UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the Quarterly Period Ended March 31, 2018

Commission File Number 001-37469

GREEN PLAINS PARTNERS LP

(Exact name of registrant as specified in its charter)

Delaware	**47-3822258**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1811 Aksarben Drive, Omaha, NE 68106	**(402) 884-8700**
(Address of principal executive offices, including zip code)	(Registrant’s telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐ Accelerated filer ☒

Non-accelerated filer ☐ (Do not check if a smaller reporting company)

Smaller reporting company ☐ Emerging growth company ☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

☐ Yes ☒ No

The registrant had 15,922,207 common units and 15,889,642 subordinated units outstanding as of May 3, 2018.

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Commonly Used Defined Terms

The abbreviations, acronyms and industry terminology used in this quarterly report are defined as follows:

Green Plains Partners LP, Subsidiaries, and Partners:

Birmingham BioEnergy	Birmingham BioEnergy Partners LLC, a subsidiary of BlendStar LLC
BlendStar	BlendStar LLC and its subsidiaries, the partnership's predecessor for accounting purposes
DKGP	DKGP Energy Terminals LLC
Green Plains Ethanol Storage	Green Plains Ethanol Storage LLC
Green Plains Operating Company	Green Plains Operating Company LLC
Green Plains Partners; the partnership	Green Plains Partners LP and its subsidiaries
Green Plains Trucking II	Green Plains Trucking II LLC
NLR	NLR Energy Logistics LLC

Green Plains Inc. and Subsidiaries:

Green Plains; the parent or sponsor	Green Plains Inc. and its subsidiaries
Green Plains Holdings, the general partner	Green Plains Holdings LLC
Green Plains Trade	Green Plains Trade Group LLC

Other Defined Terms:

2017 annual report	The partnership's annual report on Form 10-K for the year ended December 31, 2017, filed February 14, 2018
ARO	Asset retirement obligation
ASC	Accounting Standards Codification
Bgy	Billion gallons per year
CAFE	Corporate Average Fuel Economy
Conflicts committee	The partnership's committee reviewing situations involving a transaction with an affiliate or a conflict of interest
D.C.	District of Columbia
E10	Gasoline blended with up to 10% ethanol by volume
E15	Gasoline blended with up to 15% ethanol by volume
E85	Gasoline blended with up to 85% ethanol by volume
EBITDA	Earnings before interest, taxes, depreciation and amortization
EIA	U.S. Energy Information Administration
EISA	Energy Independence and Security Act of 2007, as amended
EPA	U.S. Environmental Protection Agency
Exchange Act	Securities Exchange Act of 1934, as amended
GAAP	U.S. Generally Accepted Accounting Principles
IPO	Initial public offering of Green Plains Partners LP
LIBOR	London Interbank Offered Rate
LTIP	Green Plains Partners LP 2015 Long-Term Incentive Plan
Mmg	Million gallons
MTBE	Methyl tertiary-butyl ether
MVCs	Minimum volume commitments
Partnership agreement	First Amended and Restated Agreement of Limited Partnership of Green Plains Partners LP, dated as of July 1, 2015, between Green Plains Holdings LLC and Green Plains Inc.
PCAOB	Public Company Accounting Oversight Board
RBOB	Reformulated blendstock for oxygenate blending
RFS II	Renewable Fuels Standard II
RIN	Renewable identification number
RVO	Renewable volume obligation
SEC	Securities and Exchange Commission
U.S.	United States
USDA	U.S. Department of Agriculture

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements.

GREEN PLAINS PARTNERS LP

CONSOLIDATED BALANCE SHEETS

(in thousands, except unit amounts)

	March 31, 2018 (unaudited)	December 31, 2017
ASSETS		
Current assets		
Cash and cash equivalents	$ 588	$ 502
Accounts receivable	811	2,640
Accounts receivable from affiliates	22,714	17,334
Amortizable lease costs	36	96
Prepaid expenses and other	873	1,062
Total current assets	25,022	21,634
Property and equipment, net of accumulated depreciation and amortization of $30,155 and $28,977, respectively	48,339	48,305
Goodwill	10,598	10,598
Investment in equity method investees	3,396	2,237
Note receivable	8,100	8,100
Other assets	1,435	1,394
Total assets	$ 96,890	$ 92,268
LIABILITIES AND PARTNERS' CAPITAL		
Current liabilities		
Accounts payable	$ 10,675	$ 5,854
Accounts payable to affiliates	2,717	2,106
Accrued and other liabilities	5,143	6,684
Asset retirement obligations	196	192
Unearned revenue	1,640	1,222
Total current liabilities	20,371	16,058
Long-term debt	136,988	134,875
Deferred lease liability	808	797
Asset retirement obligations	3,443	3,384
Total liabilities	161,610	155,114
Commitments and contingencies (Note 8)		
Partners' capital		
Common unitholders - public (11,532,565 units issued and outstanding)	115,138	115,747
Common unitholders - Green Plains (4,389,642 units issued and outstanding)	(38,760)	(38,505)
Subordinated unitholders - Green Plains (15,889,642 units issued and outstanding)	(140,298)	(139,376)
General partner interests	(800)	(712)
Total partners' capital	(64,720)	(62,846)
Total liabilities and partners' capital	$ 96,890	$ 92,268

See accompanying notes to the consolidated financial statements.

GREEN PLAINS PARTNERS LP

CONSOLIDATED STATEMENTS OF OPERATIONS

(unaudited and in thousands, except per unit amounts)

	Three Months Ended March 31, 2018	Three Months Ended March 31, 2017
Revenues		
Affiliate	$ 24,257	$ 25,757
Non-affiliate	1,628	1,472
Total revenues	25,885	27,229
Operating expenses		
Operations and maintenance (excluding depreciation and amortization reflected below)	8,410	8,531
General and administrative	1,401	1,212
Depreciation and amortization	1,181	1,254
Total operating expenses	10,992	10,997
Operating income	14,893	16,232
Other income (expense)		
Interest income	20	20
Interest expense	(1,571)	(1,228)
Other	75	-
Total other expense	(1,476)	(1,208)
Income before income taxes and loss from equity method investees	13,417	15,024
Income tax expense	(32)	(47)
Loss from equity method investees	(13)	-
Net income	$ 13,372	$ 14,977
Net income attributable to partners' ownership interests:		
General partner	$ 267	$ 300
Limited partners - common unitholders	6,559	7,343
Limited partners - subordinated unitholders	6,546	7,334
Earnings per limited partner unit (basic and diluted):		
Common units	$ 0.41	$ 0.46
Subordinated units	$ 0.41	$ 0.46
Weighted average limited partner units outstanding (basic and diluted):		
Common units	15,922	15,910
Subordinated units	15,890	15,890

See accompanying notes to the consolidated financial statements.

GREEN PLAINS PARTNERS LP

CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited and in thousands)

	Three Months Ended March 31,	
	2018	**2017**
Cash flows from operating activities:		
Net income	$ 13,372	$ 14,977
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	1,181	1,254
Accretion	63	61
Amortization of debt issuance costs	145	121
Increase in deferred lease liability	11	15
Unit-based compensation	60	59
Loss from equity method investees	13	-
Changes in operating assets and liabilities:		
Accounts receivable	1,829	555
Accounts receivable from affiliates	(5,380)	(377)
Prepaid expenses and other assets	189	(457)
Accounts payable and accrued liabilities	2,583	(316)
Accounts payable to affiliates	611	824
Other	12	8
Net cash provided by operating activities	14,689	16,724
Cash flows from investing activities:		
Purchases of property and equipment	(1,212)	-
Net cash used in investing activities	(1,212)	-
Cash flows from financing activities:		
Payments of distributions	(15,306)	(13,953)
Proceeds from revolving credit facility	24,400	14,200
Payments on revolving credit facility	(22,300)	(16,700)
Payments of loan fees	(185)	-
Net cash used in financing activities	(13,391)	(16,453)
Net change in cash and cash equivalents	86	271
Cash and cash equivalents, beginning of period	502	622
Cash and cash equivalents, end of period	$ 588	$ 893
Supplemental disclosures of cash flow		
Cash paid for income taxes	$ 71	$ 95
Cash paid for interest	$ 1,327	$ 1,120
Capital expenditures in accounts payable	$ -	$ 186
Non-cash investing activities:		
Contributions to equity method investees	$ 1,172	$ -

See accompanying notes to the consolidated financial statements.

GREEN PLAINS PARTNERS LP

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(unaudited)

1. BASIS OF PRESENTATION, DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

References to "the partnership" in the consolidated financial statements and notes to the consolidated financial statements refer to Green Plains Partners LP and its subsidiaries.

Green Plains Holdings LLC, a wholly owned subsidiary of Green Plains Inc., serves as the general partner of the partnership. References to (i) "the general partner" and "Green Plains Holdings" refer to Green Plains Holdings LLC; (ii) "the parent," "the sponsor" and "Green Plains" refer to Green Plains Inc.; and (iii) "Green Plains Trade" refers to Green Plains Trade Group LLC, a wholly owned subsidiary of Green Plains.

Consolidated Financial Statements

The consolidated financial statements include the accounts of the partnership and its controlled subsidiaries. All significant intercompany balances and transactions are eliminated on a consolidated basis for reporting purposes. Results for the interim periods presented are not necessarily indicative of the expected results for the entire year.

The accompanying unaudited consolidated financial statements are prepared in accordance with GAAP for interim financial information and instructions to Form 10-Q and Article 10 of Regulation S-X. Because they do not include all of the information and footnotes required by GAAP, the consolidated financial statements should be read in conjunction with the partnership's 2017 annual report on Form 10-K for the year ended December 31, 2017.

As of March 31, 2018, the partnership owns a 50% interest in two joint ventures: NLR Energy Logistics LLC and DKGP Energy Terminals LLC. The partnership accounts for its interest in joint ventures using the equity method of accounting, with its investment recorded at the acquisition cost plus the partnership's share of equity in undistributed earnings or losses and reduced by distributions received.

Use of Estimates in the Preparation of Consolidated Financial Statements

Preparation of the consolidated financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and revenues and expenses during the reporting period. The partnership bases its estimates on historical experience and assumptions it believes are proper and reasonable under the circumstances. The partnership regularly evaluates the appropriateness of these estimates and assumptions. Actual results could differ from those estimates. Key accounting policies, including, but not limited to, those related to depreciation of property and equipment, asset retirement obligations, and impairment of long-lived assets and goodwill are impacted significantly by judgments, assumptions and estimates used to prepare the consolidated financial statements.

Description of Business

The partnership provides fuel storage and transportation services by owning, operating, developing and acquiring ethanol and fuel storage tanks, terminals, transportation assets and other related assets and businesses. The partnership is its parent's primary downstream logistics provider to support the parent's approximately 1.5 bgy ethanol marketing and distribution business since the partnership's assets are the principal method of storing and delivering the ethanol its parent produces. The ethanol produced by the parent is predominantly fuel grade, made principally from starch extracted from corn, and primarily used for blending with gasoline. Ethanol currently comprises approximately 10% of the U.S. gasoline market and is an economical source of octane and oxygenates for blending into the fuel supply. The partnership does not take ownership of, or receive any payments based on the value of the ethanol or other fuels and products it handles. As a result, the partnership does not have any direct exposure to fluctuations in commodity prices.

Revenue Recognition

The partnership recognizes revenue when obligations under the terms of a contract with a customer are satisfied. Generally this occurs with the completion of services or the transfer of control of products to the customer or another specified third party. Revenue is derived upon transfer of control of product from our storage tanks and fuel terminals, when railcar volumetric capacity is provided, and as truck transportation services are performed. The partnership generates a substantial portion of its revenues under fee-based commercial agreements with Green Plains Trade. Please refer to *Note 2 - Revenue* to the consolidated financial statements for further details.

Operations and Maintenance Expenses

The partnership's operations and maintenance expenses consist primarily of lease expenses related to the transportation assets, labor expenses, outside contractor expenses, insurance premiums, repairs and maintenance expenses, and utility costs. These expenses also include fees for certain management, maintenance and operational services to support the facilities, trucks, and leased railcar fleet allocated by Green Plains under the operational services and secondment agreement.

Concentrations of Credit Risk

In the normal course of business, the partnership is exposed to credit risk resulting from the possibility a loss may occur due to failure of another party to perform according to the terms of their contract. The partnership provides fuel storage and transportation services for various parties with a significant portion of its revenues earned from Green Plains Trade. The partnership continually monitors its credit risk exposure and concentrations. Please refer to *Note 2 – Revenue* and *Note 9 – Related Party Transactions* to the consolidated financial statements for additional information.

Segment Reporting

The partnership accounts for segment reporting in accordance with ASC 280, *Segment Reporting*, which establishes standards for entities reporting information about the operating segments and geographic areas in which they operate. Management evaluated how its chief operating decision maker has organized the partnership for purposes of making operating decisions and assessing performance, and concluded it has one reportable segment.

Asset Retirement Obligations

The partnership records an ARO for the fair value of the estimated costs to retire a tangible long-lived asset in the period incurred if it can be reasonably estimated, which is subsequently adjusted for accretion expense. Corresponding asset retirement costs are capitalized as a long-lived asset and depreciated on a straight-line basis over the asset's remaining useful life. The expected present value technique used to calculate the fair value of the AROs includes assumptions about costs, settlement dates, interest accretion, and inflation. Changes in assumptions, such as the amount or timing of estimated cash flows, could increase or decrease the AROs. The partnership's AROs are based on legal obligations to perform remedial activity related to land, machinery and equipment when certain operating leases expire.

Equity Method Investments

The partnership accounts for investments in which the partnership exercises significant influence using the equity method so long as the partnership (i) does not control the investee and (ii) is not the primary beneficiary of the entity. The partnership recognizes these investments as a separate line item in the consolidated balance sheets. The partnership's proportional share of earnings or loss in these investments is recognized on a one-month lag as a separate line item in the consolidated statements of operations.

The partnership recognizes losses in the value of equity method investees when there is evidence of an other-than-temporary decrease in value. Evidence of a loss might include, but would not necessarily be limited to, the inability to recover the carrying amount of the investment or the inability of the equity method investee to sustain an earnings capacity that justifies the carrying amount of the investment. The current fair value of an investment that is less than its carrying amount may indicate a loss in value of the investment. The partnership evaluates equity method investees when there is evidence an investment may be impaired.

Distributions paid to the partnership from unconsolidated equity method investees are classified as operating activities in the consolidated statements of cash flows until the cumulative distributions exceed the partnership's proportional share of income from the equity method investees since the date of initial investment. The amount of cumulative distributions paid to the partnership that exceeds the cumulative proportional share of income in each period represents a return of investment, which is classified as an investing activity in the consolidated statements of cash flows.

Recent Accounting Pronouncements

On January 1, 2018, the partnership adopted the amended guidance in ASC Topic 606, *Revenue from Contracts with Customers*. Please refer to *Note 2 - Revenue* to the consolidated financial statements for further details.

Effective January 1, 2018, the partnership early adopted the amended guidance in ASC Topic 350, *Intangibles – Goodwill and Other: Simplifying the Test for Goodwill Impairment*, which simplifies the measurement of goodwill by eliminating Step 2 from the goodwill impairment test. The annual goodwill impairment test will be performed by comparing the fair value of a reporting unit with its carrying amount. An impairment charge equal to the amount by which the carrying amount exceeds the reporting unit's fair value, not to exceed the total amount of goodwill allocated to that reporting unit, would be recognized. The amended guidance will be applied prospectively when the annual impairment testing is performed in the current year. The partnership does not believe the new guidance will have a material impact on the consolidated financial statements.

Effective January 1, 2019, the partnership will adopt the amended guidance in ASC Topic 842, *Leases*, which aims to make leasing activities more transparent and comparable, requiring substantially all leases to be recognized by lessees on the balance sheet as a right-of-use asset and corresponding lease liability, including leases currently accounted for as operating leases. The new standard is effective for fiscal years and interim periods within those years, beginning after December 15, 2018, and allows for early adoption. The partnership has established an implementation team to evaluate the impact of the new standard. The new standard will significantly increase right-of-use assets and lease liabilities on the partnership's consolidated balance sheet, primarily due to operating leases that are currently not recognized on the balance sheet. The partnership is also evaluating the impact the new standard may have on revenue streams that are currently reported as operating lease revenue under GAAP. The partnership anticipates adopting the amended guidance using the modified retrospective transition method.

2. REVENUE

Adoption of ASC Topic 606

On January 1, 2018, the partnership adopted the amended guidance in ASC Topic 606, *Revenue from Contracts with Customers*, and all related amendments ("new revenue standard") and applied it to all contracts using the modified retrospective transition method. There was no adjustment required to the consolidated January 1, 2018 balance sheet for the adoption of the new revenue standard. Comparative information has not been restated and continues to be reported under the accounting standards in effect for those periods. In addition, there was no impact of adoption on the consolidated statements of operations or balance sheets for the three months ended March 31, 2018. The partnership expects the impact of the adoption of the new revenue standard to be immaterial to net income on an ongoing basis.

Revenue Recognition

The partnership recognizes revenue when obligations under the terms of a contract with a customer are satisfied. Generally this occurs with the completion of services or the transfer of control of products to the customer or another specified third party. Revenue is measured as the amount of consideration expected to be received in exchange for providing services.

Revenue by Source

The following table disaggregates our revenue by major source for the three months ended March 31, 2018 and 2017 (in thousands):

	Three Months Ended March 31,	
	2018	**2017**
Revenues		
Service revenues		
Terminal services	$ 2,281	$ 2,544
Trucking and other	1,083	533
Railcar transportation services	26	30
Total service revenues	3,390	3,107
Leasing revenues [1]		
Storage and throughput services	14,642	16,054
Railcar transportation services	7,443	7,500
Terminal services	410	568
Total leasing revenues	22,495	24,122
Total revenues	$ 25,885	$ 27,229

(1) Leasing revenues do not represent revenues recognized from contracts with customers under ASC Topic 606, *Revenue from Contracts with Customers*, and continue to be accounted for under ASC Topic 840, *Leases*.

Terminal Services Revenue

The partnership provides terminal services and logistics solutions to Green Plains Trade, and other customers, through its fuel terminal facilities under various terminal service agreements, some of which have minimum volume commitments. Revenue generated by these terminals is disaggregated between service revenue and leasing revenue in accordance with the new revenue standard. If Green Plains or other customers fail to meet their minimum volume commitments during the applicable term, a deficiency payment equal to the deficient volume multiplied by the applicable fee will be charged. Deficiency payments related to the partnership's terminal services revenue may not be utilized as credits toward future volumes. At terminals where customers have shared use of terminal and tank storage assets, revenue is generated from contracts with customers and accounted for as service revenue. This service revenue is recognized at the point in time when product is withdrawn from tank storage. At terminals where a customer is predominantly provided exclusive use of the terminal or tank storage assets, the partnership is considered a lessor as part of an operating lease agreement. Revenue is recognized over the term of the lease based on the minimum volume commitment or total actual throughput withdrawn from tank storage if in excess of the minimum volume commitment.

Trucking and Other Revenue

The partnership transports ethanol, natural gasoline, other refined fuels and feedstocks by truck from identified receipt points to various delivery points. Trucking revenue is recognized over time based on the percentage of total miles traveled, which is on average less than 100 miles.

Railcar Transportation Services Revenue

Under the rail transportation services agreement, Green Plains Trade is obligated to use the partnership to transport ethanol and other fuels from receipt points identified by Green Plains Trade to nominated delivery points. Green Plains Trade is required to pay the partnership fees for the minimum railcar volumetric capacity provided, regardless of utilization of that capacity. However, Green Plains Trade is not charged for railcar volumetric capacity that is not available for use due to inspections, upgrades or routine repairs and maintenance. Revenue associated with the rail transportation services fee is considered leasing revenue and is recognized over the term of the lease based on the actual average daily railcar volumetric capacity provided. The partnership may also charge Green Plains Trade a related services fee for logistical operations management of railcar volumetric capacity utilized by Green Plains Trade which is not provided by the partnership. Revenue associated with the related services fee is considered service revenue generated from contracts with customers and is recognized at a point in time based on average daily railcar volumetric capacity managed.

Storage and Throughput Revenue

The partnership generates leasing revenue from its storage and throughput agreement with Green Plains Trade based on contractual rates charged for the handling, storage and throughput of ethanol. Under this agreement, Green Plains Trade is required to pay the partnership a fee for a minimum volume commitment regardless of the actual volume delivered. If Green Plains Trade fails to meet its minimum volume commitment during any quarter, the partnership will charge Green Plains Trade a deficiency payment equal to the deficient volume multiplied by the applicable fee. The deficiency payment may be applied as a credit toward volumes delivered by Green Plains Trade in excess of the minimum volume commitment during the next four quarters, after which time any unused credits will expire. Revenue is recognized over the term of the lease based on the minimum volume commitment or total actual throughput withdrawn from tank storage if in excess of the minimum volume commitment.

Payment Terms

The partnership has standard payment terms, which vary depending on the nature of the services provided, with the majority of terms falling within 10 to 30 days after transfer of control or completion of services. In instances where the timing of revenue recognition differs from the timing of invoicing, the partnership has determined that contracts generally do not include a significant financing component.

Major Customers

Revenue from Green Plains Trade Group was $24.3 million and $25.8 million for the three months ended March 31, 2018 and 2017, respectively, which exceeds 10% of the partnership's total revenue.

Contract Liabilities

The partnership records unearned revenue when consideration is received, or such consideration is unconditionally due, from a customer prior to transferring goods or services to the customer under the terms of service and lease agreements. Unearned revenue from service agreements, which represents a contract liability, is recorded for fees that have been charged to the customer prior to the completion of performance obligations.

The following table reflects the changes in our unearned revenue from service agreements for the three months ended March 31, 2018 (in thousands):

	March 31, 2018	December 31, 2017	Three Month Change
Unearned revenue	$ 228	$ 194	$ 34

During the three months ended March 31, 2018, the partnership recognized revenue of $194 thousand that was included in unearned revenue associated with service agreements at the beginning of the period.

During the three months ended March 31, 2018, unearned revenue associated with service agreements increased by $34 thousand, primarily as a result of fluctuations in customer inventory levels in tank storage. The partnership expects to recognize all of the unearned revenue associated with service agreements as of March 31, 2018 in the subsequent quarter when the inventory is withdrawn from tank storage.

Unearned revenue associated with lease agreements of $1.4 million and $1.0 million as of March 31, 2018 and December 31, 2017, respectively, is not considered a contract liability under the new revenue standard.

3. DEBT

Revolving Credit Facility

Green Plains Operating Company has a $235.0 million revolving credit facility, which matures on July 1, 2020, to fund working capital, acquisitions, distributions, capital expenditures and other general partnership purposes. On February 20, 2018, the partnership accessed a portion of its available accordion to increase the revolving credit facility by $40.0 million, from $195.0 million to $235.0 million. The credit facility can be increased by an additional $20.0 million without the consent of the lenders. Advances under the credit facility, are subject to a floating interest rate based on the preceding fiscal quarter's consolidated leverage ratio at a base rate plus 1.25% to 2.00% or LIBOR plus 2.25% to 3.00%. The unused portion of the credit facility is also subject to a commitment fee of 0.35% to 0.50%, depending on the preceding fiscal quarter's consolidated net leverage ratio.

The revolving credit facility is available for revolving loans, including sublimits of $30.0 million for swing line loans and $30.0 million for letters of credit. The revolving credit facility is guaranteed by the partnership, each of its existing subsidiaries, and any potential future domestic subsidiaries. As of March 31, 2018, the revolving credit facility had an average interest rate of 4.16%.

The partnership's obligations under the credit facility are secured by a first priority lien on (i) the capital stock of the partnership's present and future subsidiaries, (ii) all of the partnership's present and future personal property, such as investment property, general intangibles and contract rights, including rights under any agreements with Green Plains Trade, and (iii) all proceeds and products of the equity interests of the partnership's present and future subsidiaries and its personal property. The terms impose affirmative and negative covenants, including restrictions on the partnership's ability to incur additional debt, acquire and sell assets, create liens, invest capital, pay distributions and materially amend the partnership's commercial agreements with Green Plains Trade. The credit facility also requires the partnership to maintain a maximum consolidated net leverage ratio of 3.50x and a minimum consolidated interest coverage ratio of 2.75x, each of which is calculated on a pro forma basis with respect to acquisitions and divestitures occurring during the applicable period. The consolidated leverage ratio is calculated by dividing total funded indebtedness minus the lesser of cash in excess of $5.0 million or $30.0 million by the sum of the four preceding fiscal quarters' consolidated EBITDA. The consolidated interest coverage ratio is calculated by dividing the sum of the four preceding fiscal quarters' consolidated EBITDA by the sum of the four preceding fiscal quarters' interest charges.

On February 16, 2018, the partnership amended the permitted investment clause of the revolving credit facility to allow joint venture investments, including DKGP Energy Terminals LLC as well as the future possible investment in the Beaumont export terminal through JGP Energy Partners LLC. All other material terms of the credit agreement remain substantially the same.

The partnership had $129.0 million and $126.9 million of borrowings outstanding under the revolving credit facility as of March 31, 2018 and December 31, 2017, respectively.

The partnership had $112 thousand and $125 thousand of debt issuance costs recorded as a direct reduction of the carrying value of the partnership's long-term debt as of March 31, 2018 and December 31, 2017, respectively.

Scheduled long-term debt repayments as of March 31, 2018, are as follows (in thousands):

Year Ending December 31,		Amount
2018	$	-
2019		-
2020		129,665
2021		671
2022		678
Thereafter		6,086
Total	$	137,100

Covenant Compliance

The partnership, including all of its subsidiaries, was in compliance with its debt covenants as of March 31, 2018.

Capitalized Interest

The partnership's policy is to capitalize interest costs incurred on debt during the construction of major projects. The partnership had no capitalized interest for the three months ended March 31, 2018 and 2017.

4. UNIT-BASED COMPENSATION

The board of directors of the general partner adopted the LTIP upon completion of the IPO. The LTIP is intended to promote the interests of the partnership, its general partner and affiliates by providing unit-based incentive compensation awards to employees, consultants and directors to encourage superior performance. The LTIP reserves 2,500,000 common limited partner units for issuance in the form of options, restricted units, phantom units, distribution equivalent rights, substitute awards, unit appreciation rights, unit awards, profits interest units or other unit-based awards. The partnership measures unit-based compensation grants at fair value on the grant date and records noncash compensation expense related to the awards over the requisite service period.

There was no change in the number of non-vested unit-based awards during the three months ended March 31, 2018.

Compensation costs related to the unit-based awards of $60 thousand and $59 thousand were recognized during the three months ended March 31, 2018 and 2017, respectively. At March 31, 2018, there was $60 thousand of unrecognized compensation costs from unit-based compensation awards.

5. PARTNERS' CAPITAL

Components of partners' capital are as follows (in thousands):

	Partners' Capital				
	Limited Partners				
	Common Units- Public	Common Units- Green Plains	Subordinated Units- Green Plains	General Partner	Total
Balance, December 31, 2017	$ 115,747	$ (38,505)	$ (139,376)	$ (712)	$ (62,846)
Quarterly cash distributions to unitholders	(5,420)	(2,063)	(7,468)	(355)	(15,306)
Net income	4,751	1,808	6,546	267	13,372
Unit-based compensation, including general partner net contributions	60	-	-	-	60
Balance, March 31, 2018	$ 115,138	$ (38,760)	$ (140,298)	$ (800)	$ (64,720)

There was no change in the number of common and subordinated limited partner units outstanding during the three months ended March 31, 2018.

The partnership's subordinated units are not entitled to distributions until the common units have received the minimum quarterly distribution for that quarter plus any arrearages of the minimum quarterly distribution from prior quarters. Subordinated units do not accrue arrearages.

The subordination period ends on the first business day after the date the partnership pays distributions of at least $1.60 on each of the outstanding common and subordinated units and the corresponding distribution on the general partner's 2% general partner interest for three consecutive, four quarter periods ending on or after June 30, 2018, or $2.40 on each of the outstanding common units and subordinated units, and the corresponding distribution on the general partner's 2% general partner interest and incentive distribution rights for any four-quarter period ending on or after June 30, 2016, provided there are no arrearages of the minimum quarterly distributions from prior quarters at that time. When the subordination period ends, each outstanding subordinated unit will convert into one common unit and the common units will no longer be entitled to arrearages.

Issuance of Additional Securities

The partnership agreement authorizes the partnership to issue unlimited additional partnership interests on the terms and conditions determined by the general partner without unitholder approval.

Cash Distribution Policy

Quarterly distributions are made within 45 days after the end of each calendar quarter, assuming the partnership has sufficient available cash. Available cash generally means, all cash and cash equivalents on hand at the end of that quarter less cash reserves established by the general partner plus all or any portion of the cash on hand resulting from working capital borrowings made subsequent to the end of that quarter.

The general partner also holds incentive distribution rights that entitles it to receive increasing percentages, up to 48%, of available cash distributed from operating surplus, as defined in the partnership agreement, in excess of $0.46 per unit per quarter. The maximum distribution of 48% does not include any distributions the general partner or its affiliates may receive on its general partner interest, common units, or subordinated units.

On February 9, 2018, the partnership distributed $15.3 million to unitholders of record as of February 2, 2018, related to the quarterly cash distribution of $0.47 per unit that was declared on January 18, 2018, for the quarter ended December 31, 2017.

The total cash distributions paid during the three months ended March 31, 2018 and 2017 are as follows (in thousands):

	Three Months Ended March 31, 2018	Three Months Ended March 31, 2017
General partner distributions	$ 306	$ 279
Incentive distributions	49	-
Total distributions to general partner	355	279
Limited partner common units - public	5,420	4,954
Limited partner common units - Green Plains	2,063	1,888
Limited partner subordinated units - Green Plains	7,468	6,832
Total distributions to limited partners	14,951	13,674
Total distributions paid	$ 15,306	$ 13,953

On April 19, 2018, the board of directors of the general partner declared a quarterly cash distribution of $0.475 per unit, or approximately $15.5 million, for the quarter ended March 31, 2018. The distribution will be paid on May 11, 2018, to unitholders of record as of May 4, 2018.

The total cash distributions declared for the three months ended March 31, 2018 and 2017, are as follows (in thousands):

	Three Months Ended March 31, 2018	Three Months Ended March 31, 2017
General partner distributions	$ 310	$ 286
Incentive distributions	73	-
Total distributions to general partner	383	286
Limited partner common units - public	5,478	5,069
Limited partner common units - Green Plains	2,085	1,931
Limited partner subordinated units - Green Plains	7,547	6,992
Total distributions to limited partners	15,110	13,992
Total distributions declared	$ 15,493	$ 14,278

6. EARNINGS PER UNIT

The partnership computes earnings per unit using the two-class method. Earnings per unit applicable to common and subordinated units is calculated by dividing the respective limited partners' interest in net income by the weighted average number of common and subordinated units outstanding during the period, adjusted for the dilutive effect of any outstanding dilutive securities. Diluted earnings per limited partner unit was the same as basic earnings per limited partner unit as there were no potentially dilutive common or subordinated units outstanding as of March 31, 2018. The following tables show the calculation of earnings per limited partner unit – basic and diluted (in thousands, except for per unit data):

	Three Months Ended March 31, 2018			
	Limited Partner Common Units	Limited Partner Subordinated Units	General Partner	Total
Net income:				
Distributions declared	$ 7,563	$ 7,547	$ 383	$ 15,493
Earnings less than distributions	(1,004)	(1,001)	(116)	(2,121)
Total net income	$ 6,559	$ 6,546	$ 267	$ 13,372
Weighted-average units outstanding - basic and diluted	15,922	15,890		
Earnings per limited partner unit - basic and diluted	$ 0.41	$ 0.41		

	Three Months Ended March 31, 2017			
	Limited Partner Common Units	Limited Partner Subordinated Units	General Partner	Total
Net income:				
Distributions declared	$ 7,000	$ 6,992	$ 286	$ 14,278
Earnings in excess of distributions	343	342	14	699
Total net income	$ 7,343	$ 7,334	$ 300	$ 14,977
Weighted-average units outstanding - basic and diluted	15,910	15,890		
Earnings per limited partner unit - basic and diluted	$ 0.46	$ 0.46		

7. INCOME TAXES

The partnership is a limited partnership, which is not subject to federal income taxes. The general partner and the unitholders are responsible for paying federal and state income taxes on their share of the partnership's taxable income. However, the partnership owns a subsidiary that is taxed as a corporation for federal and state income tax purposes. In addition, the partnership is subject to state income taxes in certain states. As a result, the financial statements reflect a provision or benefit for such income taxes.

The partnership recognizes uncertainties in income taxes based upon the technical merits of the position, and measures the maximum benefit and degree of likelihood to determine the tax liability in the financial statements.

Effective January 1, 2018, the partnership is required to comply with the Centralized Partnership Audit Regime ("CPAR"), which was enacted as part of the Bipartisan Budget Act of 2015. Prior to January 1, 2018, tax adjustments were determined at the partnership level, but any additional taxes, including applicable penalties and interest, were collected directly from the partners. Under the CPAR, if an audit of the partnership's income tax returns for fiscal years beginning after December 31, 2017 results in any adjustments, the IRS will collect the resulting taxes, penalties or interest directly from the partnership. An election is available to allocate the tax audit adjustments to the general partner and unitholders once they have been calculated at the partnership level. However, the partnership does not anticipate making such an election at this time.

8. COMMITMENTS AND CONTINGENCIES

Operating Leases

The partnership leases certain facilities, parcels of land and railcars under agreements that expire on various dates. For accounting purposes, lease expense is based on a straight-line amortization of total payments required over the term of the lease, which resulted in a deferred lease liability of $808 thousand and $797 thousand as of March 31, 2018 and December 31, 2017, respectively. The partnership incurred lease expenses of $5.6 million and $5.8 million during the three months ended March 31, 2018 and 2017, respectively. Aggregate minimum lease payments under these agreements for the remainder of 2018 and in future years are as follows (in thousands):

Year Ending December 31,		Amount
2018	$	13,958
2019		15,745
2020		13,458
2021		7,327
2022		5,488
Thereafter		6,595
Total	$	62,571

In accordance with the amended storage and throughput agreement with Green Plains Trade, Green Plains Trade is obligated to deliver a minimum of 296.6 mmg per calendar quarter to the partnership's storage facilities and pay $.05 per gallon on all volume it throughputs associated with the agreement. During the first quarter of 2018, Green Plains reduced its ethanol production volumes in conjunction with plant improvement projects and seasonally weaker margins, operating its ethanol facilities at approximately 76.5% of capacity. Lower capacity utilization resulted in ethanol production of 280.4 mmg compared with the contracted minimum volume commitment of 296.6 mmg. As a result, the partnership charged Green Plains Trade a deficiency payment of $0.7 million related to the minimum volume commitment for the three months ended March 31, 2018. The payment may be applied as a credit towards future volume delivered in excess of the minimum volume commitment during the next four quarters. The partnership also has minimum volume commitment terminal agreements with other customers at various rates. Minimum operating lease revenues under these agreements for the remainder of 2018 and in future years are as follows (in thousands):

Year Ending December 31,		Amount
2018	$	45,017
2019		59,320
2020		59,320
2021		59,320
2022		59,320
Thereafter		148,300
Total	$	430,597

In accordance with the amended rail transportation services agreement with Green Plains Trade, Green Plains Trade is required to pay the rail transportation services fee for railcar volumetric capacity provided by the partnership. Under the terms of the agreement, Green Plains Trade is not required to pay for volumetric capacity that is not available due to inspections, upgrades, or routine repairs and maintenance. As a result, the actual volumetric capacity billed may fluctuate based on the amount of volumetric capacity available for use during any applicable period. Anticipated minimum operating lease revenues under this agreement for the remainder of 2018 and in future years are as follows (in thousands):

Year Ending December 31,		Amount
2018	$	18,500
2019		21,726
2020		19,285
2021		11,808
2022		8,666
Thereafter		1,283
Total	$	81,268

Service Agreements

The partnership entered into agreements for contracted services with certain vendors that require the partnership to pay minimum monthly amounts, which expire on various dates. The partnership exceeded all minimum commitments under these agreements during the three months ended March 31, 2018 and 2017. Aggregate minimum payments under these agreements for the remainder of 2018 and in future years are as follows (in thousands):

Year Ending December 31,		Amount
2018	$	751
2019		1,132
2020		241
2021		156
2022		156
Thereafter		-
Total	$	2,436

Legal

The partnership may be involved in litigation that arises during the ordinary course of business. The partnership is not currently party to any material litigation.

9. RELATED PARTY TRANSACTIONS

The partnership engages in various related party transactions with Green Plains and subsidiaries of Green Plains. Green Plains provides a variety of shared services to the partnership, including general management, accounting and finance, payroll and human resources, information technology, legal, communications and treasury activities. These costs are proportionally allocated by Green Plains to its subsidiaries based on common financial metrics management believes are reasonable. The partnership recorded expenses related to these shared services of $1.2 million and $1.0 million for the three months ended March 31, 2018 and 2017, respectively. In addition, the partnership reimburses Green Plains for wages and benefit costs of employees directly performing services on its behalf. Green Plains may also pay certain direct costs on behalf of the partnership, which are reimbursed by the partnership. The partnership believes the consolidated financial statements reflect all material costs of doing business related to its operations, including expenses incurred by other entities on its behalf.

Omnibus Agreement

The partnership has entered into an omnibus agreement, as amended, with Green Plains and its affiliates which, among other terms and conditions, addresses the partnership's obligation to reimburse Green Plains for direct or allocated costs and expenses incurred by Green Plains for general and administrative services; the prohibition of Green Plains and its subsidiaries from owning, operating or investing in any business that owns or operates fuel terminals or fuel transportation assets; the partnership's right of first offer to acquire assets if Green Plains decides to sell them; a nontransferable, nonexclusive, royalty-free license to use the Green Plains trademark and name; the allocation of taxes among the parent, the partnership and its affiliates and the parent's preparation and filing of tax returns; and an indemnity by Green Plains for environmental and other liabilities.

If Green Plains or its affiliates cease to control the general partner, then either Green Plains or the partnership may terminate the omnibus agreement, provided that (i) the indemnification obligations of the parties survive according to their respective terms; and (ii) Green Plains' obligation to reimburse the partnership for operational failures survives according to its terms.

Operating Services and Secondment Agreement

The general partner has entered into an operational services and secondment agreement, as amended, with Green Plains. Under the terms of the agreement, Green Plains seconds employees to the general partner to provide management, maintenance and operational functions for the partnership, including regulatory matters, health, environment, safety and security programs, operational services, emergency response, employee training, finance and administration, human resources, business operations and planning. The seconded personnel are under the direct management and supervision of the general partner who reimburses the parent for the cost of the seconded employees, including wages and benefits. If a seconded employee does not devote 100% of his or her time providing services to the general partner, the general partner reimburses the parent for a prorated portion of the employee's overall wages and benefits based on the percentage of time the employee spent working for the general partner.

Under the operational services and secondment agreement, Green Plains will indemnify the partnership from any claims, losses or liabilities incurred by the partnership, including third-party claims, arising from their performance of the operational services secondment agreement; provided, however, that Green Plains will not be obligated to indemnify the partnership for any claims, losses or liabilities arising out of the partnership's gross negligence, willful misconduct or bad faith with respect to any services provided under the operational services and secondment agreement.

Commercial Agreements

The partnership has various fee-based commercial agreements with Green Plains Trade, including:

- 10-year storage and throughput agreement, expiring on June 30, 2025;
- 10-year rail transportation services agreement, expiring on June 30, 2025;
- 1-year trucking transportation agreement, expiring on May 31, 2018;
- Terminal services agreement for the Birmingham, Alabama unit train terminal, expiring December 31, 2019; and
- Various other terminal services agreements for other fuel terminal facilities, each with Green Plains Trade.

The storage and throughput, rail transportation services, and trucking transportation agreements have various automatic renewal terms if not cancelled by either party within specified timeframes. Please refer to *Item 15 – Exhibits, Financial Statement Schedule* in our annual report on Form 10-K for the year ended December 31, 2017 for further details.

The storage and throughput agreement and terminal services agreements are supported by minimum volume commitments. The rail transportation services agreement is supported by minimum take-or-pay volumetric capacity commitments.

Under the storage and throughput agreement, as amended, Green Plains Trade is obligated to deliver a minimum of 296.6 mmg of product per calendar quarter to the partnership's storage facilities and pay $0.05 per gallon on all volume it throughputs associated with the agreement. If Green Plains Trade fails to meet its minimum volume commitment during any quarter, Green Plains Trade will pay the partnership a deficiency payment equal to the deficient volume multiplied by the applicable fee. The deficiency payment may be applied as a credit toward volumes delivered by Green Plains Trade in excess of the minimum volume commitment during the next four quarters, after which time any unused credits will expire. The partnership charged Green Plains Trade a deficiency payment of $0.7 million related to the minimum volume commitment for the three months ended March 31, 2018.

Under the rail transportation services agreement, Green Plains Trade is obligated to use the partnership to transport ethanol and other fuels from receipt points identified by Green Plains Trade to nominated delivery points. The average monthly fee was approximately $0.0252 and $0.0282 during the three months ended March 31, 2018 and 2017, respectively, for the railcar volumetric capacity provided by the partnership, which was 99.2 mmg and 89.2 mmg, respectively. The partnership's leased railcar fleet consisted of approximately 3,500 and 3,150 railcars as of March 31, 2018 and 2017, respectively.

Green Plains Trade is also obligated to use the partnership for logistical operations management and other services related to railcar volumetric capacity provided by Green Plains Trade, which was approximately 6.6 mmg and 7.7 mmg for the three months ended March 31, 2018 and 2017, respectively. Green Plains Trade is obligated to pay a monthly fee of approximately $0.0013 per gallon for these services. In addition, Green Plains Trade reimburses the partnership for costs related to: (1) railcar switching and unloading fees; (2) increased costs related to changes in law or governmental regulation related to the specification, operation or maintenance of railcars; (3) demurrage charges, except when the charges are due to the partnership's gross negligence or willful misconduct; and (4) fees related to rail transportation services under transportation contracts with third-party common carriers. Green Plains Trade frequently contracts with the partnership for additional railcar volumetric capacity during the normal course of business at comparable margins.

Under the trucking transportation agreement, Green Plains Trade pays the partnership to transport ethanol and other fuels by truck from identified receipt points to various delivery points. Green Plains Trade is obligated to pay a monthly trucking transportation services fee equal to the aggregate volume transported in a calendar month by the partnership's trucks, multiplied by the applicable rate for each trucking lane. A truck lane is defined as a specific and routine route of travel between a point of origin and point of destination. Rates for each truck lane are negotiated based on product, location, mileage and other factors. Green Plains Trade reimburses the partnership for costs related to: (1) truck switching and unloading fees; (2) increased costs related to changes in law or governmental regulation related to the specification, operation and maintenance of trucks; and (3) fees related to trucking transportation services under transportation contracts with third-party common carriers.

Under the Birmingham terminal services agreement, effective January 1, 2017, through December 31, 2019, Green Plains Trade is obligated to throughput a minimum volume commitment of approximately 2.8 mmg per month and pay associated throughput fees, as well as fees for ancillary services.

The partnership recorded revenues from Green Plains Trade under the storage and throughput agreement and rail transportation agreement of $22.1 million and $23.6 million for the three months ended March 31, 2018 and 2017, respectively. The partnership recorded revenues from Green Plains Trade and other Green Plains subsidiaries related to trucking and terminal services of $2.2 million for the three months ended March 31, 2018 and 2017.

Other Related Party Revenues and Expenses

The partnership incurs expenses charged by a subsidiary of the parent for cleaning of its storage tanks. The partnership incurred tank cleaning expenses of $10 thousand for the three months ended March 31, 2018 for these services. There were no tank cleaning expenses incurred for the three months ended March 31, 2017.

Equity Method Investments

The partnership entered into a project management agreement with NLR Energy Logistics LLC, effective June 23, 2017 through the completion of construction of the Little Rock, Arkansas unit train terminal. The agreement states that NLR owes the partnership a fixed monthly fee to coordinate and manage the development, design, and construction of the terminal. During the three months ended March 31, 2018, the partnership recognized $75 thousand of other income for these services. In addition, the partnership paid construction costs on behalf of the joint venture, for which it was owed reimbursement. As of March 31, 2018, the partnership had $1.5 million in accounts receivable for project management fees and construction costs paid on behalf of the joint venture, which were reimbursed in the subsequent month by NLR.

10. EQUITY METHOD INVESTMENTS

NLR Energy Logistics LLC

In February 2017, the partnership and Delek Renewables LLC formed NLR Energy Logistics LLC, a 50/50 joint venture, to build an ethanol unit train terminal in the Little Rock, Arkansas area with capacity to unload 110-car unit trains and provide approximately 100,000 barrels of storage. Construction of the terminal was completed during the quarter, and operations commenced in April 2018 at a total cost of approximately $7.0 million. As of March 31, 2018, the partnership had $1.5 million in accounts receivable for project management fees and construction costs paid on behalf of the joint venture, which were reimbursed in the subsequent month by NLR.

The partnership's investment in NLR was financed through a combination of cash from operations and borrowings under its revolving credit facility. As of March 31, 2018, the partnership's investment balance in the joint venture was $3.4 million.

The partnership does not consolidate any part of the assets or liabilities or operating results of its equity method investees. The partnership's share of net income or loss of the investee increases or decreases, as applicable, the carrying value of the investment. With respect to NLR, the partnership determined that this entity does not represent a variable interest entity and consolidation is not required. In addition, although the partnership has the ability to exercise significant influence over the joint venture through board representation and voting rights, all significant decisions require the consent of the other investor without regard to economic interest.

The partnership's proportional share of the NLR earnings or losses are reported on a one-month lag in the consolidated statements of operations. The following table presents combined summarized statement of operations data for our equity method investment in NLR for the three months ended February 28, 2018 (amounts represent 100% of investee financial information in thousands):

	Three Months Ended February 28, 2018
Total revenues	$ -
Total operating expenses	26
Net loss	$ 26

DKGP Energy Terminals LLC

On February 16, 2018, the partnership and Delek Logistics Partners LP formed DKGP Energy Terminals LLC, a 50/50 joint venture, to acquire and manage light products terminal assets in Texas and Arkansas. In conjunction with the formation of the joint venture, DKGP executed a membership interest purchase agreement with AMID Merger LP, to acquire all of the membership interests of AMID Refined Products LLC ("AMID") for approximately $138.5 million. Through its subsidiaries, AMID owns the assets of two light products fuel terminals located in Caddo Mills, Texas and North Little Rock, Arkansas. Upon closing of the acquisition, the partnership will contribute $81.75 million in cash for its 50% share in the joint venture and customary closing costs. Delek Logistics Partners LP will contribute $57.75 million in cash as well as two of its existing terminals located in Caddo Mills, Texas and North Little Rock, Arkansas, for their 50% share in the joint venture and customary closing costs. The four terminals will have combined on-site storage capacity of approximately 1.8 million barrels, access to major pipelines and railroads, and the ability to transload various products, including gasoline, diesel, biodiesel, distillates and ethanol. The transaction is anticipated to close in the second half of 2018, subject to customary closing conditions and regulatory approvals, and will be accounted for as an equity method investee. The partnership will report its proportional share of earnings and losses of DKGP on a one-month lag in the consolidated statements of operations.

During the three months ended March 31, 2018, the partnership incurred $135 thousand in transaction costs associated with the formation of DKGP. The joint venture did not incur any material expenses as of February 28, 2018, and as such no contributions to equity method investees were made by the partnership to DKGP as of March 31, 2018.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion and analysis provides information we believe is relevant to understand our consolidated financial condition and results of operations. This discussion should be read in conjunction with our unaudited consolidated financial statements and accompanying notes contained in this report together with our 2017 annual report. The results of operations for the three months ended March 31, 2018, are not necessarily indicative of the results we expect for the full year.

Cautionary Information Regarding Forward-Looking Statements

Forward-looking statements are made in accordance with safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These statements are based on current expectations that involve a number of risks and uncertainties and do not relate strictly to historical or current facts, but rather to plans and objectives for future operations. These statements may be identified by words such as "anticipate," "believe," "continue," "estimate," "expect," "intend," "outlook," "plan," "predict," "may," "could," "should," "will" and similar expressions, as well as statements regarding future operating or financial performance or guidance, business strategy, environment, key trends and benefits of actual or planned acquisitions.

Factors that could cause actual results to differ from those expressed or implied in the forward-looking statements include those discussed in Part I, Item 1A – Risk Factors of our 2017 annual report or incorporated by reference. Specifically, we may experience fluctuations in future operating results due to changes in general economic, market or business conditions; foreign imports of ethanol; fluctuations in demand for ethanol and other fuels; risks of accidents or other unscheduled shutdowns affecting our assets, including mechanical breakdown of equipment or infrastructure; risks associated with changes to federal policy or regulation; ability to comply with changing government usage mandates and regulations affecting the ethanol industry; price, availability and acceptance of alternative fuels and alternative fuel vehicles, and laws mandating such fuels or vehicles; changes in operational costs at our facilities and for our railcars; failure to realize the benefits projected for capital projects; competition; inability to successfully implement growth strategies; the supply of corn and other feedstocks; unusual or severe weather conditions and natural disasters; ability and willingness of parties with whom we have material relationships, including Green Plains Trade, to fulfill their obligations; labor and material shortages; changes in the availability of unsecured credit and changes affecting the credit markets in general; and other risk factors detailed in our reports filed with the SEC.

We believe our expectations regarding future events are based on reasonable assumptions. However, these assumptions may not be accurate or account for all risks and uncertainties. Consequently, forward-looking statements are not guaranteed. Actual results may vary materially from those expressed or implied in our forward-looking statements. In addition, we are not obligated nor do we intend to update our forward-looking statements as a result of new information unless it is required by applicable securities laws. We caution investors not to place undue reliance on forward-looking statements, which represent management's views as of the date of this report or documents incorporated by reference.

Overview

Green Plains Partners provides fee-based fuel storage and transportation services by owning, operating, developing and acquiring ethanol and fuel storage tanks, terminals, transportation assets and other related assets and businesses. We are Green Plains' primary downstream logistics provider and generate a substantial portion of our revenues under fee-based commercial agreements with Green Plains Trade for receiving, storing, transferring and transporting ethanol and other fuels, which are supported by minimum volume or take-or-pay capacity commitments.

Results of Operations

During the first quarter of 2018, our parent reduced its ethanol production volumes in conjunction with plant improvement projects and seasonally weaker margins, operating its ethanol facilities at approximately 76.5% of capacity. Lower capacity utilization resulted in ethanol production of 280.4 mmg compared with the contracted minimum volume commitment of 296.6 mmg per calendar quarter. As a result, we charged Green Plains Trade a deficiency payment of $0.7 million related to the minimum volume commitment for the three months ended March 31, 2018. The payment may be applied as a credit towards future volume delivered in excess of the minimum volume commitment during the next four quarters.

Adjusted EBITDA and Distributable Cash Flow

Adjusted EBITDA is defined as earnings before interest expense, income tax expense, depreciation and amortization, plus adjustments for transaction costs related to acquisitions or financing transactions, minimum volume commitment deficiency payments, unit-based compensation expense, net gains or losses on asset sales, and our proportional share of EBITDA adjustments of equity method investees.

Distributable cash flow is defined as adjusted EBITDA less interest paid or payable, income taxes paid or payable, maintenance capital expenditures, which are defined under our partnership agreement as cash expenditures (including expenditures for the construction or development of new capital assets or the replacement, improvement or expansion of existing capital assets) made to maintain our operating capacity or operating income, and our proportional share of distributable cash flow adjustments of equity method investees.

Adjusted EBITDA and distributable cash flow are supplemental financial measures that we use to assess our financial performance. We believe their presentation provides useful information to investors in assessing our financial condition and results of operations. However, these presentations are not made in accordance with GAAP. The GAAP measure most directly comparable to adjusted EBITDA and distributable cash flow is net income. Since adjusted EBITDA and distributable cash flow may be defined differently by other companies in our industry, our definitions of adjusted EBITDA and distributable cash flow may not be comparable to similarly titled measures of other companies, diminishing their utility. Adjusted EBITDA and distributable cash flow should not be considered in isolation or as alternatives to net income or any other measure of financial performance presented in accordance with GAAP to analyze our financial performance and operating results.

The following table presents reconciliations of net income to adjusted EBITDA and to distributable cash flow, for the three months ended March 31, 2018 and 2017 (unaudited, dollars in thousands):

	Three Months Ended March 31,	
	2018	**2017**
Net income	$ 13,372	$ 14,977
Interest expense	1,571	1,228
Income tax expense	32	47
Depreciation and amortization	1,181	1,254
MVC adjustments (1)	747	-
Transaction costs	135	-
Unit-based compensation expense	60	59
Proportional share of EBITDA adjustments of equity method investees (2)	-	-
Adjusted EBITDA	17,098	17,565
Interest paid or payable	(1,571)	(1,228)
Income taxes paid or payable	(32)	(47)
Maintenance capital expenditures	(15)	(106)
Proportional share of distributable cash flow adjustments of equity method investees (3)	-	-
Distributable cash flow	$ 15,480	$ 16,184
Distributions declared (4)	$ 15,493	$ 14,278
Coverage ratio	1.00x	1.13x

(1) Adjustments related to the storage and throughput quarterly minimum volume commitments.
(2) Represents our proportional share of depreciation and amortization, interest expense, and income tax expense of equity method investees.
(3) Represents our proportional share of interest paid or payable, income taxes paid or payable, and maintenance capital expenditures of equity method investees.
(4) Represents distributions declared for the applicable period and paid in the subsequent quarter.

Recent Developments

On February 16, 2018, we partnered with Delek Logistics Partners LP to form DKGP Energy Terminals LLC, a 50/50 joint venture, to acquire and manage light products terminal assets in Texas and Arkansas. In conjunction with the formation of the joint venture, DKGP executed a membership interest purchase agreement with AMID Merger LP, to acquire all of the membership interests of AMID Refined Products LLC ("AMID") for approximately $138.5 million. Through its subsidiaries, AMID owns the assets of two light products fuel terminals located in Caddo Mills, Texas and North Little Rock, Arkansas. Upon closing of the acquisition, we will contribute $81.75 million in cash for our 50% share in the joint venture and customary closing costs. Delek Logistics Partners LP will contribute $57.75 million in cash as well as two of its existing terminals located in Caddo Mills, Texas and North Little Rock, Arkansas, for their 50% share in the joint venture and customary closing costs. The four terminals will have combined on-site storage capacity of approximately 1.8 million barrels, access to major pipelines and railroads, and the ability to transload various products, including gasoline, diesel, biodiesel, distillates and ethanol. We anticipate the transaction will close in the second half of 2018, subject to customary closing conditions and regulatory approvals.

During the fourth quarter of 2017, commercial development of the JGP Energy Partners intermodal import and export fuels terminal in Beaumont, Texas was completed, with storage capacity of 550 thousand barrels to support various export and domestic grades of ethanol. On December 4, 2017, the first ethanol shipment departed from the terminal. Our parent formed the 50/50 joint venture to construct the terminal in June 2016 with Jefferson Ethanol Holdings LLC, a subsidiary of Fortress Transportation and Infrastructure Investors LLC. Per the omnibus agreement between Green Plains and the partnership, Green Plains is required to offer its interest in the joint venture to the partnership no later than six months after the completion of construction. However, we have agreed with our parent to extend the offer period until no later than October 15, 2018.

In February 2017, we partnered with Delek Renewables LLC to form NLR Energy Logistics LLC, a 50/50 joint venture, to build an ethanol unit train terminal in the Little Rock, Arkansas area with capacity to unload 110-car unit trains and provide approximately 100,000 barrels of storage. As of March 31, 2018, we contributed a total of $3.3 million to the joint venture for construction and $0.1 million for operating expenses. In April 2018, an additional $0.2 million was contributed to settle final construction costs, which totaled approximately $7.0 million. Operations at the terminal commenced in mid-April.

Selected Financial Information and Operating Data

The following discussion reflects the results of the partnership for the three months ended March 31, 2018 and 2017.

Selected financial information for the three months ended March 31, 2018 and 2017, is as follows (unaudited, in thousands):

	Three Months Ended March 31,		
	2018	**2017**	**% Var.**
Revenues			
Storage and throughput services	$ 14,642	$ 16,054	(8.8)%
Terminal services	2,691	3,112	(13.5)
Railcar transportation services	7,469	7,530	(0.8)
Trucking and other	1,083	533	103.2
Total revenues	25,885	27,229	(4.9)
Operating expenses			
Operations and maintenance (excluding depreciation and amortization reflected below)	8,410	8,531	(1.4)
General and administrative	1,401	1,212	15.6
Depreciation and amortization	1,181	1,254	(5.8)
Total operating expenses	10,992	10,997	(0.0)
Operating income	$ 14,893	$ 16,232	(8.2)%

Selected operating data for the three months ended March 31, 2018 and 2017, is as follows (unaudited):

	Three Months Ended March 31,		
	2018	2017	% Var.
Product volumes (mmg)			
Storage and throughput services	298.3	321.1	(7.1)%
Terminal services:			
Affiliate	29.6	48.9	(39.5)
Non-affiliate	32.1	25.5	25.9
	61.7	74.4	(17.1)
Railcar capacity billed (daily avg.)	99.2	89.2	11.2

Three Months Ended March 31, 2018, Compared with the Three Months Ended March 31, 2017

Consolidated revenues decreased $1.3 million for the three months ended March 31, 2018, compared with the same period for 2017. Revenues generated from our storage and throughput agreement decreased $1.4 million as a result of reduced throughput activity by Green Plains Trade. Revenues generated from our terminal services agreements decreased $0.4 million due to lower throughput at our fuel terminals. These decreases were partially offset by a $0.5 million increase in revenue generated by the expansion of our trucking fleet.

Operations and maintenance expenses decreased $0.1 million for the three months ended March 31, 2018, compared with the same period for 2017, primarily due to lower repair, maintenance and railcar offload expenses associated with our terminal operations.

General and administrative expenses increased $0.2 million for the three months ended March 31, 2018, compared with the same period for 2017, primarily due to transaction costs related to the formation of the DKGP joint venture and associated membership purchase agreement with AMID Merger LP.

Distributable cash flow decreased $0.7 million for the three months ended March 31, 2018, compared with the same period for 2017 primarily due to lower net income of $1.6 million. Interest expense increased by $0.3 million due to the $80 million year-over-year increase in the revolving credit facility, in addition to higher interest rates. The decrease in net income was partially offset by a $0.7 million charge to Green Plains Trade for volume delivered less than the MVC during the current quarter.

Industry Factors Affecting our Results of Operations

U.S. Ethanol Supply and Demand

According to the EIA, domestic ethanol production averaged 1.04 million barrels per day during the first quarter of 2018, maintaining the same rate of production as the first quarter of last year. Refiner and blender input volume increased slightly to 875 thousand barrels per day for the first quarter of 2018 compared with 871 thousand barrels per day for the same quarter last year. Ethanol demand grew at a slower rate than consumer gasoline demand, which increased 3.3% quarter over quarter, despite more retail stations offering higher blends. As of March 31, 2018, there were approximately 1,360 retail stations selling E15, up from 1,210 at the beginning of the period, according to Growth Energy. Ethanol futures traded at an average discount of $0.45 to RBOB during the first quarter of 2018. U.S. domestic ethanol ending stocks dropped by 1.3 million barrels, or 5.4%, to 22.4 million barrels on March 31, 2018, compared with 23.7 million barrels for the first quarter of 2017.

Global Ethanol Supply and Demand

According to the USDA Foreign Agriculture Service, year-to-date domestic ethanol exports through February 28, 2018, were 307.0 mmg, up 18.2%, from 259.8 mmg for the comparable period in 2017. Brazil remained the largest export destination for U.S. ethanol, which accounted for 47% of domestic ethanol export volume despite the 20% tariff on U.S. ethanol imports in excess of 150 million liters, or 39.6 million gallons per quarter, imposed in September 2017 by Brazil's Chamber of Foreign Trade, or CAMEX. Canada, China, Singapore and India accounted for 14%, 11%, 5% and 5%, respectively, of U.S. ethanol exports.

U.S. corn-based ethanol continues to have a price advantage, including the current tariff in Brazil, over Brazilian ethanol due to the price of corn relative to sugar cane as a feedstock. On April 1, 2018, however, China announced it would add a 15% tariff to the existing 30% tariff it had earlier imposed on ethanol imports from the United States and Brazil. The cost to produce the equivalent amount of starch found in sugar from $3.50-per-bushel corn is 7 cents per pound. The average price of sugar was approximately 13 cents per pound during the first quarter of 2018, compared with an average of 16 cents per pound for 2017. We currently estimate that net ethanol exports will reach between 1.6 billion gallons and 1.8 billion gallons in 2018 based on historical demand from a variety of countries and certain countries who seek to improve their air quality and eliminate MTBE from their own fuel supplies.

Legislation and Regulation

We are sensitive to government programs and policies that affect the supply and demand for ethanol and other fuels, which in turn may impact the volume of ethanol and other fuels we handle. Federal mandates supporting the use of renewable fuels are a significant driver of ethanol demand in the U.S. Ethanol policies are influenced by environmental concerns and an interest in reducing the country's dependence on foreign oil. When RFS II was established in October 2010, the required volume of conventional renewable fuel to be blended with gasoline was to increase each year until it reached 15.0 billion gallons in 2015. In November 2017, the EPA announced it would maintain the 15.0 billion gallon mandate for conventional ethanol in 2018.

The EPA has the authority to waive the mandates in whole or in part if there is inadequate domestic renewable fuel supply or the requirement severely harms the economy or environment. According to RFS II, if mandatory renewable fuel volumes are reduced by at least 20% for two consecutive years, the EPA is required to modify, or reset, statutory volumes through 2022. While conventional ethanol maintained 15 billion gallons, 2018 is the first year the total proposed RVOs are more than 20% below statutory volumes levels. Thus, the EPA Administrator directed his staff to initiate the required technical analysis to perform any future reset consistent with the reset rules. The reset will be triggered if the 2019 RVOs continue to be more than 20% below the statutory levels, and the EPA will be required to modify statutory volumes through 2022 within one year of the trigger event, based on the same factors used to set the RVOs post-2022.

The EPA assigns individual refiners, blenders and importers the volume of renewable fuels they are obligated to use based on their percentage of total fuel sales. Obligated parties use RINs to show compliance with RFS-mandated volumes. RINs are attached to renewable fuels by producers and detached when the renewable fuel is blended with transportation fuel or traded in the open market. The market price of detached RINs affects the price of ethanol in certain markets and influences the purchasing decisions by obligated parties. In November 2017, the EPA denied a petition to change the point of obligation under RFS II to the parties that own the gasoline before it is sold. Notwithstanding, the EPA has recently granted a number of small refiner exemptions, whereby such refiners were alleviated of their responsibility to supply RINS for their obligated volumes. These waived gallons are not redistributed to obligated parties, so in effect the small refinery exemptions reduce the RVO. Likewise, the US Bankruptcy Court in Delaware recently alleviated significant RIN obligations of Philadelphia Energy Solutions (PES), a bankrupt east coast refiner.

Consumer acceptance of flex-fuel vehicles and higher ethanol blends may be necessary before ethanol can achieve significant growth in U.S. market share. CAFE, which was first enacted by Congress in 1975 to reduce energy consumption by increasing the fuel economy of cars and light trucks, provides a 54% efficiency bonus to flexible-fuel vehicles running on E85. Another important factor is a waiver in the Clean Air Act, known as the One-Pound Waiver, which allows E10 to be sold between June and September, even though it exceeds the Reid vapor pressure limitation of nine pounds per square inch. The One-Pound Waiver does not apply to E15, even though it has similar physical properties to E10.

Congress may also consider legislation that would impact the RFS. Bills have been introduced in the House and Senate and others are being discussed, which would sunset the corn based ethanol mandate.

On July 28, 2017, the U.S. Federal District Court for the D.C. Circuit ruled in favor of the Americans for Clean Energy and its petitioners against the EPA related to its decision to lower the 2016 volume requirements. The Court concluded the EPA erred in how it interpreted the "inadequate domestic supply" waiver provision of RFS II, which authorizes the EPA to consider supply-side factors affecting the volume of renewable fuel available to refiners, blenders and importers to meet statutory volume requirements. The waiver provision does not allow the EPA to consider the volume of renewable fuel available to consumers or the demand-side constraints that affect the consumption of renewable fuel by consumers. As a result, the Court vacated the EPA's decision to reduce the total renewable fuel volume requirements for 2016 through its waiver authority, which the EPA is expected to address. We believe this decision to confine the EPA's waiver analysis to supply considerations benefits the industry overall and expect the primary impact will be on the RINs market.

Valero Energy and refining trade group American Fuel and Petrochemical Manufacturers (AFPM) have challenged the EPA's handling of the U.S. biofuel mandate in separate actions on January 26, 2018. AFPM is asking the D.C. U.S. Court of Appeals to review the EPA's November 2017 decision to reject proposed changes to the structure of the RFS, including moving the point of obligation from refiners and importers of fuel to fuel blenders. Valero filed two petitions with the same court, one seeking review of the annual RVO rule set by the EPA for 2018 and 2019, which dictates the volumes of renewable fuels to be blended in the coming years, and a second arguing against the EPA's December 2017 assertion that the agency has fulfilled its duty to periodically review the RFS as directed by statute.

Government actions abroad can significantly impact the volume of ethanol. In September 2017, China's National Development and Reform Commission, the National Energy Board and 15 other state departments issued a joint plan to expand the use and production of biofuels containing up to 10% ethanol by 2020. China, the number three importer of U.S. ethanol in 2016, imported negligible volumes during the year due to a 30% tariff imposed on U.S. and Brazil fuel ethanol, which took effect in January 2017. There is no assurance the recently issued joint plan will lead to increased imports of U.S. ethanol. CAMEX issued an official written resolution, imposing a 20% tariff on U.S. ethanol imports in excess of 150 million liters, or 39.6 million gallons per quarter in September 2017. The ruling is valid for two years. In Mexico, four lawsuits challenging the June 2017 decision by the Energy Regulatory Commission of Mexico (CRE) to approve the use of 10% ethanol blends were dismissed. A fifth lawsuit was allowed to proceed for judicial review, despite precedent set by the Mexico Supreme Court for dismissal. The CRE is expected to defend its position before the judge makes a final decision. Should the judge rule in favor of the plaintiff, the case will go to Mexico's Supreme Court. U.S. ethanol exports to Mexico totaled 30 mmg in 2017.

On April 12, 2018, following a series of meetings involving President Trump, Senators, key federal agency leaders and the industry, President Trump indicated that the EPA would be moving forward to authorize year-round sales of E15 by rulemaking designed to address the One-Pound Waiver that currently inhibits sales of E15 in certain markets during summer driving months. President Trump further suggested he may consider relief for petroleum refiners, which could involve modifications to how RINs are generated, priced, and/or traded. The EPA is considering a letter of no action assurance which could allow retailers to avoid relabeling their E15 pumps as flex fuel only ahead of the upcoming summer driving season.

Other Regulation

The Tax Cuts and Jobs Act was signed into law on December 22, 2017, effective on January 1, 2018. Among other provisions, the new law reduced the federal statutory corporate income tax rate from 35% to 21%.

Liquidity and Capital Resources

Our principal sources of liquidity include cash generated from operating activities and borrowings under our revolving credit facility. We consider opportunities to repay, redeem, repurchase or refinance our debt, depending on market conditions, as part of our normal course of doing business. Our ability to meet our debt service obligations and other capital requirements depends on our future operating performance, which is subject to general economic, financial, business, competitive, legislative, regulatory and other conditions, many of which are beyond our control. We plan to fund future expansion capital expenditures primarily from external sources, including borrowings under our revolving credit facility and issuances of debt and equity securities. We expect these sources will be adequate for both our short-term and long-term liquidity needs.

On February 20, 2018, we accessed a portion of our available accordion to increase the revolving credit facility by $40.0 million, from $195.0 million to $235.0 million.

At March 31, 2018, we had $0.6 million of cash and cash equivalents and $106.0 million available under our revolving credit facility.

Net cash provided by operating activities was $14.7 million for the three months ended March 31, 2018, compared with net cash provided by operating activities of $16.7 million for the three months ended March 31, 2017. Decreased cash flows from operating activities resulted primarily from a decrease in net income of $1.6 million primarily driven by reduced throughput by Green Plains Trade at our storage facilities. Net cash used in investing activities was $1.2 million for the three months ended March 31, 2018, due to the expansion of our truck and tanker fleet. Net cash used in financing activities was $13.4 million for the three months ended March 31, 2018, compared with $16.5 million for the three months ended March 31, 2017. The change in cash used in financing activities was primarily due to additional net borrowings on the revolving credit facility in the current year.

We incurred capital expenditures of $1.2 million for the three months ended March 31, 2018, primarily due to expansion of our truck and tanker fleet. We expect to incur approximately $0.1 million in the second quarter of 2018 for remaining capital costs related to this fleet expansion.

Equity method investee contributions related to the NLR joint venture of $1.2 million for the three months ended March 31, 2018, were paid in the second quarter of 2018. We expect our additional contributions to NLR to be approximately $0.4 million during the second quarter of 2018, including $0.2 million for settlement of final construction costs and $0.2 million for operating reserves.

On February 16, 2018, we partnered with Delek Logistics Partners LP to form DKGP Energy Terminals LLC, a 50/50 joint venture, to acquire and manage light products terminal assets in Texas and Arkansas. The transaction is anticipated to close in the second half of 2018, subject to customary closing conditions and regulatory approvals. For more information on this transaction, see *Note 10 – Equity Method Investments* to the consolidated financial statements in this report.

Revolving Credit Facility

Green Plains Operating Company has a $235.0 million secured revolving credit facility, which matures on July 1, 2020, to fund working capital, acquisitions, distributions, capital expenditures and other general partnership purposes. The facility can be increased by up to $20.0 million without the consent of the lenders. At March 31, 2018, the outstanding principal balance was $129.0 million with an average interest rate of 4.16%. For more information related to our debt, see *Note 3 – Debt* to the consolidated financial statements in this report.

Distributions to Unitholders

The partnership agreement provides for a minimum quarterly distribution of $0.40 per unit, which equates to approximately $13.0 million per quarter, or $51.9 million per year, based on the 2% general partner interest and the number of common and subordinated units currently outstanding. For more information, see *Note 5 – Partners' Capital* to the consolidated financial statements included in this report.

On February 9, 2018, the partnership distributed $15.3 million to unitholders of record as of February 2, 2018, related to the quarterly cash distribution of $0.47 per unit that was declared on January 18, 2018, for the quarter ended December 31, 2017.

On April 19, 2018, the board of directors of the general partner declared a quarterly cash distribution of $0.475 per unit, or approximately $15.5 million, for the quarter ended March 31, 2018. The distribution will be paid on May 11, 2018, to unitholders of record as of May 4, 2018.

Contractual Obligations

Our contractual obligations as of March 31, 2018, were as follows (in thousands):

	Payments Due By Period				
Contractual Obligations	**Total**	**Less Than 1 Year**	**1-3 Years**	**3-5 Years**	**More Than 5 Years**
Long-term debt obligations [(1)]	$ 137,100	$ -	$ 129,832	$ 1,353	$ 5,915
Interest and fees on debt obligations [(2)]	13,796	5,886	7,427	165	318
Operating leases [(3)]	62,571	18,326	26,935	11,365	5,945
Service agreements [(4)]	2,436	1,135	1,145	156	-
Other [(5)]	5,034	242	1,345	2,012	1,435
Total contractual obligations	$ 220,937	$ 25,589	$ 166,684	$ 15,051	$ 13,613

(1) Includes the current portion of long-term debt and excludes the effect of any debt discounts.
(2) Interest amounts are calculated over the terms of the loans using current interest rates, assuming scheduled principal and interest amounts are paid pursuant to the debt agreements. Includes administrative and/or commitment fees on debt obligations.
(3) Operating lease costs are primarily for property and railcar leases.
(4) Service agreements are primarily related to minimum commitments on railcar unloading contracts at our fuel terminals.
(5) Includes asset retirement obligations to return property to its original condition at the termination of lease agreements.

Critical Accounting Policies and Estimates

Key accounting policies, including those relating to depreciation of property and equipment, asset retirement obligations, and impairment of long-lived assets and goodwill are impacted significantly by judgments, assumptions and estimates used to prepare our consolidated financial statements. Information about our critical accounting policies and estimates are included in our annual report.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements other than operating leases that are entered into during the ordinary course of business and disclosed in the *Contractual Obligations* section above.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Market risk is the risk of loss arising from adverse changes in market rates and prices. At this time, we conduct all of our business in U.S. dollars and are not exposed to foreign currency risk.

Interest Rate Risk

We are exposed to interest rate risk through our revolving credit facility, which bears interest at variable rates. At March 31, 2018, we had $129.0 million outstanding under our revolving credit facility. A 10% change in interest rates would affect our interest expense by approximately $537 thousand per year, assuming no changes in the amount outstanding or other variables under our revolving credit facility.

Other details about our outstanding debt are discussed in the notes to the consolidated financial statements included in this report and in our annual report.

Commodity Price Risk

We do not have any direct exposure to risks associated with fluctuating commodity prices because we do not own the ethanol and other fuels that are stored at our facilities or transported by our railcars and trucks.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures designed to ensure information that must be disclosed in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to management, as appropriate, to allow timely decisions regarding required financial disclosure. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Under the supervision and participation of our chief executive officer and chief financial officer, management carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures as of March 31, 2018, as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act and concluded that our disclosure controls and procedures were effective.

Changes in Internal Control over Financial Reporting

Management is responsible for establishing and maintaining effective internal control over financial reporting to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of our consolidated financial statements for external purposes in accordance with U.S. generally accepted accounting principles. There were no changes in our internal control over financial reporting that occurred during the period covered by this report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Emerging Growth Company Status

As an emerging growth company, we are not required to provide an auditor's attestation report on the effectiveness of our system of internal control over financial reporting, adopt new or revised financial accounting standards until they apply to private companies, comply with any new requirements adopted by the PCAOB to rotate audit firms or supplement the auditor's report with additional information about the audit and financial statements of the issuer, or disclose the same level of information about executive compensation required of larger public companies.

We have elected to take advantage of these provisions except for the exemption that allows us to extend the transition period for compliance with new or revised financial accounting standards. This election is irrevocable.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings.

We may be involved in litigation that arises during the ordinary course of business. We are not, however, involved in any material litigation at this time.

Item 1A. Risk Factors.

Investors should carefully consider the discussion of risks and the other information in our annual report on Form 10-K for the year ended December 31, 2017, in Part I, Item 1A, "Risk Factors," and the discussion of risks and other information in Part I, Item 2, "Management's Discussion and Analysis of Financial Condition and Results of Operations," under "Cautionary Information Regarding Forward-Looking Statements" of this report. Although we have attempted to discuss key factors, our investors need to be aware that other risks may prove to be important in the future. New risks may emerge at any time and we cannot predict such risks or estimate the extent to which they may affect our financial performance. The following risk factor supplements and/or updates risk factors previously disclosed and should be considered in conjunction with the other information included in, or incorporated by reference in, this quarterly report on Form 10-Q.

Government mandates affecting ethanol usage could change and impact the ethanol market.

Under the provisions of the EISA, Congress established a mandate setting the minimum volume of renewable fuels that must be blended with gasoline under the RFS II, which affects the domestic market for ethanol. The EPA has the authority to waive the requirements, in whole or in part, if there is inadequate domestic renewable fuel supply or the requirement severely harms the economy or the environment. After 2022, volumes shall be determined by the EPA in coordination with the Secretaries of Energy and Agriculture, taking into account such factors as impact on environment, energy security, future rates of production, cost to consumers, infrastructure, and other factors such as impact on commodity prices, job creation, rural economic development, or impact on food prices.

Our parent's operations could be adversely impacted by legislation or EPA actions, as set forth below or otherwise, that may reduce the RFS II mandate. Similarly, should federal mandates regarding oxygenated gasoline be repealed, the market for domestic ethanol could be adversely impacted. Economic incentives to blend based on the relative value of gasoline versus ethanol, taking into consideration the octane value of ethanol, environmental requirements and the RFS II mandate, may affect future demand. A significant increase in supply beyond the RFS II mandate could have an adverse impact on ethanol prices. Moreover, changes to RFS II could negatively impact the price of ethanol or cause imported sugarcane ethanol to become more economical than domestic ethanol.

According to RFS II, if mandatory renewable fuel volumes are reduced by at least 20% for two consecutive years, the EPA is required to modify, or reset, statutory volumes through 2022. Since 2018 is the first year the total RVOs are more than 20% below statutory levels, the EPA Administrator directed his staff to initiate the required technical analysis to perform any future reset consistent with the reset rules. If 2019 RVOs are also more than 20% below statutory levels, the RVO reset will be triggered under RFS II and the EPA will be required to modify statutory volumes through 2022 within one year of the trigger event, based on the same factors used to set the RVOs post-2022.

The U.S. Federal District Court for the D.C. Circuit ruled on July 28, 2017, in favor of the Americans for Clean Energy and its petitioners against the EPA related to its decision to lower the 2016 volume requirements. The Court concluded the EPA erred in how it interpreted the "inadequate domestic supply" waiver provision of RFS II, which authorizes the EPA to consider supply-side factors affecting the volume of renewable fuel available to refiners, blenders, and importers to meet the statutory volume requirements. As a result, the Court vacated the EPA's decision to reduce the total renewable fuel volume requirements for 2016 through its waiver authority, which the EPA is expected to address.

On November 22, 2017, the EPA issued a Notice of Denial of Petitions for rulemaking to change the RFS point of obligation which resulted in the EPA confirming the point of obligation will not change. However, Valero Energy and refining trade group American Fuel and Petrochemical Manufacturers (AFPM) have challenged the EPA's handling of the U.S. biofuel mandate in separate actions on January 26, 2018. AFPM is asking the D.C. U.S. Court of Appeals to review the EPA's November 2017 decision to reject proposed changes to the structure of the RFS, including moving the point of obligation from refiners and importers of fuel to fuel blenders. Valero filed two petitions with the same court, one seeking review of the annual Renewable Volume Obligation (RVO) rule set by the EPA for 2018 and 2019, which dictates the volumes of renewable fuels to be blended in the coming years, and a second arguing against the EPA's December 2017 assertion that the agency has fulfilled its duty to periodically review the RFS as directed by statute.

Future demand may be influenced by economic incentives to blend based on the relative value of gasoline versus ethanol, taking into consideration the octane value of ethanol, environmental requirements and the RFS II mandate. A significant increase in supply beyond the RFS II mandate could have an adverse impact on ethanol prices. Moreover, any changes to RFS II originating from issues associated with the market price of RINs could negatively impact the demand for ethanol, discretionary blending of ethanol and/or the price of ethanol. Recent actions by the EPA to grant small refiner exemptions as well as the Philadelphia Energy Solutions Bankruptcy Court's decision to grant RIN relief have resulted in lower RIN prices.

Flexible-fuel vehicles, which are designed to run on a mixture of fuels such as E85, receive preferential treatment to meet corporate average fuel economy standards in the form of CAFE credits. Flexible-fuel vehicle credits have been decreasing since 2014 and will be completely phased out by 2020. Absent CAFE preferences, auto manufacturers may not be willing to build flexible-fuel vehicles, reducing the growth of E85 markets and resulting in lower ethanol prices.

To the extent federal or state laws or regulations are modified, the demand for ethanol may be reduced, which could negatively and materially affect our financial performance.

We may be affected by our parent's portfolio optimization strategy.

Our parent has announced that it is evaluating the performance of its entire portfolio of assets and businesses. Based on this evaluation, our parent may sell certain assets or businesses or exit particular markets that are no longer a strategic fit or no longer meet their growth or profitability targets. Depending on the nature of the assets sold, our profitability may be impacted by lost operating income or cash flows from such businesses. In addition, divestitures our parent completes may not yield the targeted improvements in their business and may divert management's attention from our day-to-day operations.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

None.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

None.

Item 6. Exhibits.

Exhibit No.	Description of Exhibit
2.1(a)	Membership Interest Purchase Agreement, dated as of February 16, 2018, by and between AMID Merger LP and DKGP Energy Terminals LLC (incorporated herein by reference to Exhibit 2.1(a) of the partnership's Current Report on Form 8-K filed on February 20, 2018).
2.1(b)	Guaranty Agreement (Buyer), dated as of February 16, 2018, by and between Delek Logistics Partners, LP and Green Plains Partners LP (incorporated herein by reference to Exhibit 2.1(b) of the partnership's Current Report on Form 8-K filed on February 20, 2018).
2.1(c)	Guaranty Agreement (Seller), dated as of February 16, 2018, by and between American Midstream Partners, LP and DKGP Energy Terminals LLC (incorporated herein by reference to Exhibit 2.1(c) of the partnership's Current Report on Form 8-K filed on February 20, 2018).
10.1	Limited Liability Agreement of DKGP Energy Terminals LLC (incorporated herein by reference to Exhibit 10.1 of the partnership's Current Report on Form 8-K filed on February 20, 2018).
10.2	Second Amendment to Credit Agreement, dated February 16, 2018, by and among Green Plains Operating Company LLC, as the Borrower, the subsidiaries of the Borrower identified therein, Bank of America, N.A. and other lenders party thereto (incorporated herein by reference to Exhibit 10.2 of the partnership's Current Report on Form 8-K filed on February 20, 2018).
10.3	Incremental Joinder Agreement, dated February 20, 2018, among Green Plains Operating Company LLC and Bank of America, as Administrative Agent (incorporated herein by reference to Exhibit 10.3 of the partnership's Current Report on Form 8-K filed on February 20, 2018).
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) and Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) and Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101	The following information from Green Plains Partners LP Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2018, formatted in Extensible Business Reporting Language (XBRL): (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Operations, (iii) Consolidated Statements of Comprehensive Income, (iv) Consolidated Statements of Cash Flows, and (v) the Notes to Consolidated Financial Statements

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

GREEN PLAINS PARTNERS LP
(Registrant)

By: Green Plains Holdings LLC,
its general partner

Date: May 7, 2018

By: */s/ Todd A. Becker*
Todd A. Becker
President and Chief Executive Officer
(Principal Executive Officer)

Date: May 7, 2018

By: */s/ John W. Neppl*
John W. Neppl
Chief Financial Officer
(Principal Financial Officer)

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO RULE 13a-14(a) AND SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Todd A. Becker, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Green Plains Partners LP;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared; and

   b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 7, 2018

/s/ Todd A. Becker
Todd A. Becker
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO RULE 13a-14(a) AND SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, John W. Neppl, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Green Plains Partners LP;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared; and

   b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 7, 2018

/s/ John W. Neppl
John W. Neppl
Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES- OXLEY ACT OF 2002**

In connection with the Quarterly Report of Green Plains Partners LP, or “the partnership”, on Form 10-Q for the fiscal quarter ended March 31, 2018, as filed with the Securities and Exchange Commission on the date hereof, or “the report”, I, Todd A. Becker, President and Chief Executive Officer of the partnership, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1) The report fully complies with the requirements of Sections 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2) The information contained in the report fairly presents, in all material respects, the financial condition and results of operations of the partnership.

Date: May 7, 2018

/s/ Todd A. Becker
Todd A. Becker
President and Chief Executive Officer

Exhibit 32.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES- OXLEY ACT OF 2002

In connection with the Quarterly Report of Green Plains LP, or “the partnership”, on Form 10-Q for the fiscal quarter ended March 31, 2018, as filed with the Securities and Exchange Commission on the date hereof, or “the report”, I, John W. Neppl, Chief Financial Officer of the partnership, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1) The report fully complies with the requirements of Sections 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2) The information contained in the report fairly presents, in all material respects, the financial condition and results of operations of the partnership.

Date: May 7, 2018

/s/ John W. Neppl
John W. Neppl
Chief Financial Officer