



Enbridge Inc.: Add This Stock to Your Pipeline

Description

Enbridge Inc. ([TSX:ENB](#))([NYSE:ENB](#)) is a Canadian company in the oil and gas industry. With a diversified portfolio of operations in a number of different segments, including gas pipelines and processing, liquids pipelines, gas distribution and energy services, investors have many unique business segments to analyze when considering Enbridge as a long-term hold.

In this article, I'm going to focus on the business segment I think makes the best case for Enbridge as a long-term buy and hold: its growing portfolio of renewable energy projects.

Which renewable energy projects?

Enbridge has made the transition into renewable energy. It made another major investment this year, buying a 50% stake in an offshore wind farm in Germany for \$1.7 billion. This large investment is one which has, on the surface, extremely attractive fundamentals for long-term investors looking at achieving a realistic and sufficient return from renewable energy over a long time horizon.

This offshore wind farm is expected to provide 497 megawatts of generating capacity; what is special about this arrangement is the fact that the electricity this wind farm generates will be subject to preferential long-term 20-year pricing contracts courtesy of the German government.

Enbridge and its partner, German utility company EnBW, will develop the project together — a project which already has the vast majority of its government approvals and capital budget approvals to move forward, making it a near certainty to continue and be completed in 2019.

The ability for Enbridge to calculate with near precision what the costs and long-term profits will be over the next 20 years has allowed the company to project double-digit dividend increases through the year 2024, making many long-term income-focused investors salivate.

In addition to its German investment, Enbridge is currently the second-largest wind and solar producer in Canada with a number of existing and proposed projects in the U.S., the U.K., and France also contributing to the size and strength of its renewables portfolio.

Many of these projects include long-term power-purchase agreements similar to the aforementioned German agreement and are, in many ways, much more viable from a long-term perspective than some of the investments made by the company's industry rivals of late.

Bottom line

In the ever-evolving world of energy, companies are beginning to understand that the large macro-level shifts the world is making away from fossil fuels towards renewables is not only going to happen, but that future may be here sooner than expected.

Getting on board with *profitable* renewable energy platforms is something that many companies have yet to do; Enbridge, however, appears to have made a good start.

Stay Foolish, my friends.

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Date

2025/09/11

Date Created

2017/05/15

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