



Is Now the Time for Growth Investors to Buy Renewables Stocks?

Description

The planet is undertaking a major shift in how it generates and utilizes energy. The move towards renewables and away from carbon-based fuels is a great thing. For renewables stocks, this has proven to be the case in recent years. [Growth](#) investors have sought out renewables as a way to diversify their portfolios into energy.

However, this broad de-risking of equity markets has hit renewables stocks hard. Soaring energy prices in the conventional non-renewables market has made these companies' counterparts more attractive. However, one could also argue that rising energy prices is bullish for renewables stocks, as it makes these companies' offerings more competitive.

For those taking a bullish stance on renewable energy, here are two of my top stocks to consider right now.

Renewables stocks hitting large and small caps alike

This past year has not been friendly to the entire renewables sector. Companies ranging from niche, smaller-cap players to the likes of **Brookfield Renewable Partners** ([TSX:BEP.UN](#))([NYSE:BEP](#)) all saw significant declines.

Much of this appears to be due to the rapid rise of renewables stocks alongside meme stocks and the overall market early last year.

Now, investors may look at this selloff and find a way to liken renewables stocks to higher-risk, aggressive growth stocks. I think that characterization is unfounded.

Companies like Brookfield Renewables are impressive growth stocks, driving innovation and interest in this sector. However, the recent market-related headwinds are proving to be strong, driving valuations lower. For growth investors looking for renewables stocks at reasonable prices, now is a great time to start looking at this sector.

Another great option to consider

In addition to Brookfield Renewable Partners, another company I've got on my radar right now is **Northland Power** ([TSX:NPI](#)).

Northland has been an incredible growth stock in the past and has a solid strategy to continue to grow in the future. This company's focus has been on offshore wind power, which is unique. While most renewables stocks represent companies that consolidate their focus in some way, I think offshore wind power doesn't get enough love in the market.

Northland's power generation currently generates approximately 2.8 GW of electricity annually. Currently, the company is constructing another 1.75 GW of capacity.

This company's high-quality management team has spurred what is now a diversified business. In addition to energy production, Northland also provides energy storage and distributed energy solutions for its clientele.

I expect this company to grow in the 15% range for the foreseeable future, with dividend distributions rising in the high single-digits over time.

CATEGORY

1. Energy Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:BEP (Brookfield Renewable Partners L.P.)
2. TSX:BEP.UN (Brookfield Renewable Partners L.P.)
3. TSX:NPI (Northland Power Inc.)

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