



Get Income From Renewable Energy Investments

Description

Editor's note: A previous version of this article included the wrong frequency of Innergex Renewable Energy's dividend. It pays quarterly, not monthly, dividends. The Fool regrets the error.

Renewable energy sources represent some of the most intriguing opportunities in the market. Renewable energy already makes up over 50% of the power generation in Canada, and renewable energy markets around the world are growing, despite what appears to be a pro big-oil administration in Washington.

One of the things I absolutely love about renewable energy investments is how they benefit from two separate moats that provide a nearly impenetrable fortress surrounding what could be lucrative revenue streams.

The first moat is that as a utility which generates power, that power is sold off at what are, for the most part, regulated rates. Those regulated rates are established in agreements that will span, in some cases, upwards of 20 years, which cements the renewable energy opportunity as a long-term play. This also creates the opportunity for further growth as sentiment around renewable energy sources continues to improve and older fossil-fuel burning facilities are phased out.

The second moat is the more ethical approach to power generation. Renewable energy sources are viewed as the current baseline in terms of energy development, so to replace a solar farm with a coal-burning facility at this point would be unthinkable.

Some renewable energy companies pay impressive dividends that could provide growth and income for years.

Here's a look at a few renewable energy companies that could continue to power your portfolio.

Innergex Renewable Energy

If you haven't heard about **Innergex Renewable Energy Inc.** ([TSX:INE](#)) before, you will certainly remember the company from this point on. Innergex is one the largest independent power producers

on the market with a diversified mix of facilities that spans hydro, wind, and solar installations across Canada, the U.S., and France. In total, all 47 facilities generate 939 MW of power with a further 70 MW of capability currently under construction.

In terms of a dividend, Innergex pays \$0.66 per share annually, giving Innergex a very healthy 4.6% yield. Over the years, Innergex has steadily increased that dividend with increases recorded in each of the past three years.

Last month, Innergex announced yet another increase, setting up for a fourth consecutive year of increases. Even better, that trend is likely to continue doing so thanks to a sustainable payout ratio near 90%.

Future growth is also another reason to consider Innergex. The stock has appreciated nearly 10% in the past year, and over the course of the past five years Innergex has shot up nearly 40%.

Innergex currently trades just under \$15.

TransAlta Renewables

TransAlta Renewables Inc. ([TSX:RNW](#)) is another pick for investors looking for income from the renewable energy sector. TransAlta is another independent power producer that currently owns or maintains an interest in over 30 facilities located in Canada, the U.S., and Australia.

TransAlta's facility composition is 51% wind, 44% gas and 5% hydro facilities; together they provide 2,441 MW of power-generating capacity.

TransAlta currently offers investors a monthly dividend of \$0.07333 per share, which translates into a very impressive 5.82% yield on the stock. TransAlta has also steadily increased the dividend throughout the years with the most recent uptick coming last year.

In terms of growth, TransAlta has appreciated by over 20% in the past year, and looking out over the past five years, TransAlta has jumped over 50%. That growth is expected to flow into 2017 as the company completes construction of the south Hedland facility, which should be operational later this year.

TransAlta currently trades at a little over \$15.

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2. TSX:RNW (TransAlta Renewables)

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