



Did You Buy a Renewable Energy Stock?

Description

Renewable energy stocks are growing in importance. In fact, they are becoming so important that even traditional fossil fuel energy companies and utilities are taking note. This represents a unique opportunity for prospective investors to buy renewable energy stock.

The use of fossil fuels is destroying the environment. Following years of misinformation and denial, there is both a real commitment and approach outlined to make the changes that are needed. That's not to say that change isn't already happening. Just over one-fifth of the world's power now comes from renewable energy sources, and that figure is likely to continue climbing over the next few years.

What stock should you invest in?

TransAlta Renewables ([TSX:RNW](#)) is a unique option for would-be investors. The company boasts a well-diversified portfolio of facilities that are located in Canada, the U.S., and Australia. Those sites are also diversified in terms of the type of renewable energy they generate. Specifically, TransAlta's portfolio of over 40 sites comprises wind, gas, hydro, and solar elements. Together, those facilities provide a total generating capacity of 2.5 GW.

Additionally, TransAlta benefits from adhering to the business model followed by its traditional fossil fuel peers. Specifically, TransAlta's facilities are under long-term regulatory contracts. Those contracts provide a recurring stream of revenue in exchange for the power generated. Those regulatory contracts span a decade or more in duration and provide a solid revenue stream. By extension, the stability offered by those contracts also helps provide a handsome dividend (more on that in a moment).

A key advantage over those fossil fuel-burning peers is the renewable aspect itself. As awareness of renewable energy increases, more stringent environmental standards and guidelines are being adopted. Those standards are forcing traditional utilities to turn to renewables. This is both expensive and time-consuming, coming at the cost of dividend hikes and expansion opportunities.

This means that renewable energy companies can [focus on expanding](#). By way of example, TransAlta recently announced the acquisition of a 300 MW wind farm.

Turning to dividends, this is where TransAlta really shines. Unlike many of its renewable and fossil fuel-burning peers, TransAlta provides investors with a monthly dividend. The yield on that distribution currently works out to an appetizing 4.27%. To put it another way, the dividend will provide just over \$100 in monthly income for a \$30,000 investment.

Time to buy a renewable energy stock?

Renewable energy stocks are great investments. TransAlta offers a diverse portfolio, strong growth prospects, and a decent dividend. In other words, this is *the* renewable energy stock that your [long-term portfolio needs](#).

CATEGORY

1. Dividend Stocks
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3. Investing

TICKERS GLOBAL

1. TSX:RNW (TransAlta Renewables)

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