



3 Renewable Energy Stocks That Are Too Cheap to Ignore

Description

The Canadian stock market has been going through a downturn this year. As of this writing, the **S&P/TSX Composite Index** is down by 12.54% from its 52-week high. Stocks across virtually every sector are trading for heavy discounts, including some of the top Canadian [renewable energy stocks](#).

Renewable energy will gradually phase out fossil fuel reliance in the coming years and decades. The global renewable energy market was valued at US\$881.70 billion in 2021 and is expected to hit the US\$1.936 trillion mark by 2030.

There is plenty of room for the industry to grow. Investors who put their capital to work in the industry right now and remain invested in the right companies can see their wealth grow substantially in the long term.

With the market pullback under full swing, here are three Canadian renewable energy stocks you can consider adding to your self-directed portfolio for this purpose.

Brookfield Renewable Partners

Brookfield Renewable Partners ([TSX:BEP.UN](#)) is a \$10.88 billion market capitalization subsidiary of a massive alternative investment management company. The company owns and operates a growing portfolio of diversified and renewable power assets located worldwide.

Well capitalized and with a solid business model, Brookfield Renewable stock can be an excellent addition to your investment portfolio.

As of this writing, the stock trades for \$39.53 per share, boasting a 4.24% dividend yield. It is down by 28.25% from its 52-week high, trading just above its 52-week low mark. Such a decline should typically be worrisome. However, the strength of the underlying business makes it an increasingly important player in the global renewable energy market. Investing in its shares right now can be a solid move.

Northland Power

Northland Power ([TSX:NPI](#)) is a \$9.49 billion market capitalization power producer headquartered in Toronto. The company develops, owns, and operates a portfolio of clean and green energy infrastructure assets worldwide.

The company primarily focuses on creating offshore wind farms, aligning with sustainable energy practices. It also wants to free up as much arable land as possible. Offshore wind farms are also likelier to produce more energy, because wind speeds are faster in the ocean than on land.

It will not be surprising to see Northland Power become a dominant force in the offshore wind market. Its presence in North America, Latin America, Europe, and Asia gives it growth opportunities. These markets offer growth opportunities in emerging markets, bolstering the growth of the overall sector.

As of this writing, Northland Power stock trades for \$39.64 per share. Unlike most of its peers, it's trading for higher than the start of the year. Down by almost 16% from its 52-week high, it looks like a steal at current levels.

TransAlta Renewables

TransAlta Renewables ([TSX:RNW](#)) is a \$3.90 billion market capitalization renewable energy company headquartered in Calgary. As of this writing, TransAlta Renewables stock trades for \$14.63 per share. It is down by 24.78% from its 52-week high, and its lower valuation has inflated its payouts to a juicy 6.42% dividend yield. Despite its declining share price performance on the stock market, the company is solid.

It reported a 30% increase in its earnings before interest, taxes, depreciation, and amortization for the second quarter of the current fiscal year, and its free cash flow increased by 23%. The company is currently working on several expansion projects throughout Canada.

More news about the expansion projects will likely come along with its third-quarter earnings report on November 8. It might be a good idea to add its shares to your portfolio before the earnings report to capitalize on any upward trend that might follow the earnings report.

Foolish takeaway

After steep declines in recent weeks, these three renewable energy giants can arguably be considered [undervalued stocks](#) for their long-term growth potential. If you have a long investment horizon and the capital to spare, investing in these three stocks can be an excellent move.

CATEGORY

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2. Investing

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2. TSX:BEP.UN (Brookfield Renewable Partners L.P.)
3. TSX:NPI (Northland Power Inc.)
4. TSX:RNW (TransAlta Renewables)

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