



Is Now the Right Time to Buy Hydrogen Stocks?

Description

Last year, green energy was all the rage. In the first half of 2022, oil prices surged to incredible highs, with West Texas Intermediate crude at one point selling for US\$123 in the futures market. The high prices eventually faded away, but they triggered a debate:

What can we do to lessen our dependence on fossil fuels?

The debate over replacing fossil fuels is not a new one, but until recently, it was mostly confined to climate activists and oil fans. The former have long advocated replacing oil with renewables and nuclear, the latter have said that we need burn oil forever. In 2022, many more people were drawn into the energy debate, as high oil prices seemed to make alternative energy sources more necessary than ever before.

For the most part, the conversation about [alternative energy](#) has centered on renewables and nuclear. Renewables are “free” and readily available; nuclear energy can provide a steady stream of clean energy no matter the weather conditions. But lately, another green energy source has entered the debate: hydrogen. With no CO2 emissions, it's green, but unlike nuclear and renewables, it doesn't require connection to an electric grid.

In this article, I'll explore the possibilities of hydrogen energy and hydrogen stocks.

Why hydrogen is a promising fuel source

Hydrogen is a promising fuel source because it's both green and portable. Like oil, it can be carried around and used when the electric grid is down. Like nuclear and renewables, it emits no CO2. So, it's both green and convenient. It would seem, therefore, that hydrogen has a promising future. The question is, how can investors get in on it?

What are some hydrogen stocks to look into?

If you're looking for hydrogen stocks to invest in, one candidate is **Loop Energy** ([TSX:LPEN](#)). It's a Canadian company that develops hydrogen fuel cells for buses, trucks, and construction vehicles. Its S100 hydrogen fuel cell engine is in production and is powering vehicles. The company claims that it [competes with diesel](#) on efficiency.

In its most recent quarter, it delivered \$1.4 million in revenue, up from \$200,000. That's a 600% growth rate! On the downside, the company had \$7.6 million in expenses in the quarter, and \$35 million in cash on hand. If expenses keep growing at their current rate, then LPEN will run out of money pretty soon.

Overall, the company is an interesting case study that shows that hydrogen stocks are out there, but it is not a buy at this stage in the game. When it comes to early-stage startups like this, I tend to prefer to see a clear path to profits before investing my money in them.

Foolish takeaway

The world has entered the green energy era, and it looks like hydrogen is going to be part of the mix. Whether hydrogen fuel will eventually overtake renewables and nuclear is anybody's guess, but it already seems to have its place in the world's energy mix. As of right now, hydrogen stocks are quite speculative, but they could become good buys if the technology keeps growing.

CATEGORY

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