



3 Long-Term Renewable Energy Options

Description

Long-term renewable energy stocks remain some of the best market options available to investors. This is due to a variety of reasons but can be summed up as offering both growth as well as income-earning potential. In both cases, that potential is only just beginning to unfold, making the opportunity that much better.

But what long-term renewable energy option should you buy? Fortunately, there's no shortage of [renewable energy options](#) on the market to consider; some have incredible long-term potential.

Here are several options to consider adding to your portfolio.

Option #1: Long-term growth and monthly income

One of the main reasons why investors flock to utility stocks is for the dividend that they offer. That rationale applies to renewable energy investments as well.

TransAlta Renewables ([TSX:RNW](#)) is an intriguing option for long-term renewable energy investors to consider. In total, TransAlta boasts a portfolio of over 40 facilities located in Canada, the U.S., and Australia. Additionally, those facilities are diversified across several different energy types, including solar, wind, gas, and hydro.

Prospective investors also should note that those facilities generate a reliable and recurring revenue stream. That revenue stems from long-term regulatory contracts that span decades. That stability makes TransAlta a great buy-and-forget option for any portfolio and a great income earner.

Speaking of which, TransAlta offers investors a juicy dividend paid out on a monthly cadence. The current yield works out to an appetizing 5.37%. Those investors not ready to draw on that income yet can reinvest that monthly income. This allows your investment to grow on its own until needed.

Option #2: A massive opportunity from one of the biggest names on the market

Brookfield Renewable Partners ([TSX:BEP.UN](#))([NYSE:BEP](#)) is a lucrative option that should be on every investor shopping list. First, Brookfield is one of the largest names in the clean-energy business. The company has a development backlog of 69 GW of clean energy projects. Keep in mind that Brookfield's current operating capacity stands at 21 GW.

In other words, the company has massive long-term growth potential, and the timing could not be better. Specifically, traditional utilities around the world have massive transition costs. By some estimates, the cost of that transition to the global economy could soar to US\$150 trillion over the next 30 years.

That is a massive cost to shoulder, and this exposes yet another opportunity for Brookfield. Specifically, Brookfield is no stranger to cleaning up businesses and turning them around. That unique experience, coupled with Brookfield's massive war chest, is what makes this a fantastic opportunity.

While that may be reason enough to invest, I would be remiss if I did not mention Brookfield's juicy dividend. The company has established a precedent of providing an annual uptick to its dividend for the past 11 years. That annual increase has averaged an impressive 6%, and the current yield works out to a respectable 3.49%.

Option #3: A well-diversified portfolio with massive potential

Rounding out the list is **Algonquin Power & Utilities** ([TSX:AQN](#))([NYSE:AQN](#)). Like TransAlta, Algonquin has a growing portfolio of facilities that generate a recurring and stable revenue stream. Those facilities are located across Canada, the U.S., and the Caribbean, making the company a well-diversified option.

Algonquin has taken an aggressive stance toward growth and has executed a series of acquisitions over the years. Prime examples of this include the US\$2.8 billion deal to acquire Kentucky Power Company last year, and the US\$608 million deal for New York American Water Company completed earlier this year.

In both cases, Algonquin gains access to new markets, new customers, and significant long-term potential.

That rapid expansion has helped Algonquin to establish a customer base of over one million customers across multiple state markets. That growth has also helped Algonquin provide investors with healthy annual bumps to its dividend.

That dividend currently boasts a yield of 5.09%, making it one of the better-paying renewable energy options on the market.

Long-term renewable energy = opportunity

No investment is without risk. Fortunately, the three stocks noted above are great options that have significant long-term appeal and offer handsome dividends.

In my opinion, one or all of the stocks should be part of your well-diversified portfolio.

CATEGORY

1. Energy Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. NYSE:BEP (Brookfield Renewable Partners L.P.)
3. TSX:AQN (Algonquin Power & Utilities Corp.)
4. TSX:BEP.UN (Brookfield Renewable Partners L.P.)
5. TSX:RNW (TransAlta Renewables)

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dafxentiou

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