



Why I'm Selling Enbridge Stock and Other Pipeline Companies

Description

When I first got into investing, the first place I was practically demanded to go were oil and gas companies. These were supposed to be some of the most stable companies an investor like me should purchase right away. That included **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)).

Enbridge stock was an [obvious choice](#). It provided me with a solid dividend and long-term cash flow from its contracts. It has pipelines across North America, shipping oil and gas to every corner of the globe.

But these days, I've started selling Enbridge stock and other pipeline companies. Why? Let's get into it.

Enbridge stock was out first

I sold Enbridge stock when it reached 52-week highs this year. And, frankly, I was impatient to do so. When I first bought the stock, it had a target price of \$60. This was *years* ago. That share price *still* hasn't been reached, even as I'm writing. Instead, Enbridge has all but flatlined when it comes to returns — returns that I thought would be all but guaranteed given its track record.

Then there's the dividend. It's a solid one, I'll grant you. However, Enbridge stock has started to slow down its dividend growth over the last few years. What was once supposed to be annual growth between 8% and 10% has gone down to 3% over the last two years.

And then, there are the company's future growth opportunities. While Enbridge stock may have a lot of growth planned in the books, it's seeing it through that's the problem. Social and environmental activism has put a halt to growth plans again and again. Furthermore, countries are getting on board with clean energy solutions more than ever. Enbridge's response? It's to create renewable natural gas from waste. That's a baby step when we need a leap.

What about other pipeline companies?

I also recently sold my shares in **Pembina Pipeline** ([TSX:PPL](#))([NYSE:PBA](#)) after Enbridge stock. This one was a bit harder to take, as the company has done more than Enbridge when it comes to shifting towards clean energy solutions. Pembina is working with Alberta for a carbon-capture program, using its pipelines to transfer and store carbon for lower greenhouse gas emissions.

But the problem still remains: what about the future? Both Enbridge stock and Pembina stock have the same problem. They need to use their pipelines and have a plan to transfer completely over to renewable and clean energy. They both have so much land that could be used for this purpose. And that would create long-term income for [their investors](#).

Foolish takeaway

Enbridge stock still has one of the top dividends out there. But I'm not sure how long it can last. The war in Ukraine has shown that dependence on foreign oil should no longer be an option. It's moving European countries in a serious way to develop clean energy programs. And North America will likely follow suite.

That's why I'm preparing now. I want growth from the future, not slowing returns from the past. That is why I'm selling Enbridge stock and other pipeline companies today.

CATEGORY

1. Energy Stocks
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2. NYSE:PBA (Pembina Pipeline Corporation)
3. TSX:ENB (Enbridge Inc.)
4. TSX:PPL (Pembina Pipeline Corporation)

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