Cramer Agrees: Canada Should Buy Into Renewable Energy

Description

Oil and renewable energy are battling it out, and natural gas is caught in the middle of the conflict. Renewable energy has faced obstacles in Canada as traditional utilities try to lower prices and force the new technology out of the market.

Although these political forces claim that renewable energy is less profitable than conventional utility services, these claims are far from true.

Mad Money's Jim Cramer went on the record yesterday to voice his concerns about the struggling oil industry. The investment expert agrees that oil is quickly becoming obsolete, and renewable energy is the future.

The Mad Money star explained, "After a major supply shock failed to move the forward curve, we simply can't expect the oil companies to be aggressive long-term."

Canadian investors can see this in the significant uptick in oil stocks facing delisting on the **Toronto Stock Exchange** (TSX). The TSX is forcing as few as seven oil exploration corporations to delist due to poor price performance.

While this is terrible news for **Enbridge** (TSX:ENB)(NYSE:ENB), oil had a good run; now it's time to allow emerging technologies to spur growth in the economy.

What *is* the future of natural gas?

While there is no question about whether the oil industry is doomed, the future of natural gas is ambiguous. Oil exploration companies find and process natural gas along with oil.

While natural gas is less harmful to the environment than oil, gas tends to be a smaller percentage of production output for colossal oil titans. Thus, when oil production becomes obsolete, natural gas processing may also become unviable.

Aspiring retirees and Tax-Free Savings Account (TFSA) investors may want to reconsider any outstanding investments in oil and natural gas and instead put their money into **Brookfield Renewable Partners** (TSX:BEP.UN)(NYSE:BEP).

As one of the world's most prominent players in renewable power, Brookfield boasts a portfolio composed of 75% hydroelectric energy investments and 25% global, wind and solar technologies.

Natural gas may still be safe in Canada

Moreover, Brookfield announced a strategic investment in **TransAlta** (TSX:TA)(NYSE:TAC) in March to augment its hydroelectric power investments.

With Brookfield's financial backing, TransAlta will convert its coal generation facilities to natural gas while reducing the corporation's debt by $1.2 billion. Regardless of the future of natural gas in Canada, an investment in the diversified Brookfield will give you exposure across all renewable energy technologies.

The utility company will replace existing coal burners at three of its existing Alberta locations to natural gas burners by 2021. By 2024, TranAalta expects to convert two thermal subdivisions to the highly efficient combined-cycle natural gas type.

Brookfield and TransAlta believe that leveraging existing infrastructure will augment the attractive cash flows of the Alberta thermal assets while reducing air emissions and operational costs.

Foolish takeaway

Registered Retirement Savings Plan (RRSP) investors should undoubtedly purchase shares in Brookfield Energy and TransAlta.

At less than $50 per share, Brookfield Renewable's dividend yield stands at an excellent 5.48%. The stock has also made a sustainable price run on the TSX, giving lucky shareholders a 20.4% increase in market value in the past year.

While TransAlta offers Canadian investors a more modest dividend yield of 1.9% at the current share price of under $10, the stock is in a safe, defensive industry. With the support of the well-respected Brookfield Corporation, TransAlta will protect your retirement savings.

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