Big Surge Is Near: 2 High-Yield Green Stocks Own Now!

Description

The ongoing armed conflict in Eastern Europe could be a positive development in the battle against climate change. While the European Union is against the invasion of Ukraine, most of its members are dependent on Russian oil. The security of supply is under threat if the war doesn't end soon.

Deepa Venkateswaran, a senior analyst at Bernstein Autonomous LLP, said, "There's a realization that Europe has to move away from dependency on Russian oil and gas and one way to achieve that is renewables." The outlook for the renewable energy industry in 2022 is bright, although the war could prompt governments to move away from fossil fuels sooner than later.

Deloitte said demand for cleaner energy sources should accelerate due to concern for climate change. The renowned consulting firm also cites the growing support for environmental, social, and governance (ESG) considerations. Income investors should consider taking early positions in two high-yield green stocks, because the big surge is coming.

Portfolio build-up

TransAlta Renewables (TSX:RNW) is an exciting prospect in the space due to several significant acquisitions in 2021. The $4.74 billion renewable power generator acquired 100% economic interest in 20 solar photovoltaic sites (122 MW) and two wind facilities (235 MW total).

Management has likewise obtained a 10-year contract extension for the Sarnia Cogeneration Facility in Ontario. The amended agreement with large industrial customers at the said facility is up to December 31, 2032. Todd Stack, TransAlta's president, said the project under construction in Western Australia will further increase its diversification and add capacity in each of the core operating regions.

In 2021, TransAlta reported revenue and net earnings growth of 7.8% and 52.2% versus 2020. Its cash flow from operating activities increased 25.8% year over year to $336 million. For 2022, the company estimates adjusted EBITDA to be between $485 to $525 million, or approximately a 9% growth.

This renewable energy stock trades at $17.78 per share and pays a hefty 5.29% dividend.

Growing renewable assets

Capital Power (TSX:CPX) was a winner in 2021 owing to its 18.7% total return. As of March 2. 2022, the share price is $38.83 (-1.6% year to date), although market analysts have a high price target of $50 (+28.8%) in 12 months. In July 2021, the board approved a 6.8% increase in annual dividend. The current yield is 5.63%.

The $4.51 billion growth-oriented wholesale power producer's strategic focus is on sustainable energy. Capital Power builds, owns, and operates high-quality, utility-scale generation facilities. Its president and CEO, Brian Vaasjo, said, "2021 was an excellent year in advancing our strategy and commitment to being off coal in 2023."

Capital Power's Whilta Wind is the largest wind facility in Alberta. Management will proceed with the second phase of its Halkirk Wind project and complete it by 2024. In late December 2021, the company acquired 20 solar development sites in the United States.

Furthermore, Capital Power has a memorandum of understanding with Enbridge to collaborate on carbon capture and storage (CCS) solutions in West Edmonton. The proposed project could be in service as early as 2027 if the partners secure the final award of carbon-sequestration rights and regulatory approvals soon.

Rise to prominence

Deloitte sees new next-generation clean energy technologies and business models emerging soon. Expect TransAlta and Capital Power to rise in prominence during the transition to cleaner energy.

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