



1 Top Stock Yielding Over 5% to Cash in on the Growth of Renewable Energy

Description

The adoption of renewable forms of energy is expanding at a solid clip. Falling costs as well as a global push to reduce pollution and fight [climate change](#) have significantly boosted the attractiveness of renewable sources of energy.

According to the International Renewable Energy Agency (IRENA), global installed renewable energy capacity between 2009 and the end of 2018 more than doubled to 2,351 gigawatts (GW).

Much of that growth occurred in Europe and Asia, with China focused on substantially reducing pollution in its cities by eliminating coal as a source of energy.

This secular trend to cleaner renewable forms of energy is serving as a powerful tailwind for renewable energy utilities, with estimates that the renewable energy market will expand at a compound annual growth rate (CAGR) of 6% between 2018 to 2025. That makes now the time for investors to boost their exposure to renewable energy stocks.

Leading renewable energy utility

Brookfield Renewable Partners ([TSX:BEP.UN](#))([NYSE:BEP](#)) is one of the largest publicly listed renewable energy company with globally diversified operations. It is nicely positioned to benefit from the growing demand for renewable energy.

The partnership is focused on hydro power, which is responsible for 75% of its installed capacity of 17,500 megawatts (MW), with the remainder composed of wind and solar power.

Brookfield Renewable has reported some solid results over the last year. For the second quarter 2019, its share of the power generated by its portfolio grew by a healthy 18% year over year to 7,602 gigawatt hours (GWh).

That in turn supported an impressive 35% increase in funds from operations (FFO) to US\$0.74 per unit and net income of US\$0.05 per unit compared to a loss of US\$0.01 a year earlier.

The significant spike in the volume of electricity generated can be attributed to new assets, which were acquired since the end of the second quarter 2018, and projects under construction that were commissioned during the last year. That solid growth will continue with Brookfield Renewable having completed a series of transactions.

These include investing US\$500 million to acquire a 50% stake in Spanish solar developer X-Elio. Brookfield Renewable, through its **TerraForm Power** subsidiary, also purchased a 322 MW U.S. generation business that's fully contracted and has power purchase agreements (PPAs) in place with an average life of 17 years.

The partnership also bought 210 MW of operating wind assets in India, further diversifying its global presence and reducing its dependence on hydro.

Brookfield Renewable also negotiated a series of new power purchase agreements and related contracts which saw it secure higher prices in Colombia, Canada and Europe.

This, along with the significant increase in electricity output, was responsible for giving earnings a lift and will continue to bolster revenues as Brookfield Renewable continues its re-contracting initiatives.

The business is also constructing 131 MW of hydroelectric, wind, pumped storage and rooftop solar projects expected to be commissioned between now and 2021. As those assets come online, they will further boost Brookfield Renewable's power output and earnings.

Foolish takeaway

Brookfield Renewable is one of the best plays on the growing demand for renewable energy. As its electricity output expands and contracts are renegotiated with a focus on obtaining higher prices, its earnings will grow at a solid clip, thereby boosting its stock.

While patient investors wait for that to occur, they will be rewarded by Brookfield Renewable's [sustainable](#) and steadily growing distribution, which it has hiked for the last nine years straight to yield a very tasty 5.5%.

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