



2 Top Renewable Energy Stocks for Every Portfolio

Description

Rising oil prices coupled with the global drive to combat climate change and the [falling cost](#) of renewable sources of energy are driving higher investment in the renewable energy sector. According to the United Nations, in 2017, investment in solar power alone outstripped that of coal, natural gas, and nuclear combined — a trend that's expected to continue in the foreseeable future, especially given that the Paris Agreement on climate change seeks to significantly restrict global temperature increases by forcing nations to restrict their output of harmful carbon emissions.

This will serve as a powerful tailwind for renewable energy utilities **Northland Power Inc.** ([TSX:NPI](#)) and **Innergex Renewable Energy Inc.** ([TSX:INE](#)). Because of the secular shift to cleaner renewable sources of electricity, these stocks are becoming an ever-important addition to investors' portfolios.

Now what?

Northland owns and operates a diversified portfolio composed of wind, solar, and thermal electricity-producing facilities, giving it net installed generating capacity of 2,029 megawatts, almost double its capacity in 2012. The utility is also developing a pumped storage facility in Canada and an offshore wind farm in Germany, which will boost its installed capacity by over 252 megawatts.

The significant growth of its asset base, which has quadrupled in value since 2012, gave 2017 adjusted EBITDA a healthy bump, causing it to expand by 22% compared to a year earlier. Cash flow and net earnings for 2017 also rose by a remarkable 18% and 45%, respectively, thereby highlighting the considerable growth potential of Northland's business. This solid bump in earnings can be attributed to the Gemini offshore wind project in the North Sea, which is coming online in April 2017.

I expect to see a further lift in Northland's 2018 earnings because the Nordsee One offshore wind project (also located in the North Sea) was completed in December 2017. And this, along with the aforementioned assets under development, illustrates the considerable growth experienced by Northland at this time.

While investors wait for that to bolster the utility earnings, they will be rewarded by its regular and sustainable monthly dividend, which is yielding a juicy 5% annually.

Innergex, which owns a portfolio of diversified renewable energy assets with 1,502 megawatts of installed capacity focused on wind and hydro, is another stock for investors to consider. The company generates most of its revenue in Canada, with the remainder coming from France and the U.S., which are responsible for 13% and 1%, respectively.

Innergex is also developing a hydro and a wind facility.

The ongoing expansion of its asset pool gave Innergex's 2017 EBITDA a healthy boost, causing it to rise by 38% year over year because of substantial 24% increase in installed capacity, which triggered 25% growth in power generation. When the two projects under development come online during the first quarter of 2018 and 2020 as scheduled, Innergex's generating capacity will grow further, giving earnings another boost.

The renewable electric utility pays a quarterly dividend, which it has hiked every year for the last five years, giving it a tasty yield of almost 5%.

So what?

The secular trend to [renewable energy](#) will be a powerful tailwind for both companies. Their strong growth potential combined with stable earnings and regular dividend payments make them attractive investments and great additions to any long-term portfolio.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

1. TSX:INE (Innergex Renewable Energy)
2. TSX:NPI (Northland Power Inc.)

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