2 Renewable Energy TSX Stocks to Buy Today!

Description

If you considered buying renewable energy stocks during this market crash, you're going to find some quality discounts.

The renewable industry has been increasing in popularity the last few years because of the natural shift to green energy. Because these things take time, renewable energy stocks are perfect long-term investments.

As these stocks have been growing in popularity, they've been trading at a premium for some time, which makes these discounts in the share price today all the more appealing, as you may never see valuations this low again.

In addition to being great long-term growth investments, renewable energy stocks are also reliable income generators.

The long-term power purchase agreements ensure the stability of revenues for these companies. Plus, some companies, such as theses two top renewable energy stocks, own utility assets as well, giving investors exposure to regulated revenue.

Dividend stocks are some of the best stocks you can own through a recession. An investment in these top renewable energy stocks therefore not only secures you an attractive dividend yield backed by stable revenue, but also allows you to gain exposure to a top long-term growth stock.

Two of the best TSX renewable energy stocks are **Algonquin Power and Utilities Corp** (TSX:AQN)(NYSE:AQN) and **Northland Power Inc** (TSX:NPI).

A stable renewable energy stock

Algonquin is a utility company as well as a renewable energy stock. It operates through two subsidiary companies, Liberty Power and Liberty Utilities. The utilities operations make up about two thirds of Algonquin's business. The other third comes from its unregulated power generation.

More than 80% of that power the Algonquin generates comes from solar and wind. Plus, the majority of its assets are located in North America.

Its power purchase agreements have weighted average length of roughly 13 years and for 2020 are already almost completely contracted, giving investors confidence that Algonquin is stable and operating at near full capacity.

Furthermore, the company also has major power generating projects under development. The projects it currently has in development would add roughly 20% more capacity.

From a financial perspective, Algonquin's debt metrics are slightly higher than the average of its peers; however, that's okay because it has considerably more utility assets providing regulated revenue.

As of Wednesday's close, Algonquin's dividend yield was more than 5.35%. And that dividend had a payout ratio in 2019 of just 59%, so you know there is stability there.

A growth renewable energy stock

Northland is the other top renewable energy stock to consider. It owns utility operations as well, but those make up only about 10% of Northland's business.

The exposure to regulated revenue is still a positive for investors but an investment in Northland will have more exposure to renewable energy assets.

The company has just over 2,000 Megawatts of capacity today, but also has significant projects in development. The major capacity under development would add roughly 50% more generating capacity.

The company has a massive hydro project near Peterborough Ontario that will see it add around 400 Megawatts of capacity. In addition, it also has a wind farm under construction in Europe. The wind farm is expected to add about 250 Megawatts.

The growth projects should continue to allow Northland to increase its revenue and makes it a top long-term growth investment.

Northland's weighted average length of its power purchase agreement is slightly less than Algonquin's at 11 years, but still provides high stability. Furthermore, Northland has nearly all its capacity contracted for 2020, slightly higher than Algonquin.

As of Wednesday's closing price, Northland's yield was upwards of 4.5%. That dividend has a trailing payout ratio of just 68%, so investors can have complete confidence in the dividend.

Financially the company is roughly in line with industry peers when it comes to debt position, which is slightly better than Algonquin, albeit with considerably less regulated revenue.

Bottom line

These companies are two of the top renewable energy stocks on the **TSX.** Algonquin is more of a stable stock that investors can buy as an income generator. Northland pays a nice dividend too, but will have better growth potential.

Whichever one you choose, if you buy a renewable stock at these discounts today, you won't be disappointed.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. TSX:AQN (Algonquin Power & Utilities Corp.)
3. TSX:NPI (Northland Power Inc.)

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