



Renewable Energy Stocks Can Provide Income, Too!

Description

How diversified is your portfolio? It's common knowledge that some of the best defensive stocks to own are utilities. What is a little less-common knowledge is that traditional utilities are scrambling to transition to renewable energy. This also means that renewable energy stocks have a significant advantage over the short term.

One such example is **TransAlta Renewables** ([TSX:RNW](#)), and here's why this could be the utility for your portfolio.

Meet TransAlta and all it can offer

Collectively, TransAlta owns or holds interest in just over 2,500 MW of net generating capacity. That capacity is diversified across a myriad of different technologies, including solar, hydro, wind, and gas. Those facilities are also scattered across a very diverse geography, with sites located in Australia, Canada, and the United States. This makes TransAlta a great one of several great renewable energy stocks to own, but there's still more.

Adding to that appeal is the stability that comes with a utility investment. In short, utilities are bound by long-term regulatory contracts that provide a recurring source of revenue for the company. Those agreements, known as power-purchase agreements (PPAs), often span a decade or more in duration.

In the case of TransAlta, most of the company's facilities have a PPA that expires a decade or more out. This provides potential investors with even more long-term growth potential, but that's not all. TransAlta also provides investors with a healthy and growing dividend.

Did someone say income?

A healthy and recurring dividend is one of the main reasons why investors continue to flock to utility stocks. In the case of TransAlta, the company offers a handsome dividend that pays out on a monthly cadence. This is a huge advantage for income investors, making TransAlta a [great investment option for nearly any portfolio](#)

In terms of a yield, TransAlta offers investors a healthy 4.62% yield. To put that yield into context, a \$30,000 investment in TransAlta will provide \$115 each month. Not ready to draw on that income yet? Reinvesting those dividends until you need them could provide a healthy bump in income over the long term.

Renewable energy stocks are for every portfolio

Renewable energy stocks will only continue to grow in importance. Traditional utilities are facing immense challenges to convert to renewable energy sources. TransAlta already has this and more today. Throw in a well-diversified global portfolio of facilities and a growing, stable dividend, and you have a nearly perfect investment.

In my opinion, TransAlta should be a core part of any well-diversified portfolio. [Buy it, hold it](#), and let that monthly dividend grow your portfolio.

CATEGORY

1. Dividend Stocks
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TICKERS GLOBAL

1. TSX:RNW (TransAlta Renewables)

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Author

dafxentiou

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