



2 Renewable Energy Investments for Your Portfolio

Description

The move to renewable energy sources has steadily grown in popularity over the past few years as companies, consumers, and governments have realized the impact to the environment and the economy from burning fossil fuels for power generation.

Up until recently, the cost of harvesting energy from renewable sources was, for the most part, cost prohibitive. The recent volatility in the price of oil as well as an influx of investments into renewable energy sources have resulted in prices dropping and thus renewable energy sources gaining yet more attention from the public.

TransAlta Renewables Inc. ([TSX:RNW](#)) and **Innervex Renewable Energy Inc.** ([TSX:INE](#)) are two renewable energy companies that have recently caught my attention as great investments for the long term.

Here's a look at both companies and why they are great options for your portfolio.

TransAlta Renewables

TransAlta Renewables is both a power generator and a wholesale marketer of electricity. The company has been around for over 100 years with assets worth over \$9 billion. The company's portfolio consists of over 70 power facilities scattered across Canada, the U.S., and Australia.

TransAlta's renewable portfolio consists of gas, hydro, solar, and wind facilities, which makes the company fairly scalable in terms of being able to build and manage different types of renewable energy sources.

The company is actively looking at expanding into additional areas and boosting capacity, noting recently that it is exploring ways to double Alberta's low-carbon-generating facilities. This would be done through redesigning nearly a dozen existing hydropower plants in the province as well as refitting existing wind power facilities with updated turbines.

Alberta's needs for low-carbon electricity generation could be huge. By some estimates the province

will need an additional 4,000 MW of power by 2030, whereby existing legislation calls for the replacement of some fossil fuels.

TransAlta has stopped short of beginning that expansion just yet, opting to wait for the right market conditions; more specifically, any fluctuations in the price of electricity as well as regulations on renewable energy that the province has promised.

Why should you invest in TransAlta Renewables? Besides the growing portfolio of properties and the defensive moat that power generators possess, the stock is on the rise and pays a very healthy monthly dividend. The stock currently trades at just \$12.82 and pays a monthly dividend of \$0.07 per share for a yield of 6.86%.

Innergex Renewables

Innergex is another great renewable energy company that is getting more attention lately. The stock trades at \$14.11 and is up by an incredible 30% year-to-date. Even better than the stellar growth of the stock is the fact that Innergex also pays a handsome quarterly dividend of \$0.16 per share, giving the stock a very impressive 4.54% yield.

Financials aside, there is more to love about this stock. The company is currently one of the largest operator/owner of renewable power generation across North America and Europe. The company has a portfolio of 42 hydroelectric-, solar-, and wind-powered facilities.

So why do I like Innergex as an investment? The company has already doubled production in the past six years and appears to be set up to continue this trend moving forward as there are new acquisitions and construction projects that the company is engaging with constantly. The recent purchase of wind facilities in France highlights this aggressive expansion, which is posed to fuel growth for the company for years.

An important factor to consider is the defensive moat that exists with renewable energy sources. Power generation is something that consumers take for granted, and there are few companies available to provide that service. Throw the growing importance of renewable energy into the equation, and the number of companies shrinks even further.

CATEGORY

1. Energy Stocks
2. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

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2. TSX:RNW (TransAlta Renewables)

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