

Save the Planet and Beat the Market with Renewable Energy

Description

In recent years, renewable energy stocks have become some of the most lucrative investments, although they're not even on the radar of most investors, amazingly.

The long-held stereotype with respect to renewable energy is that it's expensive, inefficient, and difficult to implement. There's also the view that renewable energy still makes up a fraction of the world's energy needs.

However, as costs have decreased and recent advancements have made renewable energy a growing and profitable business that provides a sizeable portion of the world's energy needs, this couldn't be further from the truth.

Renewable energy as an investment?

When considering renewable energy stocks as investments, two key advantages are often dismissed.

First, most of the power facilities operate under contract agreements known as Power Purchase Agreements (PPA). These are typically long-term contracts that can span a decade, if not two. In addition, the contract regulates the amount that the utility earns from that generated power, which provides a stable, long-term income stream for the utility.

The second point involves renewable energy itself. While there are still holdout administrations that refuse to acknowledge climate change, most nations *do* acknowledge it, and indeed have taken measures to reduce burning fossil fuels to power their grids. For renewable energy companies, each aging fossil fuel facility represents an opportunity over and above the natural growth of a community to introduce renewable energy elements.

Renewable energy investments for any portfolio

Two renewable energy investments with plenty of potential are **Innergex Renewable Energy Inc.** ([TSX:INE](#)) and **TransAlta Renewables Inc.** ([TSX:RNW](#)). Let's look at the investment profile of each one.

Invest in Innergex for a diversified portfolio of renewable facilities

Innergex operates over 50 solar, wind, and hydro facilities across Canada, the U.S., and Europe. Across all those facilities, over 40 of them have PPAs that run out over a decade from now, with several extending to 2050 and beyond.

The stable source of revenue that PPAs provide also results in an impressive dividend that's passed on to investors. Innergex provides a quarterly dividend that comes out to an appetizing yield of 5.03%.

Earlier this year, Innergex acquired **Alterra Power** in a \$1.1 billion move set to propel Innergex forward

in terms of installed capacity as well as growth potential. The acquisition is still awaiting regulatory approval due later this year.

TransAlta Renewables is another great renewable energy company to consider adding to your portfolio. TransAlta has an installed capacity of over 2300 MW spread across 31 facilities in seven regions globally in gas, hydro, and wind elements.

One of the most impressive aspects of TransAlta Renewables comes in the form of the quarterly dividend that currently provides a very handsome 7.95% yield.

Last month, TransAlta provided an update for the fourth quarter of 2017. Net earnings attributed to shareholders came in at \$33 million, representing a \$6 million increase over the same quarter last year.

Year-to-date, TransAlta has dropped over 11%, but that drop isn't representative of where TransAlta is heading in 2018. During the recent earnings announcement, the company reiterated a commitment to growing CAFD through the acquisition of new assets and diversification.

In my opinion, renewable energy stocks are [great investments](#). They represent a lucrative opportunity for early investors in terms of growth and offer some of the [best-paying dividends](#) on the market.

CATEGORY

1. Energy Stocks
2. Investing

TICKERS GLOBAL

1. TSX:INE (Innergex Renewable Energy)
2. TSX:RNW (TransAlta Renewables)

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Author

dafxentiou

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