Renewable Energy Boom: 1 Value Stock to Own

Description

Northland Power ([TSX:NPI](#)) is an [independent power producer](#) that develops, builds, owns, and operates clean and green power projects in North America, Europe, Latin America, and Asia. The company produces electricity from renewable resources, such as wind, solar, or hydro power, as well as clean-burning natural gas and biomass for sale under power-purchase agreements and other revenue arrangements. Northland Power owns over 2,600 megawatts (MW) of operating generating capacity and 130 MW of generating capacity under construction.

Rational corporate objective

Northland's primary objective is to provide its shareholders with [sustainable dividends](#) and share value growth from the successful management of the company's assets, businesses, and investments related to the production, delivery, and sale of energy-related products. Northland has the potential to be a top clean energy and developer, owner, constructor, and operator of sustainable infrastructure assets.

The company's business strategy is centered on establishing a significant global presence as a sustainable power provider. Northland aims to increase shareholder value by leveraging the company's expertise and early-mover advantage in relevant markets to operate sustainable projects supported by revenue contracts that deliver predictable cash flows. The company leverages operational knowledge and the application of appropriate technology to enhance operational performance, with the goal of reducing the impact of energy usage on the environment.

Renewable energy opportunity

The global shift to renewable energy is creating opportunities based on favourable government policies aimed at sustainability, energy security, and reducing greenhouse gas emissions. Northland is well positioned through several regional development offices to capture development opportunities that should help facilitate the global advancement of renewable energy targets. Northland develops sustainable infrastructure projects across a range of clean and green technologies, such as wind,

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solar, as well as supplying energy through a regulated utility.

Northland is focused on pursuing renewable growth opportunities in jurisdictions that meet the company's risk-management criteria. Further, the company aims to increase shareholder value by creating high-quality projects designed to earn income from revenue contracts.

Northland has a successful record of project execution results from several core strengths that has contributed to consistent investor returns. A core element of Northland's strategy is the optimization of revenues and predetermined costs through revenue contracts with creditworthy counterparties. For renewable power-generation facilities, Northland does not incur an associated cost of sales, and generally enters long-term operating and maintenance contracts with leading service providers at predetermined rates.

Earnings stability

For the efficient natural gas generation facilities, the key terms of operating facilities' long-term power-purchase agreements and fuel supply contracts are aligned such that revenues and cost escalations are substantially linked for each facility. Northland's utility asset operates under a regulatory framework with the vast majority of revenue derived from a regulated methodology, which provides it with substantially fixed remuneration and pass-through of major costs to customers. This approach provides largely predictable operating income and cash flow, while ensuring ongoing environmental sustainability.

Northland's management attempts to maximize sustainable returns through a focus on longer-term asset management to maximize revenues while carefully managing risk.

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