



3 Clean Energy Stocks With Dividend Yields of Over 4%

Description

There are two reasons to look at the clean energy sector with a keen eye. First, this sector is often overlooked by many investors. The second is that the governments and regulators are encouraging the production of clean energy. It's not for nothing that Warren Buffett's **Berkshire Hathaway Energy** is investing \$200 million to build a 117.6 MW wind farm in Alberta in 2020.

A bonus reason to hold clean energy stocks is that it makes you feel you are doing your part to help the environment. We'll take a look at three clean energy stocks with dividend yields of over 4%, making them very good stocks to hold.

Brookfield Renewable Partners

Brookfield Renewable Partners ([TSX:BEP.UN](#))([NYSE:BEP](#)) is one of the most well-known names in this sector. Its portfolio consists of over 17,500 MW of capacity and 882 generating facilities in North America, South America, Europe, and Asia.

The company is a global leader in hydroelectric power, which comprises approximately 75% of its portfolio. It is also an experienced owner, operator, and investor of global wind, solar, distributed generation, and storage facilities.

A forward dividend yield of 4.83% will ensure that this stock generates a decent amount of passive income for your portfolio. While you could argue that this stock might be on the expensive side with a forward price-to-earnings (P/E) multiple of 133, the fact is that this is as close to a perfect stock you will get in the clean energy space.

Further, Brookfield's high multiple is supported by its earnings growth. Analysts expect earnings to rise by 115.4% in 2019 and 53.6% in 2020. Analysts are not too bullish. The consensus price target estimate is \$39.71, which is 30% below the current trading price.

Northland Power

Northland Power ([TSX:NPI](#)) an Ontario-based power producer and operator [just announced its third-quarter results](#), and the numbers are very encouraging. Sales for Northland in the third quarter of 2019 increased by 8% to \$378 million from \$350 million compared to the same period in 2018. NPI's gross profit increased 11% to \$356 million from \$321 million.

NPI operates in North America and Europe and is on a path of aggressive growth. With a big acquisition in Colombia by way of EBSA, NPI has started on its quest in South America as well. A forward dividend yield of 4.53% and a low beta of 0.66 hold this company in good stead.

Further, its five-year earnings growth is estimated at 10.4%. Compare this to its forward P/E multiple of 13, and we can see that the stock is reasonably valued. This is a stock that investors can retire on. The consensus price target estimate for NPI \$29.25, which is 10% above the current trading price.

TransAlta Renewables

If you had listened to [Fool contributor Ambrose O'Callaghan](#) and picked up shares of **TransAlta Renewables** ([TSX:RNW](#)) in November 2018, you would have been sitting on a gain of around 30% right now, not including the monster dividend yield of 6.47%. TransAlta is a utility company that operates and generates power in the wind, hydro, and gas space. The company primarily focuses on Canada and the U.S.

In 2019, TransAlta closed the acquisition of the Antrim wind project. The company has an economic interest in the 29 MW project, located in New Hampshire, which has two 20-year PPAs with counterparties. Construction also continues on Big Level, the 90 MW wind project in Pennsylvania, which has a 15-year PPA with **Microsoft**.

RNW's five-year earnings growth is estimated at 4.6%, but this includes an earnings decline of 16.3% decline in 2019. Compare this to its forward P/E multiple of 17.4, and we can expect the stock might be vulnerable in a sell-off. The consensus price target estimate for RNW \$14.31, which is just below the current trading price of \$14.61.

All these three companies are great buys in the long term, and they offer a cushion of a good dividend as well.

CATEGORY

1. Dividend Stocks
2. Investing

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1. NYSE:BEP (Brookfield Renewable Partners L.P.)
2. TSX:BEP.UN (Brookfield Renewable Partners L.P.)
3. TSX:NPI (Northland Power Inc.)
4. TSX:RNW (TransAlta Renewables)

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