Forget Oil: Buy These Cheap Green Energy Stocks Instead

Description

Oil prices have enjoyed a massive run up in recent weeks. The price of WTI crude rose above the US$80 mark for the first time since 2014. Meanwhile, Western Canadian Select (WCS) rose to a high it had not seen since the previous decade. Oil and gas prices have surged due to tight supply and rising demand during this global recovery. Investors should keep an eye on this development, but I want to focus on green energy stocks instead right now. The three equities we'll zero in on today offer nice value in this environment.

Why it's not too late to buy this green energy stock on the dip

TransAlta Renewables (TSX:RNW) is a Calgary-based company that develops, owns, and operates renewable power-generation facilities. Shares of this green energy stock have plunged 12% in 2021 as of close on October 15. Fortunately, the stock is still up 11% in the year-over-year period.

Investors will get to see this company's third-quarter 2021 results later this month. In Q2 2021, TransAlta saw comparable EBITDA drop $18 million year over year to $97 million. Meanwhile, adjusted funds from operations (AFFO) fell $26 million to $64 million. TransAlta suffered setbacks due to lower results from its gas segment and weather fluctuations that negatively impacted its wind resource space.

Shares of this green energy stock last had a price-to-earnings (P/E) ratio of 38, which is solid value compared to its industry peers. The stock has bounced back after sinking into oversold territory in late September and early October. It offers a monthly dividend of $0.078 per share, representing a solid 4.7% yield.

Here's a green equity that offers great value right now

Algonquin Power & Utilities (TSX:AQN)(NYSE:AQN) is an Oakville-based company that owns and operates a portfolio of regulated and non-regulated generation, distribution, and transmission utility assets in North and South America. This green energy stock has dropped 10% in 2021. Its shares are down 8.7% year over year.

This company is set to release its next batch of results in the first half of November. In the second quarter of 2021, Algonquin delivered revenue growth of 54% to $527 million. Meanwhile, adjusted net earnings soared 93%, or 67% on a per-share basis, to $91.7 million, or $0.15. Moreover, adjusted EBITDA increased 39% to $244 million.

Algonquin stock possesses an attractive P/E ratio of 13. The green energy stock has spent most of October in technically oversold territory. Investors can still take advantage of its value and its quarterly dividend of $0.171 per share. That represents a 4.6% yield.

One more green energy stock to snatch up today

Northland Power (TSX:NPI) is the third and final green energy stock investors may want to consider over oil stocks today. This Toronto-based company develops, builds, owns, and operates clean and green power projects around the world. Its shares have dropped 10% so far this year. The stock dipped sharply in the first half of October.

In Q2 2021, the company saw sales fall 5% from the prior year to $408 million. Adjusted EBITDA dropped 10% to $203 million. This spurred Northland Power to downgrade its full-year guidance. Investors can still trust this green energy stock for the long term.

Its shares are trading in favourable value territory relative to its industry peers. Northland offers a monthly distribution of $0.10 per share, representing a 2.9% yield.

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