2 Renewable Energy Companies That Will Soar Post-Paris

Description

Last week a historic event was supposed to take place; over 190 countries were to unite in the face of impending dangers of climate change, making a commitment to reduce emissions from fossil fuels for the sake of our children and grandchildren.

The event was soured when U.S. president Donald Trump announced that the U.S. would be withdrawing from the accord, citing concerns for American tax payers and workers, keeping with his America First pledge, although, strangely enough, neglecting the entire green energy industry in the U.S., which would have seen significant job growth under the agreement.

The agreement still stands with those other counties, which will continue to transition to cleaner energy sources. Even in the U.S., a band of states have come together that comprise a third of the U.S. GDP and nearly one-fifth of all emissions to pledge their support for the agreement and continue working towards a greener future.

What does this mean for clean energy companies?

Despite the withdrawal of the U.S., green energy companies on both sides of the border stand to benefit in the long run. Power generation in particular is undergoing a renaissance of sorts; coal- and oil-burning fossil fuel plants are being replaced with clean energy wind and solar farms. Hydro and nuclear power are also on the rise, replacing older, less efficient facilities.

Part of this is because of the changing view in the world with respect to green energy, and part of this can be attributed to the business model and life span of power-generation facilities.

Power-generation facilities are typically bound in power-purchase agreements (PPAs). In short, these agreements stipulate that the facility will provide power in exchange for a fixed rate. That fixed rate translates into a steady source of income for the company, and the PPA is often a long-term agreement that can span upwards of 20 years.

This can make for some interesting investment opportunities in the sector.

One such company that investors should look into is **Innergex Renewable Energy Inc.** (TSX:INE). Innergex is an independent power producer that has a well-diversified portfolio of locations in the U.S., Canada, and France with wind, solar, and hydro generation facilities.

Innergex currently has 49 locations and boasts just over 1,000 MW of net capacity. One MW of power is the typical amount needed to power 200 Canadian homes.

Why should you consider Innergex? Apart from Innergex's steadily growing portfolio of assets (that are, for the most part, in areas that are pro-green energy), the company offers an impressive quarterly dividend that has a 4.51% yield.

TransAlta Renewables Inc. (TSX:RNW) is another option for investors to consider. TransAlta has facilities in the U.S., Canada, and Australia — for the most part, again, all are very much pro-green-energy countries.

TransAlta's energy mix includes wind, gas, and hydro elements. The company owns or has an interest in over 35 facility locations that together provide over 2,600 MW of power.

Why should you consider TransAlta? The company is coming off a great quarter that saw revenues nearly double over the same period last year, and TransAlta rewards shareholders with an appetizing monthly dividend that pays out an impressive yield of 5.53%.

CATEGORY

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dafxentiou