



## 3 Energy Stocks Your Portfolio Needs

### Description

[Oil prices](#) are still trading at multi-year lows, and gas prices are at levels not seen in years. Most investors see these as signs that the energy sector is in a dire situation. While there is some reason for concern, there are some [highly discounted](#) stocks that are nothing short of stellar energy sector options right now.

### This energy stock is more than pipelines

As oil prices continue to drop, some investors have expressed concern in energy infrastructure companies such as **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)). Fortunately, that doesn't apply here. Enbridge is one of the largest energy infrastructure companies on the planet, and in addition to its lucrative pipeline business, Enbridge is well diversified to excel in the current climate.

Enbridge's natural gas utility is the largest in North America, with 3.8 million customers located across Ontario and Quebec. The utility business is augmented further by Enbridge's massive natural gas transmission network. In total, Enbridge moves one-fifth of all the natural gas consumed in the U.S. market. Even if Enbridge didn't have further to offer investors, it would still be an incredible energy buy. But fortunately, there's more.

Enbridge also has a growing renewable energy business. The company boasts a projected generating capacity of 4,121 MW when including both operational and under-construction facilities. The facilities, which are located across Canada and the U.S., encompass solar, wind, hydro, and geothermal elements.

As impressive as that sounds, what should excite investors most about Enbridge is the company's dividend. Enbridge currently offers a quarterly payout that earns a mouth-watering 7.85% yield. That yield and diversified business make Enbridge a hard-to-pass-up investment for those seeking an energy stock.

## Polypropylene will make you rich

Few investors are aware of the full, unrealized potential of **Inter Pipeline** (TSX:IPL). This energy stock operates several segments, such as a healthy pipeline business (more toll-road income) and a well-diversified storage business.

So, where exactly is that unrealized potential? The Heartland Petrochemical complex is a massive multi-billion-dollar complex that is under construction. Once the facility is complete and running, it will convert locally sourced propane into polypropylene.

Polypropylene is a type of plastic that is used in a broad scope of in-demand manufacturing functions. The facility will be the first of its type in Canada. Inter Pipeline sees that facility generating over \$400 million in EBITDA on an annual basis once fully operational. This is already on top of a healthy business that reported FFO of \$217 million in the most recent quarter.

In terms of a dividend, Inter Pipeline provides a monthly distribution that currently offers a handsome 4.87% yield.

## Renewable energy is booming

The market will always be full of buzzwords and emerging opportunities. The renewable energy sector is one such example. Fossil fuel-based facilities face tightening environmental regulations, exposing an opportunity for renewable energy companies.

One such example is **TransAlta Renewables** (TSX:RNW). TransAlta boasts a portfolio of 44 renewable power facilities across the U.S., Canada, and Australia. TransAlta's facilities also encompass different elements, such as solar, wind, and hydro, offering investors another form of diversification.

Prospective investors shouldn't forget that TransAlta adheres to the utility business followed by fossil fuel companies. TransAlta provides for the power needs stipulated in long-term contracts. Those contracts can span decades and provide TransAlta with a recurring and stable source of revenue.

That stable source of revenue provides a handsome defensive appeal to any investor. In the case of TransAlta, that amounts to an appetizing monthly dividend yield of 6.29%. That dividend alone could be the deciding factor for investors seeking a lucrative energy investment.

## Which energy investment is for you?

All three energy stocks offer significant long-term potential as well as handsome dividends. Adding to that appeal, they are all well diversified across different segments, technologies, and locations.

In short, any of these stocks would be great additions to a well-balanced portfolio.

### CATEGORY

1. Investing

## **TICKERS GLOBAL**

1. NYSE:ENB (Enbridge Inc.)
2. TSX:ENB (Enbridge Inc.)
3. TSX:RNW (TransAlta Renewables)

## **PARTNER-FEEDS**

1. Business Insider
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