



1 Key Reason Enbridge Stock Could Surge Higher in 2022

Description

For long-term investors seeking a top [dividend stock](#) on the TSX right now, **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)) is an excellent option. Indeed, the yield and defensive profile that Enbridge stock provide are impressive. This is one of the leading pipeline operators in North America. Considering that consumers are worried about surging gas prices right now, energy infrastructure companies like Enbridge could be in a sweet spot right now.

Let's dive into one key reason why I'm looking at Enbridge stock as one that could surge next year.

Enbridge stock could benefit from longer-term transition to green energy

One of the biggest knocks for fossil fuel-related businesses is the carbon emissions these companies directly or indirectly produce. For Enbridge stock, this is certainly a headwind investors appear to have factored in.

However, there's a tremendous amount of debate around how long this transition will take.

Al Monaco, Enbridge's CEO, recently said that the increased demand for oil and gas alone serves as evidence that the growth of the economy depends upon conventional energy. He's certainly not the first individual to highlight underinvestment in energy assets in recent years. Accordingly, for gas prices to come down at the pumps for consumers, more attention will need to be paid to the existing infrastructure supporting this sector.

It appears there's much more political will to tackle surging prices, especially where they're most visible. The prices consumers see at the pump are perhaps among the most visible examples of inflation we have right now. And with President Biden being taken to task over inflation, this may result in a smoother regulatory environment, as the political backlash from inflation may outweigh the need to transition immediately toward greener energy.

Bottom line

The transition toward green energy is an important one. In this regard, I think there are a number of great options investors should consider. And Enbridge has been making efforts to reduce its overall greenhouse gas emissions in recent years. This isn't a company that's blind to these issues.

However, looking at how long this transition might take, Enbridge stock certainly represents an intriguing value proposition right now. Currently, investors can pick up a [dividend yield of 6.6%](#) by owning Enbridge stock. Finding that kind of yield anywhere today is difficult, to say the least.

From a total-return perspective, I think there's a lot to like about Enbridge stock. Those seeking bond-like income over the coming decades may want to consider this company. It's reasonably valued, with a high dividend yield, and solid medium-term prospects. Accordingly, this remains a top pick of mine right now.

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