular tailwind for a number of Canadian energy companies. Among the key beneficiaries will be **Brookfield Renewable Energy Partners LP** ([TSX:BEP.UN](#))([NYSE:BEP](#)) and **Northland Power Inc.** ([TSX:NPI](#)).

### Now what?

The Paris climate change agreement aims to slow the pace of global warming to well below two degrees Celsius and is set to commence in 2020.

A key part of the deal is the elimination of coal, oil, and natural gas as a means of generating energy and their replacement with renewable sources. The deal will also see developed nations contribute US\$100 billion to developing nations from 2020 in order to ease their transition to the new global energy regime.

This is a particularly important tailwind for Brookfield Renewable Energy Partners; it has invested in a global diversified portfolio of renewable energy assets. These include hydroelectric plants in Canada, the U.S., and Brazil as well as wind farms in Ireland, Portugal, the U.S., and Canada.

This gives the partnership over 7,000 megawatts of installed capacity, which it continues to expand through organic growth and acquisitions. Current projects include the construction of 127 megawatts of hydroelectric and biomass plants in Brazil.

Brookfield Renewable Energy Partners is well positioned to continue this expansion with US\$1 billion in liquidity at the end of the third quarter 2015.

Each of these characteristics leave it effectively positioned to take full advantage of the Paris climate

change agreement. While investors wait for this to occur they will continue to be rewarded by Brookfield Renewable's juicy but sustainable dividend yield of over 6%.

Northland Power's portfolio of renewable energy assets located primarily in Canada are focused on solar, wind, and thermal power generation, giving it installed capacity of over 1,300 megawatts.

More importantly, it also remains focused on expanding its power-generating assets; it has wind projects under construction in Canada, the Netherlands, and Germany, which will add over 600 megawatts of additional capacity. Once these projects are completed and operational, Northland will see a nice bump in earnings that will decrease capital spending and enhance its bottom line.

This will leave it well positioned to finance additional projects that will further expand its portfolio of power-generating assets, allowing it to take full advantage of the increased focus on clean energy.

Just like Brookfield Renewable Energy, Northland Power's dividend has tasty yield of over 6%, which will reward investors as they wait for its earnings to grow as a result of the secular trend to cleaner sources of energy.

### **So what?**

The secular trend to cleaner renewable sources of energy continues to gain momentum globally. This will be a powerful growth driver for established renewable energy companies such as Brookfield Renewable Energy and Northland Power, making them important additions to any growth-focused investment portfolio.

### **CATEGORY**

1. Energy Stocks
2. Investing

### **TICKERS GLOBAL**

1. NYSE:BEP (Brookfield Renewable Partners L.P.)
2. TSX:BEP.UN (Brookfield Renewable Partners L.P.)
3. TSX:NPI (Northland Power Inc.)

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