



## Is Brookfield Renewable Partners (TSX:BEP.UN) Stock a Buy?

### Description

Hydrocarbon energy stocks got a limited boost last week, as geopolitical tension erupted in Iraq. However, new investors and veterans looking to swap out hydrocarbon for renewables have a potentially more sustainable source of capital growth in stocks such as **Northland Power**, **Algonquin Power & Utilities**, and **Brookfield Renewable Partners** ([TSX:BEP.UN](#))([NYSE:BEP](#)).

### Renewables are becoming cheaper than oil

Capital efficiency is the bedrock of a sound economy, and renewables could provide a more sound foundation in this regard than fossil fuels. Amid heightening awareness and acceptance of the climate crisis, the green economy is emerging as a global megatrend with potentially vast upside this decade, with wind, solar, and hydro power overtaking fossil fuels.

Last year's BNP Paribas report "Wells, Wires, and Wheels" concluded that "the economics of oil for gasoline and diesel vehicles versus wind- and solar-powered EVs are now in relentless and irreversible decline, with far-reaching implications for both policymakers and the oil majors."

The International Energy Agency has forecast a supply glut in the black gold this year, notwithstanding OPEC's intentions to counteract sustained lower oil prices through limiting output. Contrast this with the potential for further pipeline delays plus the [threat of an oil bottleneck](#) in the Persian Gulf as tensions flare, and you have a hydrocarbon environment racked with risk.

Waiting for bottlenecks is not a sustainable investment strategy. Sure, oil spiked 14% last September when 5% of the world's supply got knocked out. But these events are rare and impact the broader economy. Throw in a weakening global economy lowering demand and American shale oversupply, and a permanently depressed hydrocarbon sector could hit energy investors later on in the year.

There are increasingly numerous reasons why a new energy investor might [favour renewables over fossil fuels](#). Not least of these is the ongoing climate crisis. And even beyond the provisions being made by the energy industry to not only appear green but to affect real change, investors face an alternative energy sector that is experiencing rapid growth, as it becomes ever more cost competitive.

Brookfield Renewable Partners stock has gained 66.4% in the past 12 months, outpacing some of the biggest names in the oil industry. With its 4.8% dividend yield, Brookfield Renewable Partners can also hold its own when it comes to passive income.

A massive area of the world incorporating the Americas, Europe, and Asia is covered by Brookfield Renewable Partners. This can be broken down into some impressive capacities:

- North America: 9,500 MW
- South America: 4,800 MW
- Europe: 4000 MW
- Asia: 620 MW

The company is committed to growth, scaling up its Asia operations, and pumping \$4 billion into its acquisition strategy.

## The bottom line

Brookfield Renewable Partners is a strong buy for a multitude of good reasons. As the green energy trend continues to gain momentum, core stocks such as Brookfield Renewable Partners with its world-class asset-management expertise and impressive spread of operations are going to appreciate apace. While the value investor may want to wait for a dip, the growth investor might argue that there won't be one.

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