



3 TSX Stocks to Buy Amid Rising Interest in Green Energy

Description

Amid the rising pollution levels, the world is moving towards renewable energy sources to meet its energy requirement. This structural shift has led to strong growth in renewable energy stocks over the last few years.

Meanwhile, the victory of Joe Biden in the United States presidential election has further boosted the sector. During his election campaign, Biden, a strong proponent of clean energy, had announced a US\$2 trillion plan to accelerate investments in clean energy while shutting down all climate-damaging power plants by 2035. Amid the growing interest in renewable energy sources, here are the three green energy TSX stocks to buy right now.

Northland Power

Northland Power ([TSX:NPI](#)) owns and operates facilities that produce electricity from renewable resources and natural gas. It currently has a power-generating capacity of 2,681 megawatts. With a significant percentage of its revenue generated from long-term agreements with creditworthy counterparties, Northland Power's earnings are mostly stable and predictable. Despite the challenging period, it has reported a top-line and bottom-line growth of 28.4% and 17.2% in the [first three quarters of this year](#), respectively.

Meanwhile, in the third quarter, Northland Power acquired three onshore wind projects in New York, which together can produce approximately 300 megawatts of power. The company hopes that these acquisitions could act as a launchpad to expand its operations in the United States' growing renewable energy market.

Further, Northland Power has an extensive pipeline of wind projects, which could increase its power-generating capacity by 1,100 megawatts. So, the company's growth prospects look healthy. Also, the company had \$704 million of cash and liquidity as of September 30. So, its financial position also looks healthy.

Driven by its strong fundamentals, the company's stock is up over 66% this year. However, [I believe the rally could continue given its high growth potential](#)

and the expanding renewable energy market. The company also pays monthly dividends of \$0.10 per share, representing a dividend yield of 2.7%.

TransAlta Renewables

TransAlta Renewables ([TSX:RNW](#)) owns or has an economic interest in 44 power-generating facilities, which together generate 2,537 megawatts of power. Meanwhile, the company sells most of the power generated from these facilities through long-term contracts with strong counterparties, thus lowering the risk of price and volume fluctuations. Further, the company has a high weighted average contract life of around 11 years, which is encouraging.

TransAlta Renewables's management has planned to invest \$890 million to \$960 million over the next couple of years on high-returning projects, which could boost its financials. Earlier this month, the company acquired three assets from **TransAlta Corporation** for \$359 million, which could increase the company's power-generating capacity by 303 megawatts. These acquisitions could contribute approximately \$45 million to the company's adjusted EBITDA annually.

Boosted by its strong performance and recent acquisitions, TransAlta Renewables is trading over 40% higher for this year. Despite the surge, its valuation multiple looks attractive, with its forward price-to-earnings multiple standing at 24.7.

Brookfield Renewable Partners

My final pick would be **Brookfield Renewable Partners** ([TSX:BEP.UN](#))([NYSE:BEP](#)), which owns and operates 5,318 renewable power-generating assets globally. The company runs a well-diversified regulated business by selling the power generated from its facilities through long-term power-purchase agreements (PPA) to over 600 creditworthy counterparties. The weighted average contract life of these PPA stands at around 15 years.

Brookfield Renewable Partners has currently installed 19,400 megawatts of power-generating capacity, while 18,000 megawatts of projects are in the developmental pipeline. Along with these projects, acquisitions and margin expansions could increase the company's funds from operations at an annualized rate of 10% over the next five years. So, the company's growth prospects look healthy.

Brookfield Renewable Partners pays quarterly dividends of \$0.434 per share at an annualized rate of \$1.74 and a dividend yield of 3.2%.

CATEGORY

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2. TSX:BEP.UN (Brookfield Renewable Partners L.P.)
3. TSX:NPI (Northland Power Inc.)
4. TSX:RNW (TransAlta Renewables)

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