



Investors: Will You Miss Out on the Opportunity of a Lifetime?

Description

There aren't many investing opportunities today that have more potential than renewable energy.

According to research by a number of prominent university professors, it will cost up to US\$100 trillion in the next 20 years to replace the world's aging coal- and gas-fired power plants with new facilities powered by water, wind, and solar energy.

This trend is just beginning. The United States has a total of 35 gigawatts of solar power capacity installed, enough to power about 6.5 million homes. That's a great start, but it pales in comparison to other more traditional sources of power. Coal, natural gas, and nuclear power plants still provide more than 80% of the country's electric capacity.

Needless to say, this is a great opportunity. And it isn't particularly hard for the average investor to get exposure to it either. That's because, despite those saying we're just a few years away from solar panels appearing on homes everywhere, the trend will not catch on. In fact, the United States has seen a decrease in residential solar panel installation of late.

Besides, the average homeowner can't afford the cost of installing a rooftop solar system. They're too busy trying to put food on the table and make their vehicle payments. They'll continue to get their power from existing infrastructure, even if they complain about the costs.

Here are three ways for Canadian investors to play this upcoming boom.

TransAlta Renewables

TransAlta Renewables Inc. ([TSX:RNW](#)) has quickly become one of Canada's renewable power leaders. It is a worldwide player with nearly \$4 billion worth of assets across Canada, in two U.S. states, and in Australia.

It has all sorts of potential to keep expanding. Its parent company, **TransAlta Corporation** — which owns 64% of outstanding shares — is desperately trying to shed debt. It could sell a number of assets to its subsidiary. Alberta is currently in the process of mothballing all of its coal-fired plants by 2030 to

be replaced by greener options. And, perhaps most importantly, Renewables has one of the cleanest balance sheets in the entire industry. It can afford to take on more debt as it gets bigger.

Investors also get paid a 5.9% dividend — a payout that management has already indicated will go up in 2017 as a big Australian project gets completed.

Algonquin

Algonquin Power & Utilities Corp. ([TSX:AQN](#))([NYSE:AQN](#)) provides power, natural gas, and water to some 800,000 customers and owns nearly \$10 billion worth of assets. It recently completed the acquisition of the Empire District Electric Company, which provides power and natural gas to customers in parts of Missouri, Kansas, Oklahoma, and Arkansas.

Although the company isn't a pure-play renewable power generator, it is still a major player in the space. It has more than 2,500 megawatts worth of transmission capacity, and management is always looking for potential expansion opportunities.

Like TransAlta Renewables, Algonquin pays a very generous dividend. The current yield is 5.4%.

Brookfield Renewable

Brookfield Renewable Energy Partners LP ([TSX:BEP.UN](#))([NYSE:BEP](#)) owns and operates one of the world's largest portfolios of renewable power, which is anchored by more than 200 hydroelectric facilities. Assets are located in Canada, the United States, South America, and Europe.

Not only does the company have more than \$25 billion worth of assets, but it also has the full support of **Brookfield Asset Management**, which is one of the world's largest asset managers. There won't be any problems getting the additional capital needed to build new facilities or acquire existing ones.

The company's focus on regulated areas ensures consistent cash flow, and management has been smart enough to tie most of the debt to the assets themselves rather than the partnership. So if something goes wrong, the parent company doesn't have much risk.

Brookfield Renewable also pays an attractive dividend. It has a 6.1% yield along with a solid history of upping the payout.

The bottom line

It isn't hard for investors to get exposure to the massive opportunity that is the renewable energy market. All they need to do is buy TransAlta Renewables, Algonquin, or Brookfield Renewables and hold on for a long time. Each company is well positioned to capture a share of this once-in-a-lifetime opportunity.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. NYSE:BEP (Brookfield Renewable Partners L.P.)
3. TSX:AQN (Algonquin Power & Utilities Corp.)
4. TSX:BEP.UN (Brookfield Renewable Partners L.P.)
5. TSX:RNW (TransAlta Renewables)
6. TSX:TA (TransAlta Corporation)

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