



3 Top Green Energy Stocks to Buy for 2021

Description

The continued strength in green energy stocks was nothing short of remarkable in 2020.

With a green-friendly Joe Biden ready to take to the Oval Office for the next four years, I think it'd be wise for investors to punch their ticket to some of their favourite renewable energy plays before the broader basket continues soaring higher. I don't think the momentum in the clean energy plays is about to end anytime soon and think that favourable policy changes could cause a handful of them to soar to even [greater heights](#).

In this piece, we'll start by having a look at two cheap green energy producers that I think have [favourable risk/reward profiles](#) for value-conscious investors and then shift our focus to a speculative tech play for hungry millennial investors who are no strangers to extreme levels of volatility.

Algonquin Power & Utilities: One of the better value options out there

Algonquin Power & Utilities ([TSX:AQN](#))([NYSE:AQN](#)) is a diversified green energy play that Canadian investors should always think about buying on any weakness. The stock got pummeled back in February and March, only to come climbing back steadily to \$21 and change, where the stock sits at the time of writing. Shares are off just 3% from all-time highs, but I still view AQN stock as a bargain, given many of Algonquin's peers have already surged above and beyond pre-pandemic levels in recent months.

AQN stock trades at 2.2 times book value and is a great way to have your cake and eat it, too, with a rapidly growing dividend and above-average capital gains potential. Looking ahead, the company is slated to put its foot back on the growth pedal, with a five-year capital plan that'll see the firm spend \$9.4 billion on compelling projects.

Brookfield Renewable Partners: A steady outperformer in the green energy space

Brookfield Renewable Partners ([TSX:BEP.UN](#))([NYSE:BEP](#)) has been hot of late, after having surged 109% off its March 2020 lows. The dividend has compressed to 2.6% and while shares of BEP.UN are now less appealing to the value and income crowd, I still think there's plenty of upside left in the tank over the next 18 months.

Brookfield Renewables has a diversified portfolio of renewable power assets capable of generating just shy of 20,000 MW worth of power. Even after a historic run, Fellow Fool Jed Lloren is still bullish on the name, noting that the Biden administration is likely to have a long-lasting effect on the green energy company.

I think Jed is right on the money. And although it's tough to justify paying up for a stock that's more than doubled in under a year, I'd argue that shares are still pretty cheap at 3.6 times sales and 3.1 times book, given the magnitude of growth on the horizon and the secular tailwinds that'll be at the top renewable energy company's back for many years to come.

Ballard Power Systems: A white-hot green energy stock for fearless investors

Finally, we have a more speculative play in **Ballard Power Systems** ([TSX:BLDP](#))([NASDAQ:BLDP](#)), one of the hottest stocks on the TSX in 2020. The stock is currently up a whopping 289% from its March 2020 lows. The magnitude of momentum is nothing short of unprecedented, with the stock recently going parabolic over this past month, with a 56% month-to-date gain.

For those unfamiliar with the name, it's in one of the hottest areas of green energy outside of the electric vehicle space. The innovative firm develops cutting-edge fuel cell technology that could find its way into the next generation of zero-emission vehicles. There's a lot of things to love about Ballard Power stock right now. The valuation, though, is not one of them.

The stock now finds itself trading at 18 times sales (that's sales, not earnings), making it one of the priciest stocks you'll come across on the TSX these days. If you missed your shot to the name, I'd encourage you to initiate a partial position today with the intention of buying more on a pullback.

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1. Energy Stocks
2. Investing
3. Stocks for Beginners

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2. NYSE:AQN (Algonquin Power & Utilities Corp.)
3. TSX:AQN (Algonquin Power & Utilities Corp.)
4. TSX:BEP.UN (Brookfield Renewable Partners L.P.)
5. TSX:BLDP (Ballard Power Systems Inc.)

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