



Want to Profit From Renewable Energy? Buy This Stock

Description

Renewable energy is taking over the globe. And it's not subsidies or regulations driving adoption. Instead, it's cold-hard [economics](#).

Every year, the price for solar and wind energy falls. That's because these energy sources are based on technology. Just as computer prices drop year after year, so does the price for most renewable energy. Many analysts believe we've already passed the tipping point, where renewables are the superior economic option for most of the world's new energy needs.

According to *Bloomberg*, \$1.5 trillion has been invested in renewables over the past five years. In the *next* five years, investment is expected to total \$5 trillion. Over the coming decade, more than \$10 trillion will flood the market for renewable energy.

How can you profit from this coming [explosion](#)? With a single stock: **Brookfield Renewable Partners LP** ([TSX:BEP.UN](#))([NYSE:BEP](#)).

Renewable energy is coming

In 2014, wind and solar technology couldn't compete with low-cost gas facilities. At the time, onshore wind cost roughly \$100 per MWh, while solar was even pricier at \$120 per MWh. Natural gas, meanwhile, could produce electricity at only \$70 per MWh.

At this stage, nearly six years ago, economic incentives were needed to encourage renewable energy production in large parts of the world. Today, that equation has changed. Last year, new onshore wind production was 20% cheaper, on average, than natural gas projects. Next year, solar is expected to join wind power as a cheaper alternative to gas.

Remember, none of the figures above factor in government subsidies. They represent the purest form of economic comparison.

This is a huge moment for the renewable energy movement. Across the world, renewables will

dominate new grid installments. In the U.S., for example, more than 90% of new electricity generation consists of renewable technologies.

Prepare to buy and hold

Just note that the transition will take time. While renewable energy is the cheapest form of new energy, it must compete with the life cycle of existing power plants. Coal plants, for example, can operate for 50 years or more. And because the biggest expense is the initial build-out, ongoing operating expenses may be lower than building a brand new wind or solar facility.

But make no mistake: as these legacy projects come offline, they will be replaced with renewable alternatives. The transition will take decades, but renewable energy will slowly take over the grid. It's an inexorable force, driven by economics, which should be music to the ears of Brookfield Renewable shareholders.

Brookfield is already one of the largest players in the industry. It owns more than \$50 billion in power assets across 15 countries. It operates a diverse portfolio, including hydro, wind, solar, and storage. Its global presence and access to capital make it the leader for any project anywhere, especially ones with uncertain conditions.

Last year, for example, the company purchased Spanish renewable assets for \$1.2 billion. It secured an attractive deal because the region was temporarily out-of-favour due to regulatory uncertainty.

A bargain price was achieved despite the project having 100% contracted cash flows, nearly guaranteeing an adequate payoff. It's deals like this that help fuel the stock's 4.6% dividend.

With the most expertise and capital in the space, Brookfield stock will continue to capitalize on the multi-trillion dollar, multi-decade opportunity that is renewable energy.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

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