



## Get Stable Income From This Renewable-Power Portfolio

### Description

There's a growing need globally for renewable energy. The Ren21 2015 report found that in 2014 renewables generated 22.8% of the world's electricity, growing 19.1% from the previous year. Of the 22.8%, hydro power generated 16.6%.

### Why hydro power?

There are multiple reasons why hydro power may be used to generate the bulk of electricity generated by renewables.

First, hydro assets have a long, useful life.

Second, they become more valuable over time because suitable locations to build these irreplaceable assets are scarce.

Third, the power they produce can be stored and used when demand spikes or to stabilize power fluctuations on the grid.

Fourth, they can produce the large volume of power needed for large commercial users and highly populated areas.

Lastly, little ongoing capital spending is needed to maintain hydro assets.

### How can you invest in hydro?

Investors are in luck. **Brookfield Renewable Partners LP** ([TSX:BEP.UN](#))([NYSE:BEP](#)) is one of the largest pure-play renewable platforms easily accessible by investors, and it has been investing in hydro for more than 20 years.

The utility has a predominantly hydro portfolio of \$25 billion of assets across 260 power-generating facilities. It has 10,700 megawatts of capacity across 15 markets in seven countries.

Its portfolio consists of 88% hydroelectric generation that's diversified across 82 river systems and is

complemented by 11% of wind power generation.

Geographically, 65% of Brookfield Renewable's generation is in North America, 15% is in Brazil, 15% is in Colombia, and 5% is in Europe.

## **Income**

Brookfield Renewable is a top candidate for income investors. The utility generates about 90% of long-term contracted cash flows that grow with inflation. These predictable cash flows support a stable distribution.

The utility is always on the lookout for acquisitions, which helps it grow. With its institutional partners, Brookfield Renewable recently acquired virtually all of the shares of Isagen from the Colombian government.

Isagen owns and operates a primarily hydroelectric portfolio comprised of about 3,000 megawatts of generating capacity, and it has a 3,800-megawatt development portfolio in Colombia. Brookfield Renewable will have an interest of about 25% of the company once the transaction is completed.

Brookfield Renewable offers a high yield that grows at an above-average rate. Since 2011 the utility has increased its distribution by 6.5% on average per year.

Brookfield Renewable offers a U.S. dollar-denominated distribution. At \$40.50 per unit, the utility yields 5.7%. And the company aims to increase its distribution by 5-9% on average per year.

## **Conclusion**

Brookfield Renewable's irreplaceable hydro assets will become more valuable over time. In the meantime, its renewable assets generate stable cash flows that support a stable distribution for unitholders.

Organic growth and acquisitions should allow the utility to continue growing its distribution, and the company aims to increase it by 5-9% on average per year. As such, Brookfield Renewable is a top income investment for the long term, especially on dips.

## **CATEGORY**

1. Dividend Stocks
2. Investing

## **TICKERS GLOBAL**

1. NYSE:BEP (Brookfield Renewable Partners L.P.)
2. TSX:BEP.UN (Brookfield Renewable Partners L.P.)

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