



Forget Tesla! This Small EV Stock Could Take Over

Description

Investors who want to play the EV space have been bullish on **Tesla**, and rightly so. Nevertheless, some of the hydrogen players such as **Plug Power** ([NASDAQ:PLUG](#)) and **Brookfield Renewable Partners** ([TSX:BEP.UN](#))([NYSE:BEP](#)) are companies that are only starting to get attention right now.

For those looking for the next breakout stock, I think these two should be on your list. Here's why I'm keeping a close eye on Plug Power and Brookfield.

Plug Power pens new deal with Brookfield

As per the provisions of this [new deal](#), Brookfield will provide Plug Power with hydroelectricity from its Pennsylvania-based Holtwood Power Plant to produce green hydrogen. Plug Power aims to produce 50% of its hydrogen using renewable energy sources by the end of 2024. Accordingly, it appears that this new deal will allow the company to produce 10 tons of green hydrogen every day. Indeed, it now seems likely the company will be able to achieve its objective.

Governments around the world are focused on net zero-emissions targets. Thus, it is highly possible that hydrogen becomes one of the main sources of emission-free energy in relation to transportation and industrial heating. Brookfield's hydrogen production is an indicator of the stock's immense long-term growth potential.

Although this deal sounds promising, significant risks have emerged concerning this stock.

Accounting errors in Plug Power makes EV investors cautious

Plug Power revealed that it found inaccuracies in the financial results of 2018, 2019, and the first three quarters of 2020. The company's CEO Andy Marsh said that the errors did not impact the underlying business. Nevertheless, the announcement is still a big setback for the company. After surging over 1,400%, Plug Power stock plunged approximately 8%.

Marsh said that in 2018, Plug had consulted external firms to come up with new accounting methods for lease-back agreements. The internal auditors of Plug Power were satisfied with the updated procedure until 2020. However, since then, the auditors decided that the accounting method has to be altered. Furthermore, Marsh acknowledged the fact that the disclosure was shocking and upsetting for the investors.

Yes, the accounting inaccuracies appear to be a temporary setback for this company. However, I believe there's a limited upside when it comes to this stock until this situation is resolved.

Investors must note that this is not the first time a prominent fuel-cell player has been impacted after disclosing accounting errors. In March 2020, shares of **Bloom Energy** plummeted by \$11. Nevertheless, this stock recovered and surged to over \$42 before a pullback.

Bottom line

Yes, the Brookfield deal is promising for Plug Power. However, following the disclosure of accounting errors, it's imperative that investors take caution with high-flying stocks like this one. Nevertheless, if you believe in the potential of hydrogen-powered vehicles, these two stocks are certainly worth considering.

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TICKERS GLOBAL

1. NASDAQ:PLUG (Plug Power Inc.)
2. NYSE:BEP (Brookfield Renewable Partners L.P.)
3. TSX:BEP.UN (Brookfield Renewable Partners L.P.)

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