



3 Reasons to Invest in Renewable Energy Today

Description

Renewable energy is often mentioned as one of the most significant emerging shifts in the utility market. That shift is set to disrupt much of the market. To reap the rewards of that opportunity, Investors should consider the lucrative opportunity from investing in renewable energy today.

One such example is **TransAlta Renewables** ([TSX:RNW](#)). Here are a few reasons why you should invest in renewable energy today.

Reason #1 – Invest in renewable energy today and be prepped for tomorrow

The first thing to note about TransAlta is the company's growing portfolio. In total, TransAlta has over 30 assets located across Canada, the U.S., and Australia. Those assets are diverse too. TransAlta's portfolio boasts comprise solar, hydro, wind, and natural gas facilities.

In total, TransAlta's facilities provide a generating capacity of just over 2.5 GW of electricity, which is equivalent to the power needs of well over one million homes.

While that capacity point is important today, it becomes *really* relevant when considering the future. Localities around the world are constantly pushing for cleaner power sources. That pressure is in turn making its way to governments. Stricter emission controls are in turn being passed down to traditional fossil fuel utilities. As a result, those traditional fossil fuel utilities will need to invest heavily over the next decade to switch over to renewable energy.

A swift change in policy, such as what could happen next week if the U.S. presidential [election results](#) in a victory for Joe Biden, could fuel further growth for renewables.

Reason #2 – Benefit from the traditional utility business model

Traditional utilities operate under a very lucrative business model. Regulated contracts set out the

amount of service to be provided by the utility and compensation to be earned. The contract then spans for a decade (or sometimes several decades). This provides a steady and recurring source of revenue for the utility, which can be used for growth and dividends.

In the case of TransAlta, more than half of the company's facilities have a PPA expiration of 2031 or beyond.

Another key point to note here is that TransAlta's business, which follows that traditional utility model, is recession-resistant. In other words, for as long as TransAlta continues to provide power from its facilities, it will continue to generate a steady and recurring stream of revenue.

Reason #3 – Generate a solid (and growing) income stream

Apart from investing in TransAlta for the renewable energy aspect alone, potential investors can also [earn a healthy income](#). Specifically, TransAlta offers investors a healthy monthly distribution, which currently works out to an impressive 5.56% yield. In terms of payment history, that dividend has been a staple for investors without fail since 2013.

To put it another way, buy TransAlta now and begin to earn a decent monthly income without fail.

Invest in renewable energy

No investment is without risk — and that includes TransAlta. What TransAlta *does* offer investors is a means to invest in the growing field of renewable energy while earning a handsome (and growing) monthly income.

In my opinion, TransAlta should be part of any well-balanced portfolio.

CATEGORY

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Date

2025/08/25

Date Created

2020/10/31

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