



Top Renewable Energy Stocks in Canada in January 2023

Description

With a growing global focus on decarbonization and favorable government policies, the demand and adoption of renewable energy have significantly increased. Thanks to the secular industry trends, ongoing transition towards sustainable energy sources, and significant capital investments to boost capacity, [renewable energy stocks](#) are a solid investment for saving the environment and generating strong capital gains.

Also, as the cash flows of these companies are supported by long-term contracts, investors benefit from the payouts of these companies. So, if you plan to capitalize on the [energy transition](#) opportunities, consider investing in these [Canadian stocks](#) in January 2023.

Brookfield Renewable Partners

Brookfield Renewable Partners ([TSX:BEP.UN](#)) is a pure-play renewable energy company. With over 23,600 megawatts of generating capacity and 102,000 megawatts of the development pipeline, Brookfield Renewable owns a diversified portfolio of wind, solar, and hydroelectric assets.

Brookfield Renewable Partners generates resilient cash flows and has consistently enhanced its shareholders' returns through higher dividend payouts. Its diversified and long-life assets, low operating cost, and long-term contracts with creditworthy counterparties position it well to generate solid cash that supports its stock and payouts.

Brookfield Renewable Partners's majority of power output (more than 90%) is contracted to the public power authorities, industrial users, and load-serving utilities. Furthermore, its PPAs (power-purchase agreements) have a weighted average remaining life of 14 years. This adds stability and visibility over its cash flows. Also, these contracts have protection against inflation, which is positive.

Its balance sheet remains strong and remains resilient to rising interest rates. It has no near-term maturities, and only 3% of its debt has exposure to a floating rate.

Overall, with its diversified portfolio, growing scale, and strong balance sheet, Brookfield Renewable

Partners is well positioned to capitalize on favourable industry trends. The company plans to generate 12-15% total long-term returns for its shareholders, which is attractive and supports my bullish outlook. Moreover, Brookfield Renewable Partners offers a dividend yield of 4.47% at the current levels.

Algonquin Power & Utilities

The inclusion of **Algonquin Power & Utilities** ([TSX:AQN](#)) stock to this list might surprise you, especially after its stock got a significant beating following the earnings and dividend cut. Notably, macro headwinds, including higher interest rates, and delays in the completion of renewable energy projects, took a toll on the financial and operating performance of the company.

This led Algonquin's board to cut its earnings forecast. Meanwhile, Algonquin Power lowered its dividend to US\$0.1085 per share from US\$0.1808.

While near-term headwinds like higher interest rates could continue to pose challenges, its regulated asset base provides a solid foundation for long-term growth. Moreover, over 80% of its renewable power generation is under long-term contracts, which adds visibility over future cash flows. Furthermore, rate base growth and focus on deleveraging its balance sheet augur well for growth.

Even with a dividend cut, Algonquin Power's yield remains at around the mid-single-digit rate (about 5.9%), making it an attractive long-term investment in the renewable energy segment.

CATEGORY

1. Energy Stocks
2. Investing

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2. TSX:BEP.UN (Brookfield Renewable Partners L.P.)

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Date

2025/06/28

Date Created

2023/01/25

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