



2 Renewable Energy TSX Stocks Set to Explode in 2022

Description

The price of oil is spiking, and there's a very real chance that it won't slow down anytime soon. Even so, the oil industry is not my main focus within the energy sector right now. As a long-term investor, I've got high hopes for the growth potential of the renewable energy space. And with plenty of [discounts](#) to take advantage of, now is a good time to be a buyer.

After a rough year in 2021, many top renewable energy stocks are trading far below all-time highs. It's difficult to pinpoint one reason why the sector performed so poorly last year. But after a strong [market-beating](#) performance in 2020, it wasn't exactly a huge surprise to see many top green energy stocks cool off last year.

If you've got a long-term time horizon, I'd strongly encourage you to own at least one renewable energy stock in your portfolio.

Here are two top picks to add to your watch list. Both energy stocks are trading at bargain prices today but that may not be the case much longer. I'd act quickly if you're looking to take advantage of these discounts.

Energy stock #1: Brookfield Renewable Partners

At a \$30 billion market cap, **Brookfield Renewable Partners** ([TSX:BEP.UN](#))([NYSE:BEP](#)) is not only a Canadian, but global, renewable energy leader. Across the globe, the company offers its customers a range of different renewable energy options, including wind, hydro, and solar.

I'm already a shareholder of this energy stock, but I might be adding to my position very shortly. Shares are down close to 15% from all-time highs.

With the renewable energy sector as a whole off to a hot start to the year, I'm going to need to act fast, though. Year to date, Brookfield Renewable Partners is already up a market-beating 5%.

The company has been a long-term market-beating stock. Shares are up 130% over the past five

years, largely outpacing the returns of the **S&P/TSX Composite Index**. And that's not even factoring in Brookfield Renewable Partners's impressive 3.3% [dividend](#) yield.

If you're looking for just one renewable energy stock to own, you can't go wrong with Brookfield Renewable Partners.

Energy stock #2: Northland Power

My second top renewable energy stock on the [TSX](#) is **Northland Power** ([TSX:NPI](#)). Similar to my first pick, Northland Power boasts an extensive product offering as well as a growing international presence.

Shares of Northland Power may have underperformed Brookfield Renewable Partners in recent years, but it's still been a market-crushing performer. Including dividends, Northland Power has just about doubled the returns of the Canadian market over the past five years.

In addition to a nearly 15% discount from 52-week highs, Northland Power is also priced very reasonably from a valuation perspective. Shares are trading at a forward price-to-earnings ratio of just over 30. Far cheaper than where Brookfield Renewable Partners is currently valued.

Foolish bottom line

The demand for renewable energy has been steadily rising over the past several years. As a result, it's not surprising to see that many green energy stocks have delivered impressive growth numbers during that time. But it's the long-term growth opportunity, not the recent growth rates, that has me excited about today's discounted prices.

CATEGORY

1. Energy Stocks
2. Investing

POST TAG

1. Editor's Choice

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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