



Made-in-Canada Energy Ingenuity: Buy Suncor and ATCO Now!

Description

A potential world-scale clean hydrogen facility will soon rise in Alberta, Canada. Two energy companies are in the early stages of design and engineering of a proudly made-in-Canada project. Once complete, the project would produce over 300,000 tonnes of clean hydrogen annually.

Suncor Energy ([TSX:SU](#))([NYSE:SU](#)) and **ATCO** ([TSX:ACO.X](#)) jointly announced on May 11, 2021 that the federal government and the provincial government of Alberta warmly welcome their collaboration in an emission-reduction project. The partners will use advanced technology to capture more than 90% of the emissions generated in the hydrogen production process.

Winning partnership

Suncor President and CEO Mark Little said, “With abundant natural gas resources and geology that is well suited to the utilization and permanent storage of CO₂, Alberta is one of the best places in the world to produce clean hydrogen.” Little adds the collaboration with ATCO is a winning partnership.

Suncor has expertise in producing and using hydrogen in refining and upgrading operations for 50 years, while ATCO boasts an extensive midstream gas experience. The project should reduce each company’s emissions and de-carbonize their base business. Likewise, it will establish Canada as a global leader in clean hydrogen.

Bring the vision to life

ATCO Chairman and CEO Nancy Southern said, “A clean energy future is a shared national priority, and a transformational project like this one will require extraordinary collaboration with all levels of governments.” She adds, “We look forward to working with our partners in government and with our regulators to bring this vision to life.”

However, the economic viability of the project hinges on several critical factors; among them are the availability of carbon sequestration rights, emissions reduction compliance credits, and regulations to

allow hydrogen to blend into natural gas. You can include investment tax credits for carbon capture utilization and storage.

Stock movement

Investors are receptive to the news. As of May 17, 2021, Suncor trades at \$29.07, or 5.06% higher since the announcement. Meanwhile, ATCO's stock price is \$43.75, a 3.55% gain. Suncor and ATCO investors are up 37.25% and 21.33% year to date. Regarding [price forecasts](#) because of this new development, market analysts see potential upsides for both energy stocks. Suncor could climb 36.7% to \$40, while ATCO's possible appreciation is 16.6% to \$51.

If you were to review the head-to-head comparison in the last 20 years, Suncor's total return is 284.94% for a 6.97% compound annual growth rate (CAGR) versus ATCO's 468.95% (9.08% CAGR). Both are [dividend payers](#), although ATCO yields are higher (4.89% versus 2.89%).

Low-carbon economy

Francois-Philippe Champagne, Minister of Innovation, Science and Industry of Canada, is happy that Suncor and ATCO are venturing into this bold project. He said the collaboration demonstrate the expertise, drive, and spirit of Canadians to build a world-leading hydrogen industry.

The project's location is ATCO's Heartland Energy Centre which is close to Fort Saskatchewan, Alberta. Moreover, the hydrogen production facility could be operational as early as 2028. It will supply clean hydrogen to Suncor and the Alberta gas grid. Also, other industrial, municipal, and commercial transport users in the province will have hydrogen volumes.

Suncor and ATCO have profound and enduring roots in Alberta. They have cemented their footprints in the province and provided thousands of jobs in a host of communities. The energy stocks will be in the limelight from here on in until the facility opens in seven years.

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