

## 3 High Yield Renewable Energy Stocks for Your TFSA

### Description

As investors, we are all searching for that magic bullet. We want income and we also want capital appreciation.

An attractive place to look for this has been the renewables sector.

With a strong [long-term secular trend](#), and attractive dividend yields, these stocks have mostly fared well in recent times, and while a [rising interest rate](#) environment will probably put a damper on capital appreciation potential, the dividend yields are high and lucrative.

#### **Boralex Inc.** (TSX:BNL)

With a dividend yield of 3.25%, a payout ratio of below 30% and a target payout ratio of 40% to 60%, Boralex stock offers the investor well-funded future growth as well as potential dividend upside.

The most recent quarter, the third quarter of 2018 was disappointing, as the company reported significantly lower than expected wind generation in France, as well as lower than expected hydro generation in Canada and the U.S.

The stock reacted sharply off of these results, and is down 25% year-to-date off of these issues.

For long-term investors looking for a bargain, Boralex is one renewables stock to consider, as it has a favourable long-term outlook based on its organic growth profile as well as its long-term agreements and quality assets.

**TransAlta Renewables Inc.** ([TSX:RNW](#)) is also a strong renewables energy provider, with a dividend yield of 8.25%.

Since its IPO in 2013, the company has grown its dividends at a 6% compound annual growth rate, and it continues to provide one of the highest dividend yields in the renewables sector.

Its diversified portfolio consists of wind, natural gas, and hydro power facilities, with wind power accounting for 49% of the company's cash flow generated, and with an average term of 15 years remaining in the company's long-term contracts.

With 18 wind facilities across Canada and the U.S., TransAlta Renewables is Canada's largest wind power generator.

With a dividend yield of 8.25%, the company offers investors a high yield that is supported by quality assets that are fully contracted with an average term of 15 years.

**Northland Power Inc.** ([TSX:NPI](#)) another strong renewables energy provider, offers a dividend yield of 5.63%.

This independent power producer is dedicated to developing, building, owning and operating facilities in Canada and internationally.

Lower-than-expected second and third quarter reports have worked to drive Northland stock lower, and it is now trading approximately 15% lower than this summer.

That's a significant fall, but the stock has shown some strength recently.

A few things are worth a special mention here.

First, guidance is pretty much unchanged, and 2018 free cash flow per share is still expected to be between \$1.75 and \$1.95.

Second, Northland's management owns approximately 34% of shares outstanding, so management's interests are aligned with shareholders.

Third, 98% of the company's revenues are from long term power contracts, so there is good stability in the company's financial results.

As for growth going forward, Northland is looking to Taiwan and Japan and the Asian market in general, where there are increasingly more and more plans to invest heavily in offshore wind fixed term contracts.

## CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

## TICKERS GLOBAL

1. TSX:BLX (Boralex Inc.)
2. TSX:NPI (Northland Power Inc.)
3. TSX:RNW (TransAlta Renewables)

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**Author**

karenjennifer

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