



Value Investors: This Renewable Energy Giant Could Make You Rich

Description

TransAlta Renewables ([TSX:RNW](#)) is one of the [largest generators of wind power](#) in Canada and is among the largest publicly traded renewable power-generation companies in Canada. The company's asset platform is diversified in terms of geography, generation, and counterparties. It consists of economic interests in 23 wind facilities, 13 hydroelectric facilities, seven natural gas-generation facilities, one solar facility, one natural gas pipeline, and one battery storage facility, representing an ownership interest of approximately 2,537 megawatts (MW) of net generating capacity.

Diverse operations

The company's operations span three countries including Canada, the United States, and Australia. In the United States, the company owns economic interests in the 140 MW Wyoming wind facility, the 50 MW Lakeswind wind facility, the 21 MW Mass Solar facility, the 90 MW Big Level wind facility and the 29 MW Antrim wind facility. The company's Australia operations are located in Western Australia and include economic interests in six operating gas-generation facilities with an installed capacity of 450 MW and a 270-kilometre gas pipeline.

Overall, TransAlta's assets have a weighted average of 15 years of operation by capacity. The company was formed to own a portfolio of power-generation facilities. TransAlta focuses on providing stable, [consistent returns](#) for investors through the ownership of highly contracted renewable and natural gas power generation and other infrastructure assets that provide stable cash flow primarily through long-term contracts with strong counterparties.

Long-term contracts

Generation output from TransAlta's assets is sold pursuant to long-term contracts with strong counterparties, including public power authorities, load-serving utilities and industrial customers. Pursuant to these contracts, TransAlta is obligated to purchase, for a fixed price, all the power produced from such facilities. In addition to contracting for power, it has entered long-term and short-term contracts to sell the environmental attributes from some of the company's wind and hydroelectric

facilities.

TransAlta owns approximately 112 MW of net hydroelectric generation capacity across 10 different river systems in the provinces of British Columbia, Alberta, and Ontario. All of the hydroelectric facilities are run-of-river, and electricity is generated and sold by these assets.

Lucrative projects

All of the wind projects managed by TransAlta are situated on lands owned by unrelated parties and subject to long-term leases. All of the facilities have also entered long-term service agreements with independent third parties, which expire at different times. Upon expiry, the company expects that these existing agreements will be renewed, or alternative agreements will be entered with other independent third parties.

While contracting for power, TransAlta enter long-term and short-term contracts to sell the environmental attributes from the company's wind facilities. Under long-term contracts, the company's facilities generally include delivery commitments for both the delivery of power and their environmental attributes.

Robust growth opportunities

In summary, the company pursues and capitalizes on strategic growth opportunities in the renewable and natural gas power generation and other infrastructure sectors. It maintains diversity in terms of geography, generation, and counterparties and pays out 80-85% of cash available for distribution to the shareholders of the company on an annual basis. Shareholders are well served by TransAlta's strategy.

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Author

nikhilwaterloo

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