



5 Canadian Energy Stocks That Earn Incredible Passive Income

Description

Canadian energy stocks are a great place to look for passive income today. Whether it be [oil stocks](#), utilities, infrastructure stocks, or [renewable power](#) businesses, Canada has a lot of great energy companies. Here are five of my favourite energy stocks right now.

Suncor Energy

Suncor Energy ([TSX:SU](#))([NYSE:SU](#)) is one of Canada's largest integrated oil producers and refiners. This Canadian energy stock has been marked down due to several safety and operational issues over the past few years. Yet the company could be set for a rebound after activist investor, [Elliott Management](#) has started pushing for value-creation initiatives.

Today, Suncor pays an attractive 4.15% dividend. Given the amount of cash it is earning, it increased its base quarterly dividend by 12% early this year.

Suncor has been buying back a tonne of stock (6.1% of its shares last quarter). Once it hits its \$12 billion net debt target, further shareholder rewards are likely this year and next.

Tourmaline Oil

Despite its name, **Tourmaline Oil** ([TSX:TOU](#)) is Canada's premium producer of natural gas. It is a picture of where the broader Canadian oil sector is heading if energy pricing remains elevated.

It has already hit its net zero debt target early this year. As a result, it is now just streamlining excess cash flows straight back to shareholders.

This Canadian energy stock only earns a modest 1.15% dividend today. However, it has paid \$4.75 per share in three separate special dividends already this year! Add its base and special dividends together, and its stock is yielding closer to 7% right now.

Enbridge

Enbridge ([TSX:ENB](#))([NYSE:ENB](#)) is a great passive-income stock for Canadian investors that want energy exposure, but with limited direct commodity risk. It makes its bread-and-butter managing, developing, and contracting a vast array of energy infrastructure assets across North America.

Its pipelines, utilities, and export terminals are essential to the North American economy. As a result, it collects reliable streams of cash flows. This helps it deliver an outsized 6% dividend yield to its shareholders.

Enbridge still has a large backlog of development projects. Consequently, it should be able to keep growing its dividends by a mid-single-digit rate for several years ahead.

Algonquin Power

Algonquin Power ([TSX:AQN](#))([NYSE:AQN](#)) is a great passive-income alternative to Enbridge if you don't like any oil exposure. 70% of Algonquin's business comes from operating regulated water, gas, and electricity utilities. 30% comes from developing and managing renewable power projects.

Algonquin has a particular expertise at acquiring carbon-heavy utilities and assisting them in a green transition. It is hoping to do this with Kentucky Power once its acquisition is complete later this year.

Algonquin stock pays a very nice 5% dividend yield right now. It has a great history of growing that dividend by 7-9% a year. For low-risk passive income, this is solid Canadian energy stock to own.

Northland Power

Northland Power ([TSX:NPI](#)) has a diverse portfolio of utilities and renewable power assets in North and Central America, Europe, and, soon, Asia. It has a particular expertise at developing and operating off-shore wind assets. This is one of the fastest-growing segments in renewable power.

Northland has a very exciting development pipeline that should create long-term earnings and value for shareholders. Green energy is in very high demand in Europe and Asia. That is supporting very strong pricing and earnings for Northland right now.

Today, this Canadian energy stocks pays a modest 2.6% dividend. However, as it completes its development plan, earnings should rise, and so too should its dividend over time.

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