



TC Pipelines Stock Nearing its All-Time High: Should You Buy?

Description

In the wake of the Ukraine conflict and sanctions on Russian oil, global energy security has come under threat. This sent oil and gas prices sky high and fueled energy stocks' rally. The United States is [releasing](#) 180 million barrels of oil from its emergency reserves over the next six months to ease supply. It is also considering Russian oil alternatives, and Canada is a good alternative with its fourth-largest oil reserve. This has brought **TC Pipelines's** ([TSX:TRP](#))([NYSE:TRP](#)) Keystone XL pipeline back into the discussion. The energy crisis and Keystone debate have sent TC Pipelines stock up 10% above \$72, near its all-time high of over \$75.

Is this a good time and a good price to buy the pipeline stock?

TC Pipelines's Keystone XL pipeline caught in the political debate

The U.S. needs oil and gas, and Canada has a lot of it. Canada Natural Resources minister Jonathan Wilkinson said Canada has already hit record-high production, and it can produce more than 300,000 barrels a day.

"There's not a limitation in terms of resource potential. There's a limitation of capacity."
The Wall Street Journal [article](#), citing S&P Global Commodity Insights analyst Kevin Birn

Canada can substitute the Russian oil for the United States, but the pressing issue is transportation. How will Canada transmit all this oil? The existing pipelines are already running at full capacity, and environmentalists are making it [difficult](#) to add new pipelines. This discussion brought the topic to the Keystone XL Pipeline, which could transmit 830,000 barrels a day from Alberta to Nebraska.

“While the U.S. continues to engage with a variety of producing countries to address the current supply imbalance we are seeing, the Keystone XL pipeline would have done little to nothing in addressing that supply.”

A White House spokesman

But analysts beg to differ. They said, had the federal government employed a rational and realistic permitting process, the Keystone XL pipeline would have been operational years ago. It has been under construction for over a decade. But U.S. president Joe Biden [rejected](#) the project in June 2021, forcing TC Pipelines to cancel the project. The prolonged delay had already put the pipeline over budget. Rather than trapping its capital in a delayed project, it was wise of TC Pipeline to refocus on other promising projects.

Analysts’ stance on the Keystone XL pipeline

The U.S. is discussing other alternatives, like trains or trucks, which are more polluting and less safe than pipelines. In a *Wall Street Journal* article, analysts suggested that adding pipeline capacity is the most efficient solution. Some analysts suggested that President Biden could expedite the build-out of the remainder of the Keystone XL pipeline and provide a subsidy to make up for TC Energy’s losses.

White House officials said that Mr. Biden is not interested in reviving the Keystone XL. But this is their current stance, as the United States doesn’t have an oil and gas shortage. If the energy crisis directly hit the United States, priorities could change. All pipeline investors should keenly follow the U.S. decisions on easing the energy crisis.

This whole debate has kept TC Pipeline’s stock red hot. Should you buy this stock at its current high?

Is TC Pipelines stock a buy at the current level?

TC Pipelines stock could jump if Biden decides to revive the Keystone XL project. But anticipating such a move is like betting on a decision. If you believe the project will rise from the ashes, you can buy the stock now and enjoy a 4.97% dividend yield till that time. If you believe the project is buried forever, wait for the stock to fall. The expectation bubble could burst if Biden says Keystone XL has gone for good.

Keystone XL or no Keystone XL, TC Pipelines have other projects that could continue paying increment [dividends](#). TRP stock dipped over 10% in four of the five dips after March 2020. If you fear missing out on the rally from the Keystone debate, you can divide your purchase: buy 40% now and 60% if the stock falls more than 10%.

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