



## 3 Best Renewable Energy Stocks in 2020: Go Green for Huge Rewards

### Description

The transition toward cleaner, greener forms of energy will soon be complete, and renewable energy will be widely used. In the investing world, renewable energy stocks are gaining popularity because of [substantial dividends](#) in tandem with upside potentials.

If you want exposure to this ever-growing industry, here are your A-1 options.

### Top choice

**Algonquin Power** ([TSX:AQN](#))([NYSE:AQN](#)) is the top choice because it provides both renewable and regulated utilities. This \$10.65 billion firm owns and operates a portfolio of regulated and non-regulated generation, distribution, and transmission utility assets.

Aside from Canada, Algonquin operates in a dozen U.S. states, including Arizona, California, and Texas. The growth has been exponential over the years that it has become a top-tier utility player. Performance-wise, the stock has risen by 77.72% in the last three years. At the close of January 2020, the price has risen past \$20.

With a 14% compound annual growth rate (CAGR) over the last five years, Algonquin is now one of Canada's leading utility companies. The projected annual growth rate from 2020 to 2024 is 6.5%, which is over and above the industry average of 4.6%.

The present 3.71% dividend should increase along with the increased cash flows and profits.

### Best pure-play

Since its entry in 1987, **Northland Power's** ([TSX:NPI](#)) operating capacity has grown to nearly 2500 MW with an additional 400 MW of electricity coming soon. This \$5.8 billion firm is one of the two best pure-play renewable energy companies and pays a 4.03% dividend.

Northland's growth (31% CAGR) over the last three years is nothing short of incredible. The majority of its renewable energy operations are in Eastern Canada, although it operates a pair of facilities in Saskatchewan.

Its North Battleford facility has a production capacity of 260 MW and supported by contracts until 2033. On the other hand, the Spy Hill facility has 86 MW with live contracts expiring in 2036.

Overall, Northland has 25 assets; 19 facilities, or 76% are in Ontario. Two wind farms are operating in Quebec while the Netherlands and Germany have one each. The newest asset is a Colombian regulated utility company with a customer base of 500,000.

## Next-best pure play

**Brookfield Renewable** ([TSX:BEP.UN](#))([NYSE:BEP](#)) is the other top pure-play renewable company. You should include this \$11.56 billion green company on your watch list. The company is growing fast (10.71% CAGR), and earnings growth over the next five years is projected to be in the high range of 40%.

The facilities in North America, Europe, Asia, and South America number more than 5,250, with a total capacity of about 18,000 MW. Brookfield's portfolio consists of solar and wind plus hydroelectric, comprising more than 74% of the entire portfolio.

Its recent purchase of Terraform Energy catapulted Brookfield Renewable to the world's biggest pure-play renewable energy company. The company, however, is assuming \$5.5 billion in outstanding debt, which is a heavy load to carry.

Nonetheless, Brookfield is generous when it comes to shareholders. The stock pays a 4.67% dividend. Management intends to grow dividends by 5% to 9% annually over the next five years.

## Future gold mines

Don't take long deciding on going green. Algonquin, Northland, and Brookfield are the future [gold mines](#) on the **TSX**.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. NYSE:BEP (Brookfield Renewable Partners L.P.)
3. TSX:AQN (Algonquin Power & Utilities Corp.)
4. TSX:BEP.UN (Brookfield Renewable Partners L.P.)
5. TSX:NPI (Northland Power Inc.)

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