



Don't Buy Enbridge! These 2 Stocks Are Better

Description

Enbridge ([TSX:ENB](#))([NYSE:ENB](#)) is a proven stock. Shares have posted double-digit returns since 1995. Right now, the dividend yield is above 7%.

Do you think this stock is your secret to riches? Think again. The investments below are superior.

Prepare for the new world

What made Enbridge so successful in recent decades? The answer shows you how to make money over the *next* few decades.

Enbridge is the largest pipeline operator in North America. This is a middleman business at its finest. You have a bunch of fossil fuel producers on one end, with a bunch of consumers on the other end. How do you transport oil and natural gas between each party? Pipelines are the safest, fastest, lowest-cost option.

In many ways, pipelines are like toll roads. Except in the case of pipelines, there are often *zero* alternatives. That's because they're extremely costly to construct. Regulatory pressures reduce industry supply even further. The result is that pipeline incumbents have monopolistic pricing power over their customer base.

There's only one problem: fossil fuel demand is entering secular decline, presenting real challenges to Enbridge's business model. We'll be using oil and natural gas for decades to come, but there's no doubt renewables will eat into demand. That's what makes a stock like **Hydro One** ([TSX:H](#)) so appealing.

Hydro One owns transmission lines in Ontario. Its infrastructure covers 98% of the province. Transmission lines are basically pipelines for electricity.

Enbridge uses its infrastructure to transport fossil fuels, which are slowly on their way out. Hydro One uses its infrastructure to transport electricity from renewable sources, which, by all indications, is

entering long-term demand growth.

With a 3.4% dividend and mid-single-digit annual growth, this stock won't blow you away. But when you're looking for future-proof stocks, owners of transmission lines is a great place to start.

This stock is the next Enbridge

There's no doubt that renewable energy is the future. This is a generational transition that will transform one of the biggest markets in the world. You can profit directly with stocks like **Brookfield Renewables** ([TSX:BEP.UN](#))([NYSE:BEP](#)).

"Brookfield owns one of the largest renewable energy portfolios of any publicly traded company," I recently [explained](#). "Its diverse holdings comprise solar, wind, hydro, and even battery storage. It's a one-stop shop for renewable energy exposure."

Plus, it seems like renewable energy markets exhibit less volatility than the markets for fossil fuels, which Enbridge relies on. Just look at what happened during the COVID-19 crash.

"The U.S. added a record amount of wind and solar energy last year even as the coronavirus was crippling the economy," [reported](#) CBS. "Installations of wind and solar power soared 61% over the previous year, with 33.6 gigawatts added to the grid in 2020."

With a 2.8% dividend and multi-decade runway for growth, Brookfield Renewables is significantly better positioned than Enbridge. Fossil fuel demand will slowly shrink over time, while renewable energy has nowhere to go but up.

Around \$1.5 trillion was invested in renewable assets over the past five years — a figure that should surpass \$5 trillion over the *next* five years. Brookfield Renewables should be a major benefactor.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:BEP (Brookfield Renewable Partners L.P.)
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3. TSX:BEP.UN (Brookfield Renewable Partners L.P.)
4. TSX:ENB (Enbridge Inc.)
5. TSX:H (Hydro One Limited)

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