



This Renewable Energy Stock Has it All

Description

Renewable energy stocks continue to gain in popularity. Incredibly, just a few years ago, renewable energy was seen as inefficient and expensive. Fortunately, that stereotype no longer applies. If anything, there are now plenty of [superb renewable energy opportunities](#) on the market to invest in. One such example is **TransAlta Renewables** ([TSX:RNW](#)). Here's why this could be the renewable energy stock for you.

All about TransAlta

The first thing to note about TransAlta is that the company is well diversified. TransAlta has a balanced portfolio of facilities that are located across Canada, the U.S., and Australia. In total, the company operates 44 different sites across those regions, which include gas, hydro, solar, and wind elements. Collectively, those facilities boast a total generating capacity of 2.5 GW.

One point that is often overlooked by investors is that TransAlta has a similar business model to that of its fossil fuel-burning peers. In short, the facilities are bound by long-term contracts that provide the company with a stable and recurring source of revenue. Further to this, many of those regulatory contracts have an expiration that is at least a decade out. This makes investing in renewable energy stocks like TransAlta a lucrative long-term option.

Further to that, unlike many of its traditional peers, TransAlta is actively investing in growth. This is another overlooked factor worth mentioning. In short, the world is transitioning over to renewables. Traditional utilities are being forced to shift over to renewables at a very high cost. When it comes to a renewable energy stock such as TransAlta, the company's portfolio is already renewable. This means that the company can (and will) invest in growth initiatives. By way of example, earlier this year, TransAlta announced the acquisition of a 300 MW wind farm.

In terms of performance, the stock is up over 40% in the past two-year period. This might cause some potential investors to wait for an opportune moment to buy, but that shouldn't change the long-term outlook on this renewable energy stock.

This also means that renewable energy investments like TransAlta have a [unique defensive appeal](#). This factor alone makes the stock a good investment for any portfolio, but there's still more.

Earnings potential

In terms of a dividend, TransAlta offers investors a juicy dividend with a yield of 4.74%. The company pays out on a monthly basis, which is a key differentiator over its fossil fuel peers. To put that earnings potential into perspective, a \$35,000 investment will provide \$138 per month in income. That income potential can quickly rise further if those dividends are re-invested.

In other words, TransAlta is a renewable energy stock to buy and hold for long-term gains. Buy it, hold it, and get rich.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

1. TSX:RNW (TransAlta Renewables)

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