Should You Buy TC Energy (TSX:TRP) or Enbridge (TSX:ENB) Stock Today?

Description

It's hard to go wrong with high-yield energy stocks. Whether you're an investor looking to gain passive income during retirement or just setting up a Tax-Free Savings Account (TFSA) to create a nest egg, these stocks are perfect.

The energy sector is a popular one right now if you look hard enough. True, oil and gas prices remain slumped, and pipeline infrastructure has met some headwinds. However, that has also created some opportunities for investors looking to get in at rock bottom prices.

Two energy stocks offering this chance right now are **Enbridge Inc.** (TSX:ENB)(NYSE:ENB) and **TC Energy Corporation** (TSX:TRP)(NYSE:TRP). Both stocks hit a major low back in December and have since been climbing back up to net asset value (NAV) share prices.

But which is better? Let's see whether Enbridge or TC Energy belongs on your buy list today.

Enbridge

Enbridge is a titan in the pipeline industry, providing energy distribution and transportation across Canada and the United States consisting of both crude oil and natural gas.

The energy company is currently in growth mode, with $16 billion in growth projects set to be online by the end of next year. Part of that is the company's Line 3 Replacement and Expansion project, which recently hit yet another snag due to a Minnesota agency believing the project still has a few environmental issues to fix.

This most recent news sent the stock down from around $50 to share to where it is now around $45 per share, but that's where investors could see an opportunity. While Enbridge may have hit a hiccough, it still has a number of projects and long-term contracts to fall back on. Even without these projects, however, Enbridge is set up with a steady stream of cash flow for decades to come. All of these growth projects just make it that much more attractive.

But what's really attractive is the company's dividend yield, which is currently at 6.38%; the company expects to continue to increase for the foreseeable future.

TC Energy

TC Energy is a developer and operator of energy infrastructure through North America, with the infamous Keystone XL pipeline as one of the many pipelines under its belt.

While Enbridge has had a bit of a dip recently, TC Energy has remained on a steady course since December lows of around $50 per share. Since that time, it has increased by more than 30%, yet investors are still wondering about the future of this stock — specifically the Keystone pipeline.

Analysts, on the other hand, believe that investors are overlooking the long-term potential of this stock. Outside factors have created a perfect storm, including Keystone. Investors should look at this stock as transitioning into a new phase full of healthy pipeline growth. In fact, the company holds $38 billion in secured capital projects set to be complete by 2023, and analysts are overall pretty optimistic about Keystone.

In the next 12 months, analysts predict that the stock could jump to as high as $75 per share. For buy-and-hold investors, its dividend yield of 4.55% should continue to be supported by steady cash flow and these growth projects for decades to come.

Foolish takeaway

Enbridge and TC Energy are both strong energy companies that long-term investors can be confident in. Each company is in the process of growth that should keep the high-yield dividends increasing for decades. However, I prefer Enbridge today for three reasons.

First, the stock is in the midst of quite the dip from its NAV of about $60 per share. Second, Line 3 will likely be approved before Keystone, meaning that shareholders should see some major gains sooner than TC Energy. Finally, with a higher dividend passive-income seekers should see their choice as a no-brainer.

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