



It's Time to Buy This Renewables Stock With a 3.6% Yield

Description

Those looking for growth have flocked to the renewable energy sector last year. However, following a rapid increase in valuation post-pandemic, renewables stock **Brookfield Renewables** ([TSX:BEP.UN](#)) ([NYSE:BEP](#)) is a stock that's lost altitude.

Some investors still like this company's growth profile. Others have flocked to Brookfield Renewables for its [3.6% dividend yield](#). Whatever the case, this is a stock with an excellent defensive growth profile that I think is well suited for this environment.

Here are a couple reasons why I think this is a renewables stock to consider right now.

Signing of a 40-year deal for this renewables stock

Among the big headline news made by Brookfield Renewables is the announcement of a 40-year contract between the company and Hydro-Québec to purchase electricity from Evolugen, a unit of Brookfield Renewables. This deal is one many point to as a deal that strengthens Brookfield's cash flow position over the long term.

The largest electricity producer of Canada is looking forward to buying the total output of Evolugen's Lièvre hydroelectric assets in Quebec. These have an installed capacity of 263 MW.

Four generating stations situated along the Rivière du Lièvre in the Outaouais area will supply Hydro-Québec with around 1.5 terawatt-hours (TWh) annually. This is equivalent to the energy utilized by 90,000 homes.

Under this pact, Hydro-Québec will also acquire power transmission rights of Evolugen to the U.S. Northeast. This will further allow the utility to export more energy to New England.

Clean growth on the road ahead

The unit price of Brookfield Renewable Partners dropped by 17% last year. And **Brookfield Renewable Corp.'s** stock plunged by 37% in 2021.

This year, Brookfield Renewable Partners is off by less than 10%. However, compared to early 2021, this company's shares are down approximately 30% from their peak. There's reason to believe this selloff has been overdone.

Brookfield Renewable Partners, along with its younger sister, Brookfield Renewable Corp., provide a front-row seat to the clean energy segment's ongoing growth.

Boasting assets situated all over the world, the business is geographically diversified. Also, this company is diversified by energy source. The organization has a vast hydroelectric portfolio that creates a foundation for management to build its wind and solar portfolio.

Brookfield Renewables has its eyes set on [dividend](#) growth, aiming for 5-9% annual disbursement hikes. Having raised its payout annually since 2010 (adjusted for the spinoff of the younger sister corporation) at a compound annual clip of 6%, Brookfield Renewables has indeed lived up to that distribution goal.

The future is exciting, and the world is clearly moving toward renewable energy. I view Brookfield Renewables as one of the top ways Canadian investors can get exposure to this trend.

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