



2 Top Renewable Energy Stocks to Buy Right Now

Description

As tech stocks hogged the limelight in 2020, the impressive performance of renewable energy stocks went largely unnoticed. The extensive focus on the reduction of carbon emissions is leading to increased adoption of renewable energy, which is driving the stocks of the pure-play renewable energy companies higher. Moreover, significant planned capital investment into renewables should further support the uptrend.

Besides the appreciation in stock price, renewable energy companies are known for their robust dividend payouts, thanks to their diversified asset base and highly contracted business.

With the growing contribution of renewables in the global energy demand, the outlook for companies operating in this space looks strong. So, let's focus on two top renewable energy stocks that could continue to deliver strong returns and deliver higher dividends in the coming years.

Brookfield Renewable Partners

Speaking of top renewable stocks, **Brookfield Renewable Partners** ([TSX:BEP.UN](#))([NYSE:BEP](#)) comes as an obvious choice, thanks to its \$50 billion worth of renewable assets and diversified revenue sources. Brookfield Renewable Partners generates highly resilient cash flows and deals with over 600 creditworthy counterparties.

Brookfield Renewable Partners's business is backed by long-term power-purchase agreements. Notably, the average remaining life of its power-purchase agreements is 15 years, which is encouraging. Since most of its power generation is contracted and inflation-indexed, the company remains immune to the decline in demand and volatility in prices.

With an installed capacity of 19,000 megawatts and another 18,000 megawatts in the development pipeline, Brookfield Renewable Partners remains well positioned to meet the growing global demand.

Brookfield Renewable has raised its annual dividend by [about 6%](#) annually over the last 20 years and remains on track to further increase it at a similar or higher rate in the coming years. Brookfield Renewable Partners stock has surged over 159% in three years. Meanwhile, it's up about 60% in 2020. At the current stock price levels, Brookfield Renewable Partners offers a decent dividend yield of

3.1%.

Innergex Renewables Energy

Innergex Renewables Energy ([TSX:INE](#)) is another top bet in the renewables sector. The company owns diversified renewable assets, including solar and farms and hydroelectric facilities. It has a net installed capacity of 2,742 megawatts.

Innergex Renewables has 75 facilities in commercial operation and sells the generated power mostly through long-term power-purchase agreements and power hedge contracts to government-backed utilities or investment-grade counterparties. The weighted average remaining life of Innergex's power-purchase agreement is 14.4 years.

Innergex Renewables stock has grown about 53% year to date. Moreover, with its high-quality and young asset base, accretive acquisitions, and long average contract duration, Innergex could continue to deliver strong growth in the coming years.

Thanks to its predictable and growing cash flows, Innergex has consistently boosted its shareholders' returns through higher dividends. The [Dividend Aristocrat](#) pays a quarterly dividend of \$0.18 per share, reflecting a dividend yield of 2.9%.

Bottom line

With the global shift toward decarbonization and declining costs trend, renewable technology is likely to witness acceleration in adoption rate, which should support the uptrend in the shares of the companies operating in this sector.

With strong sectoral tailwinds and robust dividend payouts, both these companies could continue to deliver strong returns in the coming years and handily outperform the broader markets.

CATEGORY

1. Coronavirus
2. Dividend Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:BEP (Brookfield Renewable Partners L.P.)
2. TSX:BEP.UN (Brookfield Renewable Partners L.P.)
3. TSX:INE (Innergex Renewable Energy Inc.)

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