



3 Renewable Energy Companies to Boost Long-Term Wealth

Description

One of the greatest challenges facing humanity is global warming, which is causing climate change and harmful environmental disruption. These dangers have triggered one of the greatest secular trends ever witnessed: the move to renewable sources of energy. With coal-fired electricity being one of the biggest emitters of greenhouse gas emissions globally, there is now a concerted move around the world to eventually eliminate coal-fired power plants.

As a result, a number of governments have established ambitious renewable energy targets. Many seek to eventually eliminate coal-fired power from their energy mix. This has proven to be a boon for the renewables industry, which attracted a record US\$329 billion of investment in 2015.

There are signs that the rapid growth in demand can only continue, particularly in light of the Paris climate change accord, which aims to eventually eliminate fossil fuels from the global energy mix. With the renewables industry still in its infancy, along with electricity being an indispensable element of modern society, there is considerable upside on offer for patient investors.

Let's take a closer look at three renewable energy companies that are well positioned to benefit from this trend.

Now what?

The first choice is the world's largest publicly listed pure-play renewable energy company, **Brookfield Renewable Partners LP** ([TSX:BEP.UN](#))([NYSE:BEP](#)).

It holds an almost 11,000-megawatt portfolio of renewable energy assets focused on hydro-power and spread across Canada, the U.S., Brazil, Colombia, Portugal, and Ireland.

More importantly, it remains focused on expanding its operations, and with the financial backing of its parent, **Brookfield Asset Management Inc.**, it is more than capable of identifying and making accretive acquisitions.

Its last transaction was the acquisition of a controlling interest in Colombia's third-largest power

generator—with over 3,000 megawatts of capacity—hydro company **Isagen S.A.**

Now, along with its partners from that deal, Brookfield Renewable is in the process of acquiring the remaining outstanding shares of Isagen. Brookfield Renewable anticipates the consortium will own virtually all of Isagen's outstanding shares, giving it greater control and allowing it to more effectively drive efficiencies and expand the business.

With a distribution yielding almost 6%, Brookfield Renewable will continue to handsomely reward investors as they wait for its share price to benefit from this trend.

Next there is **Northland Power Inc.** ([TSX:NPI](#)), which owns and operates a diversified portfolio of wind, solar, and thermal power-generating assets, the majority of which are located in Canada.

It also has an offshore wind farm in Germany and is expanding its portfolio with the construction of an offshore wind farm in Germany and another in the Netherlands. By 2018 when these projects are expected to be fully operational, they are forecast to generate more than \$470 million in EBITDA, which is greater than Northland's full-year 2015 EBITDA of \$402 million.

This highlights the considerable growth potential these projects offer, and their successful operation should cause Northland's share price to appreciate.

While patient investors wait for this to occur, they will continue to be rewarded by Northland's tasty 4% dividend yield.

Finally, there is **Algonquin Power & Utilities Corp.** ([TSX:AQN](#)), which offers investors an interesting renewable energy and utilities hybrid.

It owns a portfolio of diversified renewable energy assets across the U.S. and Canada, encompassing wind, solar, thermal, and hydro power generation that have 1,185 megawatts of generating capacity. Algonquin also owns a U.S.-focused utilities business that distributes water, electricity, and natural gas across 11 states to 560,000 customers.

This combination enhances its defensive characteristics while leaving it well positioned to benefit from the secular trend to renewable sources of electricity.

This trend is already acting as a powerful tailwind for Algonquin's earnings. Its second-quarter 2016 EBITDA rose by 22% compared with the same quarter in 2015. This solid growth should continue as Algonquin is currently constructing 360 megawatts of renewable electricity projects in the U.S. and developing 377 megawatts of wind projects in Canada.

While waiting for its share price to appreciate, investors will be rewarded by its 4.5% dividend yield.

So what?

The global secular trend to renewable sources of electricity will act as a powerful tailwind for these companies, and this means they are well positioned to unlock considerable value for investors over the long term.

CATEGORY

1. Energy Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:BEP (Brookfield Renewable Partners L.P.)
2. TSX:AQN (Algonquin Power & Utilities Corp.)
3. TSX:BEP.UN (Brookfield Renewable Partners L.P.)
4. TSX:NPI (Northland Power Inc.)

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Date

2025/09/18

Date Created

2016/08/23

Author

mattdsmith

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