



## 3 Renewable Energy Stocks to Buy With \$3,000 in May 2021

### Description

While the top TSX stocks are trading near their 52-week highs, I see strong growth opportunities in the renewable energy space. The growing emphasis on reducing carbon footprints, significant capital investments, capacity expansion, and a steady increase in adoption of clean energy across the world presents a solid base for outsized growth.

Notably, the top renewable energy stocks listed on the TSX have performed exceptionally well and have delivered strong returns in the past. Also, these companies have consistently bolstered their shareholders' returns through [increased dividend](#) payments, thanks to their highly contracted business and predictable cash flows.

So, if you plan to invest in renewable energy, here are three TSX-listed stocks to buy right now.

### Brookfield Renewable Partners

**Brookfield Renewable Partners** ([TSX:BEP.UN](#))([NYSE:BEP](#)) is a pure-play renewable energy company that has consistently delivered strong returns. Its stock has appreciated by more than 217% in five years, while it increased by about 163% in three years. Further, Brookfield Renewable Partners's dividend has grown at a CAGR of 6% since 2000.

The company's strong total shareholders' returns are backed by its high-quality contracted assets that generate stellar earnings and cash flows. With 19,000 megawatts of capacity, a strong development pipeline, long-term contracts, and its growing scale, Brookfield Renewable Partners could continue to deliver stellar financial and operating performances. Moreover, strategic acquisitions and projected 5-9% growth in its annual dividends suggest that Brookfield Renewable Partners could continue to deliver strong total [shareholders' returns](#).

### Northland Power

**Northland Power** ([TSX:NPI](#)) stock is another top bet in the renewable energy space, thanks to its growing asset base, increased installed capacity, and strong free cash flow-generating capabilities. Its net installed capacity grew at a CAGR of 10% since 2014. Meanwhile, adjusted EBITDA and free cash

flow per share increased at a CAGR of 21% and 9%, respectively, during the same period.

I believe the accelerating trend towards de-carbonization, improving energy outlook, and Northland Power's strong development project suggest that the company is expected to deliver solid revenues and adjusted EBITDA in the coming years. Further, strategic acquisitions, business diversification, strong capital investment are likely to accelerate its growth. Northland Power pays a monthly dividend and offers a yield of 2.9%.

## TransAlta Renewables

**TransAlta Renewables** ([TSX:RNW](#)) owns a highly contracted and diversified portfolio of renewable power-generating assets. Furthermore, its solid balance sheet, acquisitions, investments in growth, and stable cash flows suggest that the company remains well positioned to deliver strong financial results in the future years.

TransAlta Renewables's weighted average contract life is about 12 years, which is encouraging and suggests that it could continue to generate predictable and growing cash flows. Furthermore, its appetite for accretive acquisitions and significant growth projects are likely to accelerate its growth rate further. Like Northland Power, TransAlta Renewables also pays monthly dividends. Notably, its dividend has grown at a CAGR of 3% since its IPO in 2013. Meanwhile, the company offers a high yield of 4.9%.

## Bottom line

I believe secular industry tailwinds, growing demand, favourable policies, and increased capacity are likely to fuel growth in renewable energy stocks. Furthermore, investors could earn steady passive income, thanks to their robust payouts and resilient cash flows.

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1. Coronavirus
2. Dividend Stocks
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1. Editor's Choice

### TICKERS GLOBAL

1. NYSE:BEP (Brookfield Renewable Partners L.P.)
2. TSX:BEP.UN (Brookfield Renewable Partners L.P.)
3. TSX:NPI (Northland Power Inc.)
4. TSX:RNW (TransAlta Renewables)

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