



## A Trump Loss/Biden Win in the Election Could Boost This TSX Stock

### Description

It is evident that U.S. president Donald Trump and former vice-president Joe Biden have dramatically different views on the future of renewable energy.

The winner of the upcoming election could significantly impact companies in this sector. A Biden win in November could benefit stocks such as **TransAlta Renewables** ([TSX:RNW](#)).

### Different views on renewable energy

It is no secret that President Trump has downplayed the environmental impact of climate change. He has been, and continues to be, an ardent supporter of the fossil fuel industry.

During Trump's tenure as president, his administration has

- [repealed the Clean Power Plan](#), which would have accelerated renewable energy development,
- imposed tariffs on imported solar cells, and
- wiped out energy tax credits.

Biden, however, has pledged to continue the growth of renewable energy that occurred during his terms as vice-president to President Barack Obama.

At the start of Obama's term in 2009, the U.S. had 1.2 gigawatts (GW) of solar capacity. Since then, U.S. installations have grown to approximately 70 GW.

If elected, Biden promises to [spend \\$2 trillion on renewable energy](#) over the next four years. Biden would like to see the U.S. use 100% carbon-free electricity by 2035 — a substantial change from a prior target of 2050.

Biden also plans to create a Unity Task Force to help drive the installation of approximately 500 million solar panels within the next five years. This task force would pursue these green goals while also actively seeking to drive stronger action on climate change.

## TansAlta Renewables

TransAlta owns and operates 13 hydro facilities, 19 wind farms, and one natural gas plant in Canada. The company's portfolio also extends into the U.S. and Australia.

With a market cap of nearly \$4.5 billion, TransAlta aims "to create stable cash flows and consistent returns for investors with an investment vehicle comprised of power generation assets that are fully contracted for the long-term with creditworthy counterparties."

These long-term regulated contracts are known as PPAs (or power-purchase agreements). More than 50% of the company's facilities are bound to PPAs that extend into the 2030s. These long-term agreements provide stability for the company's investors.

With the stock trading at \$16.88 as of this writing, the current dividend yield is 5.54%. The stock has gained [over 60% in the last five years](#). TransAlta has also increased dividends at an annual rate of 4% since 2013.

In the company's most recent quarter, TransAlta reported its adjusted EBITDA increased by 3.6% to \$115 million and funds from operations rose 12.5% to \$90 million. The company generated \$71 million from operating activities in the quarter, which resulted in a year-over-year growth of 36%. At the end of the second quarter, TransAlta had \$498 million in liquidity.

## The bottom line

With most of its facilities secured by long-term contracts, TransAlta's revenue should continue to be stable. If Joe Biden is elected as the next U.S. president, renewable energy will be at the forefront of his agenda. This should only accelerate TransAlta's growth over the next decade.

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