



3 Renewable Energy Stocks for July

Description

Renewable energy is taking the world by storm.

According to the International Renewable Energy Agency, renewables now account for one-third of global power capacity. Last year, renewable generation grew by nearly 8%, fueled by new solar and wind projects.

Most importantly, the rise of renewables is no longer being driven by subsidies, but rather economics. Renewable energy will only grow more price competitive, creating a multi-decade investing opportunity for long-term investors.

What's the best way to take advantage of this mega-trend?

There are several ways to profit. We rounded up your best options based on risk mitigation *and* upside potential.

Take full advantage

Renewable energy is all about deal sourcing. If you don't acquire enough attractive assets, you won't be able to generate massive shareholder wealth.

While it's only worth \$8 billion, **Brookfield Renewable Partners** ([TSX:BEP.UN](#))([NYSE:BEP](#)) has the firepower of a \$100 billion conglomerate. That's because it belongs to the powerful Brookfield family of enterprises.

Brookfield Renewable is overseen by \$60 billion alternative asset manager **Brookfield Asset Management**. This asset manager has an impressive portfolio that includes **Brookfield Infrastructure Partners**, **Brookfield Property Partners**, and **Brookfield Office Properties**.

While each company has a distinct operating model, there are often huge overlaps in strategy. For example, Brookfield Infrastructure often acquires large power plants, some of which may specialize in

renewable energy.

Because each entity is managed by the same parent company, they can share resources, leads, and expertise. That's given Brookfield Renewable plenty of opportunities to grow.

Since 2006, shares are up nearly 140% while delivering an annual dividend of 5-6%. Over the same period, the **S&P/TSX Composite Index** is up less than 40%.

Due to its unique business model, Brookfield Renewable should continue growing for as long as the grid converts to cleaner forms of energy. That trend should last decades.

Go niche

Formed by **TransAlta** to capitalize on opportunities specifically within renewable energy, **TransAlta Renewables** ([TSX:RNW](#)) has the funds and expertise necessary to establish a large fleet of clean power generation assets. In fact, TransAlta still owns 61% of the company.

Since its debut in 2013, the company has outperformed the market while paying a dividend that is currently approaching 7%. TransAlta Renewables now has 42 generation projects spanning the U.S., Canada, and Australia.

The secret, however, is its diversification.

Unlike many pure-play clean energy companies, TransAlta Renewables gets a lot of its cash flow from natural gas facilities. Roughly half of its cash flows come from solar, wind, and hydro. The other half is from natural gas.

Because natural gas complements the intermittent production profiles of renewables, this is a valuable asset mix to own, even if it doesn't qualify with stricter definitions of clean energy. Investors may write the company off for that very reason, but in reality, TransAlta Renewables controls one of the most attractive project portfolios in the industry.

Stick with stability

If you want stable, reliable returns, **Hydro One** ([TSX:H](#)) is a great bet.

This is a simple story. The company is nearly [entirely regulated](#), meaning its revenues and profits are almost guaranteed. Long-term contracts stretching a decade or more ensure cash flow generation regardless of market or economic conditions.

The dividend is just 4.2%, but that's the price you pay for a business that has the potential to *grow* during a global economic downturn.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:BEP (Brookfield Renewable Partners L.P.)
2. TSX:BEP.UN (Brookfield Renewable Partners L.P.)
3. TSX:H (Hydro One Limited)
4. TSX:RNW (TransAlta Renewables)

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