Collect $500/Month in Passive Income While Saving the Planet

## Description

Many Canadian investors struggle with some of our nation's largest sectors, knowing these companies are contributing to global warming.



Take the energy industry for instance, especially the oil sands. Although these operators have taken commendable actions to cut down carbon emissions, mining bitumen is still taking a toll on our planet.

Much of this oil then gets turned into gasoline and used to propel vehicles, which further adds to the problem.

Other sectors aren't a whole lot better. Metals and mining, another large **Toronto Stock Exchange** component, is also tough on the environment. The forestry space arguably isn't good for the planet either.

Even the restaurant stocks — which are well loved by dividend investors — generate a lot of waste.

The good news is there are plenty of Canadian stocks somebody concerned about the environment can own. Let's take a closer look at one, **TransAlta Renewables Inc.** (TSX:RNW) and show you how the company can generate plenty of passive income.

# Why TransAlta Renewables?

I firmly believe that sustainable investors must also think about a company's overall prospects. It's not enough to want to make the world a cleaner place; an investment must also hold the potential to generate significant profits.

TransAlta Renewables is a power producer with a focus on generating electricity from renewable sources. It owns 42 different power plants, which collectively produce nearly 2,500 mw of energy. Assets are spread throughout Canada, the United States, and Australia.

The company generates a majority of its cash flow from wind-powered assets, with several large natural gas-fired facilities also contributing to the bottom line.

Some environmentalists might have a problem with natural gas, because it's still a fossil fuel. But it burns cleanly, and newer technologies used in plants are more efficient than ever.

The company has plenty of growth ahead of it, too. Its parent company, **TransAlta**, has a number of renewable assets and a desire to fix its bloated balance sheets.

It only makes sense to sell some of these assets to the subsidiary, as the parent can then participate in some of the upside. Remember, TransAlta owns more than 60% of Renewables.

TransAlta Renewables also has one of the best balance sheets in the whole sector. The company has a low net debt-to-EBITDA ratio of 2.1 times earnings, which ensures it can add debt to finance new projects.

The company has been developing two new assets, both of which should start to generate power this quarter. These alone should add about 5% to the bottom line in 2020, and Renewables has plenty of potential to go acquire new assets as well.

## Collect $500/month



One of my friends wants to become what he calls a "solar baron" — an investor who builds a perpetual income machine from solar power assets. TransAlta Renewables offers the next best thing.

It's a great company to own over the long-term for income lovers who also want to help control global warming in a small way.

The stock currently pays a $0.078 per share monthly dividend, which is good enough for a 6.7% yield. It's an excellent payout with a history of dividend growth behind it.

In order to receive $500 per month in passive income from a TransAlta Renewables investment, you'd have to acquire 6,410 shares, which represents an investment of $87,432, excluding expenses such as trading commissions.

That might be out of your reach today, but even $100 per month would surely make a difference in your personal finances. You'd need to invest $17,486 into TransAlta Renewables stock to make that happen. That's a little more affordable.

Even if you only start with 100 shares, TransAlta Renewables should be an excellent investment to own over the long-term. Helping to save the planet is an added bonus.

**CATEGORY**

1. Dividend Stocks
2. Energy Stocks
3. Investing

**TICKERS GLOBAL**

1. TSX:RNW (TransAlta Renewables)

**PARTNER-FEEDS**

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

**Category**

1. Dividend Stocks
2. Energy Stocks
3. Investing

**Date**
2025/07/05
**Date Created**
2019/07/27
**Author**
nelsonpsmith