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 June 30, 2021

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)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Units, Representing Limited Partner Interests	GPP	The Nasdaq Stock Market LLC

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.
x Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted 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 such files).
x Yes o 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 o
Accelerated Filer x
Non-Accelerated Filer ☐
Smaller Reporting Company o
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).
o Yes x No

The registrant had 23,227,653 common units outstanding as of July 29, 2021.

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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:

Green Plains Operating Company	Green Plains Operating Company LLC
Green Plains Partners; the partnership	Green Plains Partners LP and its subsidiaries
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:

2020 annual report	The partnership's annual report on Form 10-K for the year ended December 31, 2020, filed February 16, 2021
ARO	Asset retirement obligation
ASC	Accounting Standards Codification
Bgy	Billion gallons per year
CAFE	Corporate Average Fuel Economy
Conflicts committee	The partnership's committee responsible for reviewing situations involving certain transactions with affiliates or other potential conflicts of interest
COVID-19	Coronavirus Disease 2019
D.C.	District of Columbia
DOE	Department of Energy
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
EPA	U.S. Environmental Protection Agency
Exchange Act	Securities Exchange Act of 1934, as amended
FASB	Financial Accounting Standards Board
FFV	Flexible-fuel vehicle
GAAP	U.S. Generally Accepted Accounting Principles
LIBOR	London Interbank Offered Rate
LTIP	Green Plains Partners LP 2015 Long-Term Incentive Plan
Mmg	Million gallons
MTBE	Methyl tertiary-butyl ether
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.
RFS II	Renewable Fuels Standard II
RIN	Renewable identification number
RVO	Renewable volume obligation
SEC	Securities and Exchange Commission
SRE	Small refinery exemption
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)

	June 30, 2021 (unaudited)	December 31, 2020
ASSETS		
Current assets		
Cash and cash equivalents	$ 1,330	$ 2,478
Accounts receivable	718	605
Accounts receivable from affiliates	10,126	14,139
Prepaid expenses and other	1,100	772
Total current assets	13,274	17,994
Property and equipment, net of accumulated depreciation and amortization of $35,436 and $34,301, respectively	30,594	32,119
Operating lease right-of-use assets	43,711	40,604
Goodwill	10,598	10,598
Investment in equity method investee	4,337	3,994
Other assets	1	11
Total assets	$ 102,515	$ 105,320
LIABILITIES AND PARTNERS' DEFICIT		
Current liabilities		
Accounts payable	$ 2,785	$ 3,792
Accounts payable to affiliates	1,084	607
Accrued and other liabilities	1,901	4,527
Asset retirement obligations	1,160	911
Operating lease current liabilities	12,910	11,506
Current maturities of long-term debt	2,036	97,739
Total current liabilities	21,876	119,082
Long-term debt	49,999	-
Asset retirement obligations	2,936	2,865
Operating lease long-term liabilities	31,708	29,835
Total liabilities	106,519	151,782
Commitments and contingencies (Note 9)		
Partners' deficit		
Common unitholders - public (11,621,623 units issued and outstanding)	132,510	124,823
Common unitholders - Green Plains (11,586,548 units issued and outstanding)	(136,443)	(170,368)
General partner interests	(71)	(917)
Total partners' deficit	(4,004)	(46,462)
Total liabilities and partners' deficit	$ 102,515	$ 105,320

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 June 30,		Six Months Ended June 30,	
	2021	**2020**	**2021**	**2020**
Revenues				
Affiliate	$ 18,531	$ 18,997	$ 37,840	$ 37,980
Non-affiliate	1,170	1,384	2,267	2,672
Total revenues	19,701	20,381	40,107	40,652
Operating expenses				
Operations and maintenance (excluding depreciation and amortization reflected below)	6,238	6,603	11,992	12,763
General and administrative	1,059	878	2,260	1,922
Depreciation and amortization	795	966	1,682	1,927
Total operating expenses	8,092	8,447	15,934	16,612
Operating income	11,609	11,934	24,173	24,040
Interest expense	(1,411)	(1,820)	(3,339)	(3,684)
Income before income taxes and income from equity method investee	10,198	10,114	20,834	20,356
Income tax expense	(68)	(105)	(152)	(136)
Income from equity method investee	168	175	343	333
Net income	$ 10,298	$ 10,184	$ 21,025	$ 20,553
Net income attributable to partners' ownership interests:				
General partner	$ 206	$ 204	$ 421	$ 411
Limited partners - common unitholders	10,092	9,980	20,604	20,142
Earnings per limited partner unit (basic and diluted):				
Common units	$ 0.44	$ 0.43	$ 0.89	$ 0.87
Weighted average limited partner units outstanding (basic and diluted):				
Common units	23,161	23,138	23,161	23,138

See accompanying notes to the consolidated financial statements.

GREEN PLAINS PARTNERS LP

CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited and in thousands)

	Six Months Ended June 30,	
	2021	**2020**
Cash flows from operating activities:		
Net income	$ 21,025	$ 20,553
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	1,682	1,927
Accretion	129	127
Amortization of debt issuance costs	1,130	562
Unit-based compensation	159	158
Income from equity method investee	(343)	(333)
Distribution from equity method investee	-	1,000
Other	-	75
Changes in operating assets and liabilities before effects of asset dispositions:		
Accounts receivable	(113)	387
Accounts receivable from affiliates	4,029	(596)
Prepaid expenses and other assets	(328)	(769)
Accounts payable and accrued liabilities	(3,759)	(1,182)
Accounts payable to affiliates	370	(132)
Operating lease liabilities and right-of-use assets	170	457
Other	10	10
Net cash provided by operating activities	24,161	22,244
Cash flows from investing activities:		
Purchases of property and equipment	(291)	(54)
Disposition of assets	27,500	-
Net cash provided by (used in) investing activities	27,209	(54)
Cash flows from financing activities:		
Payments of distributions	(5,684)	(14,116)
Proceeds from revolving credit facility	2,700	39,800
Payments on revolving credit facility	(2,700)	(41,900)
Principal payments on long-term debt	(46,834)	-
Payments of loan fees	-	(3,198)
Net cash used in financing activities	(52,518)	(19,414)
Net change in cash and cash equivalents	(1,148)	2,776
Cash and cash equivalents, beginning of period	2,478	261
Cash and cash equivalents, end of period	$ 1,330	$ 3,037
Supplemental disclosures of cash flow		
Cash paid for income taxes	$ 112	$ 91
Cash paid for interest	$ 2,366	$ 2,429

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 2020 annual report on Form 10-K for the year ended December 31, 2020, as filed with the SEC on February 16, 2021.

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 and reduced by the partnership’s share of equity in undistributed losses and 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, 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 revenue recognition, leases, 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 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 0.96 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 is 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, other fuels or 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. For contracts with customers in which a take-or-pay commitment exists, any minimum volume deficiency charges are recognized as revenue in the period incurred and are not allowed to be credited towards excess volumes in future periods.

The partnership generates a substantial portion of its revenues under fee-based commercial agreements with Green Plains Trade. Operating lease revenue related to minimum volume commitments is recognized on a straight-line basis over the term of the lease. Under the terms of the storage and throughput agreement with Green Plains Trade, to the extent shortfalls associated with minimum volume commitments in the previous four quarters continue to exist, volumes in excess of the minimum volume commitment are applied to those shortfalls. Remaining excess volumes generating operating lease revenue are recognized as incurred.

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 storage and terminal 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 10 – Related Party Transactions* to the consolidated financial statements for additional information.

Impairment of Long-Lived Assets and Goodwill

The partnership reviews its long-lived assets, currently consisting primarily of property and equipment and operating lease right-of-use assets, for impairment when events or changes in circumstances indicate that the carrying amount of a long-lived asset may not be recoverable. Recoverability of assets to be held and used is measured by comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized in the amount by which the carrying amount of the asset exceeds the fair value of the asset. No impairment charges were recorded for the periods reported.

The partnership's goodwill currently is comprised of amounts recognized by the MLP predecessor related to terminal services assets. The partnership reviews goodwill at the reporting unit level for impairment at least annually, as of October 1, or more frequently when events or changes in circumstances indicate that impairment may have occurred.

Leases

The partnership leases certain facilities, parcels of land, and railcars. These leases are accounted for as operating leases, with lease expense recognized on a straight-line basis over the lease term. The term of the lease may include options to extend or terminate the lease when it is reasonably certain that such options will be exercised. For leases with initial terms greater than 12 months, the partnership records operating lease right-of-use assets and corresponding operating lease liabilities. Leases with an initial term of 12 months or less are not recorded on the consolidated balance sheet. The partnership had no short-term lease expense for the three and six months ended June 30, 2021 or 2020.

Operating lease right-of-use assets represent the right to control an underlying asset for the lease term and operating lease liabilities represent the obligation to make lease payments arising from the lease. These assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. As the partnership's leases do not provide an implicit rate, the incremental borrowing rate is used based on information available at commencement date to determine the present value of future payments.

The partnership utilizes a portfolio approach for lease classification, which allows for an entity to group together leases with similar characteristics provided that its application does not create a material difference when compared to accounting for the leases at a contract level. For the partnership's railcar leases, the partnership combines the railcars within each contract rider and accounts for each contract rider as an individual lease.

From a lessee perspective, the partnership combines both the lease and non-lease components and accounts for them as one lease. Certain of the partnership's railcar agreements provide for maintenance costs to be the responsibility of the partnership as incurred or charged by the lessor. This maintenance cost is a non-lease component that the partnership combines with the monthly rental payment and accounts for the total cost as operating lease expense. In addition, the partnership has a land lease that contains a non-lease component for the handling and unloading services the landlord provides. The partnership combines the cost of services with the land lease cost and accounts for the total as operating lease expense.

The partnership records operating lease revenue as part of its operating lease agreements for storage and throughput services, rail transportation services, and certain terminal services. In addition, the partnership may sublease certain of its railcars to third parties on a short-term basis. These subleases are classified as operating leases, with the associated sublease revenue recognized on a straight-line basis over the lease term.

From a lessor perspective, the partnership classifies certain costs as lease costs for accounting purposes, which may differ from a tax or legal perspective. The partnership combines both the lease and non-lease components and accounts for them as one lease. The storage and throughput agreement consists of costs paid by Green Plains Trade for the rental of the terminal facilities, which for accounting purposes are treated as lease costs, as well as other costs for the throughput services provided by the partnership, which are treated as non-lease costs. For this agreement, the partnership combines the facility rental revenue and the service revenue and accounts for the total as leasing revenue. Similarly, the railcar transportation services agreement consists of costs paid by Green Plains Trade for the use of the partnership's railcar assets, which are treated as lease costs for accounting purposes, as well as costs for logistical operations management and other services, which are treated as non-lease costs. For this agreement, the partnership combines the railcar rental revenue and the service revenue and accounts for the total as leasing revenue.

Please refer to *Note 9 – Commitments and Contingencies* to the consolidated financial statements for further details on operating lease expense and revenue. Please refer to *Note 2 - Revenue* to the consolidated financial statements for further details on the operating lease agreements in which the partnership is a lessor.

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.

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.

Recent Accounting Pronouncements

In March 2020, the FASB issued amended guidance in ASC 848, *Reference Rate Reform Facilitation of the Effects of Reference Rate Reform on Financial Reporting*, and a subsequent update in January 2021, which provides optional expedients and exceptions to U.S. GAAP guidance on contract modifications and hedge accounting to ease the financial reporting burden related to the expected market transition from LIBOR and other interbank offered rates to alternative reference rates. The expedients and exceptions provided by the amended guidance do not apply to contract modifications made and hedging relationships entered into or evaluated after December 31, 2022, except for hedging relationships existing as of December 31, 2022, that an entity has elected certain optional expedients for and that are retained through the end of the hedging relationship. The guidance is effective upon issuance and to be applied prospectively from any date beginning March 12, 2020 through December 31, 2022. The amended guidance is not expected to have a material impact on the partnership's consolidated financial statements.

2. REVENUE

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 (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	**2020**	**2021**	**2020**
Revenues				
Service revenues				
Terminal services	$ 2,207	$ 2,015	$ 4,209	$ 4,100
Trucking and other	1,124	1,090	2,185	2,258
Total service revenues	3,331	3,105	6,394	6,358
Leasing revenues (1)				
Storage and throughput services	11,564	11,785	23,825	23,570
Railcar transportation services	4,795	5,374	9,837	10,498
Terminal services	11	117	51	226
Total leasing revenues	16,370	17,276	33,713	34,294
Total revenues	$ 19,701	$ 20,381	$ 40,107	$ 40,652

(1) Leasing revenues do not represent revenues recognized from contracts with customers under ASC 606, *Revenue from Contracts with Customers*, and are accounted for under ASC 842, *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. If Green Plains Trade, 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 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 also considered leasing revenue and recognized over the term of the lease based on the average volumetric capacity for which services are provided.

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 following 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 if in excess of the minimum volume commitment and no deficiency related credits are available for use.

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. Contracts generally do not include a significant financing component in instances where the timing of revenue recognition differs from the timing of invoicing.

Major Customers

Revenue from Green Plains Trade Group was $18.5 million and $37.8 million for the three and six months ended June 30, 2021, respectively, and $19.0 million and $38.0 million for the three and six months ended June 30, 2020, 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, and is generally recognized in the subsequent quarter.

The following table reflects the changes in our unearned revenue from service agreements, which is recorded in accrued and other liabilities on the consolidated balance sheets, for the three and six months ended June 30, 2021 (in thousands):

	Amount
Balance at January 1, 2021	$ 247
Revenue recognized included in beginning balance	(247)
Net additions	344
Balance at March 31, 2021	344
Revenue recognized included in beginning balance	(344)
Net additions	132
Balance at June 30, 2021	$ 132

The partnership expects to recognize all of the unearned revenue associated with service agreements from contracts with customers as of June 30, 2021, in the subsequent quarter when the product is withdrawn from tank storage.

3. DEBT

Credit Facility

Green Plains Operating Company has a credit facility to fund working capital, capital expenditures and other general partnership purposes. The credit facility includes a $130.0 million term loan and a $5.0 million revolving credit facility maturing on December 31, 2021. Monthly principal payments increased from $2.5 million to $3.2 million beginning May 15, 2021 through maturity. As of June 30, 2021, the term loan had a balance of $53.2 million and an interest rate of 5.50%, and there were no outstanding swing line loans.

In certain situations, the partnership is required to make prepayments on the outstanding principal balance on the credit facility. If at any time subsequent to July 15, 2020, the partnership's cash balance exceeds $2.5 million for more than five consecutive business days, prepayments of outstanding principal are required in an amount equal to the excess cash. The partnership is also required to prepay outstanding principal on the credit facility with 100% of net cash proceeds from any asset disposition or recovery event. Any prepayments on the term loan are applied to the remaining principal balance in inverse order of maturity, including the final payment.

The partnership made $46.8 million in principal payments on the term loan during the six months ended June 30, 2021, including $16.3 million of scheduled repayments, $27.5 million related to the sale of the storage assets located adjacent to the Ord, Nebraska ethanol plant and a $3.0 million prepayment made with excess cash. As of June 30, 2021, no additional prepayments on the term loan were required.

The term loan balance, and any advances on the revolver, are subject to a floating interest rate based on a 1.00% LIBOR floor plus 4.50% to 5.25% dependent upon the preceding fiscal quarter's consolidated leverage ratio. Since the credit facility was amended in June 2020, prepayments of $40.0 million in excess of the scheduled monthly payments were made prior to April 1, 2021, and as such, the interest rate associated with the term loan balance did not increase to a floating rate based on a 1.00% LIBOR floor plus 5.00% to 5.75%. The unused portion of the revolver is subject to a commitment fee of 0.50% payable quarterly. The credit facility also allows for swing line loans subject to the revolver availability. Swing line loans are subject to a floating interest rate based on the Prime Rate plus 3.50% to 4.25% dependent upon the preceding fiscal quarter's consolidated leverage ratio.

The partnership's obligations under the credit facility are secured by a first priority lien on (i) the equity interests 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, (iii) all proceeds and products of the equity interests of the partnership's present and future subsidiaries and its personal property and (iv) substantially all of the partnership's real property and material leases of real 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 leverage ratio and a minimum consolidated debt service coverage ratio, each of which is calculated on a pro forma basis with respect to acquisitions and divestitures occurring during the applicable period. The maximum consolidated leverage ratio required, as of the end of any fiscal quarter, is no more than 3.00x and decreases 0.25x each quarter to 1.50x by December 31, 2021. The minimum consolidated debt service coverage ratio for the three months ended March 31, 2021, was set to 1.05x due to the partnership having completed prepayment of at least $40.0 million of the outstanding principal balance on the credit facility as specified in the loan agreement. The minimum debt service coverage ratio resumed to 1.10x for subsequent quarters. The consolidated leverage ratio is calculated by dividing total funded indebtedness by the sum of the four preceding fiscal quarters' consolidated EBITDA. The consolidated debt service coverage ratio is calculated by taking the sum of the four preceding fiscal quarters' consolidated EBITDA minus income taxes and consolidated capital expenditures for such period divided by the sum of the four preceding fiscal quarters' consolidated interest charges plus consolidated scheduled funded debt payments for such period.

Under the amended terms of the credit facility, the partnership may make quarterly distribution payments in an aggregate amount not to exceed $0.12 per outstanding unit, so long as (i) no default has occurred and is continuing, or would result from payment of the distribution, and (ii) the partnership and its subsidiaries are in compliance with its financial covenants and remain in compliance after payment of the distribution.

The partnership had $53.2 million and $100.0 million of borrowings outstanding under the credit facility as of June 30, 2021, and December 31, 2020, respectively. In addition, the partnership had $1.1 million and $2.3 million of unamortized debt issuance costs recorded as a direct reduction of the carrying value of the partnership's current maturities of long-term debt as of June 30, 2021, and December 31, 2020, respectively. The partnership believes the carrying amount of its debt approximated fair value at both June 30, 2021 and December 31, 2020.

Subsequent to June 30, 2021, the partnership amended its credit facility. Please refer to *Note 12 – Subsequent Events* for further details.

Covenant Compliance

The partnership, including all of its subsidiaries, was in compliance with its debt covenants as of June 30, 2021.

4. DISPOSITIONS

Ord Disposition

On March 22, 2021, Green Plains closed on the sale of its ethanol plant located in Ord, Nebraska to GreenAmerica Biofuels Ord LLC. Correspondingly, the partnership's storage assets located adjacent to the Ord plant were sold to Green Plains for $27.5 million, along with the transfer of associated railcar operating leases.

This transaction was accounted for as a transfer between entities under common control and was approved by the conflicts committee. There were no material transaction costs recorded for the disposition.

The following is a summary of assets and liabilities disposed of or assumed (in thousands):

Total consideration	$	27,500
Identifiable assets and liabilities disposed of [(1)]:		
Property and equipment, net		542
Partners' deficit effect	$	26,958

(1) The operating lease right-of-use assets and lease liabilities associated with the railcar operating leases, currently estimated at approximately $1.8 million, respectively, will be extinguished upon the assignment of the associated leases to GreenAmerica Biofuels Ord LLC, which occurred in July of 2021.

In conjunction with the disposition, the partnership amended the 1) operational services agreement, 2) ethanol storage and throughput agreement, and 3) rail transportation services agreement. Please refer to *Note 10 – Related Party Transactions* to the consolidated financial statements for additional information.

Hereford Disposition

On December 28, 2020, Green Plains closed on the sale of its ethanol plant located in Hereford, Texas to Hereford Ethanol Partners, L.P. Correspondingly, the partnership's storage assets located adjacent to the Hereford plant were sold to Green Plains for $10.0 million, along with the transfer of associated railcar operating leases.

This transaction was accounted for as a transfer between entities under common control and was approved by the conflicts committee. There were no material transaction costs recorded for the disposition.

The following is a summary of assets and liabilities disposed of or assumed (in thousands):

Total consideration	$ 10,000
Identifiable assets and liabilities disposed of:	
Property and equipment, net	2,494
Operating lease right-of-use assets	5,094
Operating lease current liabilities	(976)
Operating lease long-term liabilities	(4,200)
Asset retirement obligations	(186)
Total identifiable net assets	2,226
Liabilities assumed	163
Partners' deficit effect	$ 7,611

In conjunction with the disposition, the partnership amended the 1) operational services agreement, 2) ethanol storage and throughput agreement, and 3) rail transportation services agreement. Please refer to *Note 10 – Related Party Transactions* to the consolidated financial statements for additional information.

5. UNIT-BASED COMPENSATION

The partnership has a long-term incentive plan (LTIP) 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, profit interest units or other unit-based awards. The partnership measures unit-based compensation at fair value on the grant date, with no adjustments for estimated forfeitures. The partnership records noncash compensation expense related to the awards over the requisite service period on a straight-line basis.

The non-vested unit-based activity for the six months ended June 30, 2021, is as follows:

	Non-Vested Units	Weighted-Average Grant-Date Fair Value	Weighted-Average Remaining Vesting Term (in years)
Non-vested at December 31, 2020	47,620	$ 6.72	
Vested	(47,620)	6.72	
Non-vested at June 30, 2021	-	$ -	0.0

Compensation costs related to the unit-based awards of $80 thousand and $159 thousand were recognized during the three and six months ended June 30, 2021, respectively. Compensation costs related to the unit-based awards of $79 thousand and $158 thousand were recognized during the three and six months ended June 30, 2020, respectively. As of June 30, 2021, there were no unrecognized compensation costs from unit-based compensation awards.

6. PARTNERS' DEFICIT

Changes in partners' deficit are as follows (in thousands):

	Limited Partners			
	Common Units-Public	Common Units-Green Plains	General Partner	Total
Balance, December 31, 2020	$ 124,823	$ (170,368)	$ (917)	$ (46,462)
Quarterly cash distributions to unitholders ($0.12 per unit)	(1,395)	(1,390)	(57)	(2,842)
Net income	5,264	5,248	215	10,727
Ord disposition	-	26,419	539	26,958
Unit-based compensation, including general partner net contributions	79	-	-	79
Balance, March 31, 2021	128,771	(140,091)	(220)	(11,540)
Quarterly cash distributions to unitholders ($0.12 per unit)	(1,395)	(1,390)	(57)	(2,842)
Net income	5,054	5,038	206	10,298
Unit-based compensation, including general partner net contributions	80	-	-	80
Balance, June 30, 2021	$ 132,510	$ (136,443)	$ (71)	$ (4,004)

	Limited Partners			
	Common Units-Public	Common Units-Green Plains	General Partner	Total
Balance, December 31, 2019	$ 114,006	$ (188,304)	$ (1,449)	$ (75,747)
Quarterly cash distributions to unitholders ($0.475 per unit)	(5,498)	(5,504)	(278)	(11,280)
Net income	5,078	5,084	207	10,369
Unit-based compensation, including general partner net contributions	79	-	-	79
Balance, March 31, 2020	113,665	(188,724)	(1,520)	(76,579)
Quarterly cash distributions to unitholders ($0.12 per unit)	(1,389)	(1,390)	(57)	(2,836)
Net income	4,987	4,993	204	10,184
Unit-based compensation, including general partner net contributions	79	-	-	79
Balance, June 30, 2020	$ 117,342	$ (185,121)	$ (1,373)	$ (69,152)

There was no change in the number of common limited partner units outstanding during the six months ended June 30, 2021.

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 from available cash within 45 days after the end of each calendar quarter, assuming the partnership has available cash, up to an aggregate amount not to exceed $0.12 per outstanding unit, subject to the terms of the credit agreement which matures December 31, 2021. 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, including those for future capital expenditures, future acquisitions and anticipated future debt service requirements, plus all or any portion of the cash on hand resulting from working capital borrowings made subsequent to the end of that quarter. Subsequent to June 30, 2021, the partnership amended its credit facility. Please refer to *Note 12 – Subsequent Events* for further details.

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 or common units.

On February 12, 2021, the partnership distributed $2.8 million to unitholders of record as of February 5, 2021, related to the quarterly cash distribution of $0.12 per unit that was declared on January 21, 2021, for the quarter ended December 31, 2020.

On May 14, 2021, the partnership distributed $2.8 million to unitholders of record as of May 7, 2021, related to the quarterly cash distribution of $0.12 per unit that was declared on April 22, 2021, for the quarter ended March 31, 2021.

On July 22, 2021, the board of directors of the general partner declared a quarterly cash distribution of $0.12 per unit, or approximately $2.8 million, for the quarter ended June 30, 2021. The distribution is payable on August 13, 2021, to unitholders of record at the close of business on August 6, 2021.

The total cash distributions declared for the three and six months ended June 30, 2021 and 2020, are as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
General partner distributions	$ 57	$ 57	$ 114	$ 114
Limited partner common units - public	1,397	1,388	2,792	2,777
Limited partner common units - Green Plains	1,390	1,391	2,780	2,781
Total distributions to limited partners	2,787	2,779	5,572	5,558
Total distributions declared	$ 2,844	$ 2,836	$ 5,686	$ 5,672

7. EARNINGS PER UNIT

The partnership computes earnings per unit using the two-class method. Earnings per unit applicable to common units is calculated by dividing the respective limited partners' interest in net income by the weighted average number of common 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 units outstanding as of June 30, 2021. 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 June 30, 2021		
	Limited Partner Common Units	General Partner	Total
Net income:			
Distributions declared	$ 2,787	$ 57	$ 2,844
Earnings in excess of distributions	7,305	149	7,454
Total net income	$ 10,092	$ 206	$ 10,298
Weighted-average units outstanding - basic and diluted	23,161		
Earnings per limited partner unit - basic and diluted	$ 0.44		

	Six Months Ended June 30, 2021		
	Limited Partner Common Units	General Partner	Total
Net income:			
Distributions declared	$ 5,572	$ 114	$ 5,686
Earnings in excess of distributions	15,032	307	15,339
Total net income	$ 20,604	$ 421	$ 21,025
Weighted-average units outstanding - basic and diluted	23,161		
Earnings per limited partner unit - basic and diluted	$ 0.89		

	Three Months Ended June 30, 2020		
	Limited Partner Common Units	General Partner	Total
Net income:			
Distributions declared	$ 2,779	$ 57	$ 2,836
Earnings in excess of distributions	7,201	147	7,348
Total net income	$ 9,980	$ 204	$ 10,184
Weighted-average units outstanding - basic and diluted	23,138		
Earnings per limited partner unit - basic and diluted	$ 0.43		

	Six Months Ended June 30, 2020		
	Limited Partner Common Units	General Partner	Total
Net income:			
Distributions declared	$ 5,558	$ 114	$ 5,672
Earnings in excess of distributions	14,584	297	14,881
Total net income	$ 20,142	$ 411	$ 20,553
Weighted-average units outstanding - basic and diluted	23,138		
Earnings per limited partner unit - basic and diluted	$ 0.87		

8. INCOME TAXES

The partnership is a limited partnership, which is not subject to federal income taxes. However, 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 general partner and the unitholders are responsible for paying federal and state income taxes on their share of the partnership’s taxable income. The partnership’s income tax balances did not have a material impact on the financial statements.

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.

9. COMMITMENTS AND CONTINGENCIES

Operating Lease Expense

The partnership leases certain facilities, parcels of land, and railcars with remaining terms ranging from less than one year to approximately 10.3 years, including renewal options reasonably certain to be exercised for the land and facility leases. Railcar agreement renewals are not considered reasonably certain to be exercised as they typically renew with different underlying terms.

The partnership may sublease certain of its railcars to third parties on a short-term basis. These subleases are classified as operating leases, with the associated sublease revenue recognized on a straight-line basis over the lease term.

The components of lease expense for the three and six months ended June 30, 2021 and 2020, are as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Lease expense				
Operating lease expense	$ 3,670	$ 3,981	$ 7,355	$ 7,693
Variable lease expense (benefit) (1)	119	125	(157)	(25)
Total lease expense	$ 3,789	$ 4,106	$ 7,198	$ 7,668

(1) Represents railcar lease abatements provided by the lessor when railcars are out of service during periods of maintenance or upgrade, offset by amounts incurred in excess of the minimum payments required for the handling and unloading of railcars for a certain lease.

Supplemental cash flow information related to operating leases is as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Cash paid for amounts included in the measurement of lease liabilities:				
Operating cash flows from operating leases	$ 3,587	$ 3,748	$ 7,185	$ 7,361
Right-of-use assets obtained in exchange for lease obligations:				
Operating leases	3,427	-	9,682	5,194
Right-of-use assets and lease obligations derecognized due to lease modifications:				
Operating leases	-	-	51	-

Supplemental balance sheet information related to operating leases is as follows:

	June 30, 2021	December 31, 2020
Weighted average remaining lease term	4.3 years	4.5 years
Weighted average discount rate	3.74%	4.11%

Aggregate minimum lease payments under the operating lease agreements for the remainder of 2021 and in future years are as follows (in thousands):

Year Ending December 31,	Amount
2021	$ 7,356
2022	13,587
2023	10,431
2024	8,142
2025	5,572
Thereafter	3,223
Total	48,311
Less: Present value discount	(3,693)
Operating lease liabilities	$ 44,618

The partnership has an additional railcar operating lease that will commence in the third quarter of 2021, with undiscounted future lease payments of approximately $2.9 million and a lease term of five years. This amount is not included in the tables above.

Lease Revenue

The components of lease revenue for the three and six months ended June 30, 2021 and 2020, are as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Lease revenue				
Operating lease revenue	$ 15,734	$ 17,177	$ 32,560	$ 34,131
Variable lease revenue (1)	636	40	1,153	27
Sublease revenue	-	59	-	136
Total lease revenue	$ 16,370	$ 17,276	$ 33,713	$ 34,294

(1) Represents amounts charged to Green Plains Trade under the storage and throughput agreement in excess of the initial rate of $0.05 per gallon, amounts delivered by Green Plains Trade and other customers in excess of various minimum volume commitments, and the difference between the contracted railcar volumetric capacity and the actual amount provided to Green Plains Trade during the period.

In accordance with the amended storage and throughput agreement, Green Plains Trade is obligated to deliver a minimum volume of 217.7 mmg per calendar quarter to the partnership's storage facilities and pay $0.05312 per gallon on all volume it throughputs associated with the agreement. The rate increased on July 1, 2020 from $0.05 per gallon to $0.05312 per gallon in accordance with the terms of the agreement. The minimum volume commitment decreased from 232.5 mmg per calendar quarter to 217.7 mmg per calendar quarter as of March 22, 2021 in conjunction with the Ord disposition.

The remaining lease term for the storage and throughput agreement is 8.0 years, with automatic one year renewal periods in which either party has the right to terminate the contract. Due to the unilateral right to termination during the renewal period, the lease contract would no longer contain enforceable rights or obligations. Therefore, the lease term does not include the successive one year renewal periods. Anticipated minimum operating lease revenue under this agreement assuming a consistent rate of $0.05312 per gallon for the remainder of 2021 and in future years is as follows (in thousands):

Year Ending December 31,	Amount
2021	$ 23,128
2022	46,257
2023	46,257
2024	46,257
2025	46,257
Thereafter	161,899
Total	$ 370,055

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. The remaining lease term for this agreement is 4.0 years, with automatic one year renewal periods in which either party has the right to terminate the contract. Due to the unilateral right to termination during the renewal period, the lease contract would no longer contain enforceable rights or obligations. Therefore, the lease term does not include the successive one year renewal periods. 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 be reduced based on the amount of volumetric capacity available for use during any applicable period. Anticipated minimum operating lease revenue under this agreement for the remainder of 2021 and in future years is as follows (in thousands):

Year Ending December 31,		Amount
2021	$	10,020
2022		18,523
2023		12,818
2024		9,549
2025		6,152
Thereafter		69
Total	$	57,131

Other Commitments and Contingencies

The partnership has agreements for contracted services with certain vendors that require the partnership to pay minimum monthly amounts, which expire on various dates. These agreements do not contain an identified asset and therefore are not considered operating leases. The partnership satisfied the minimum commitments under these agreements during the three and six months ended June 30, 2021 and 2020. Aggregate minimum payments under these agreements for the remainder of 2021 and in future years are as follows (in thousands):

Year Ending December 31,		Amount
2021	$	333
2022		157
2023		-
2024		-
2025		-
Thereafter		-
Total	$	490

Legal

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

10. 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 $0.8 million and $1.6 million for the three and six months ended June 30, 2021, respectively, and $0.9 million and $1.7 million for the three and six months ended June 30, 2020, 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 certain 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:

- Storage and throughput agreement, expiring on June 30, 2029;
- Rail transportation services agreement, expiring on June 30, 2025;
- Trucking transportation agreement, expiring on May 31, 2022;
- Terminal services agreement for the Birmingham, Alabama unit train terminal, expiring on December 31, 2022; 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 2020 annual report 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 volume of 217.7 mmg of product per calendar quarter to the partnership's storage facilities and pay $0.05312 per gallon on all volume it throughputs associated with the agreement. The rate increased on July 1, 2020 from $0.05 per gallon to $0.05312 per gallon in accordance with the terms of the agreement. The minimum volume commitment decreased from 232.5 mmg per calendar quarter to 217.7 mmg per calendar quarter as of March 22, 2021 in conjunction with the Ord disposition. In addition, the storage and throughput agreement with Green Plains Trade was extended an additional year to June 30, 2029 as part of this transaction.

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 payments due on future volumes delivered by Green Plains Trade in excess of the minimum volume commitment during the following four quarters, after which time this option will expire.

For the three months ended June 30, 2021, the partnership charged Green Plains Trade $1.4 million related to the minimum volume commitment deficiency for the quarter, resulting in a credit to be applied against excess volumes in future periods. As of June 30, 2021, prior year credits of $4.3 million expired, leaving a cumulative balance of minimum volume deficiency credits available to Green Plains Trade of $7.7 million. These credits expire, if unused, as follows:

- $2.4 million, expiring on September 30, 2021;
- $1.1 million, expiring on December 31, 2021;
- $2.8 million, expiring on March 31, 2022; and
- $1.4 million, expiring on June 30, 2022.

The above credits have been previously recognized as revenue by the partnership, and as such, future volumes throughput by Green Plains Trade in excess of the quarterly minimum volume commitment, up to the amount of these credits, will not be recognized in revenue in future periods prior to expiration.

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 daily railcar volumetric capacity provided by the partnership was 69.4 mmg and 71.2 mmg, respectively, and the associated monthly fee was approximately $0.0230 and $0.0231 per gallon, respectively, during the three and six months ended June 30, 2021. The average daily railcar volumetric capacity provided by the partnership was 80.9 mmg and 79.8 mmg, respectively, and the associated monthly fee was approximately $0.0219 and $0.0217 per gallon, respectively, during the three and six months ended June 30, 2020. The partnership's leased railcar fleet consisted of approximately 2,480 and 2,750 railcars as of June 30, 2021 and 2020, respectively.

Green Plains Trade is also obligated to use the partnership for logistical operations management and other services related to average daily railcar volumetric capacity provided by Green Plains Trade, which was approximately 0.7 mmg for both the three and six months ended June 30, 2021, and 0.7 mmg and 1.6 mmg for the three and six months ended June 30, 2020, 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. As needed, Green Plains Trade 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 truck 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 existing Birmingham terminal services agreement, effective through December 31, 2022, Green Plains Trade is obligated to throughput a minimum volume commitment of approximately 8.3 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 services agreement of $16.3 million and $33.6 million for the three and six months ended June 30, 2021, respectively, and $17.1 million and $33.9 million for the three and six months ended June 30, 2020, respectively. In addition, the partnership recorded revenues from Green Plains Trade and other Green Plains subsidiaries related to trucking and terminal services of $2.2 million and $4.2 million for the three and six months ended June 30, 2021, respectively, and $1.9 million and $4.1 million for the three and six months ended June 30, 2020, respectively.

Cash Distributions

The partnership distributed $1.5 million and $2.9 million to Green Plains related to the quarterly cash distribution paid for the three and six months ended June 30, 2021, respectively, and $1.4 million and $7.2 million for the three and six months ended June 30, 2020, respectively.

11. EQUITY METHOD INVESTMENT

NLR Energy Logistics LLC

The partnership and Delek Renewables LLC have a 50/50 joint venture, NLR Energy Logistics LLC, which operates a 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 June 30, 2021, the partnership's investment balance in the joint venture was $4.3 million. In addition, the partnership had an outstanding receivable of $25 thousand due from NLR for various reimbursable expenses as of December 31, 2020. There was no outstanding receivable as of June 30, 2021.

The partnership does not consolidate any part of the assets or liabilities or operating results of its equity method investee. The partnership's share of net income or loss in 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.

12. SUBSEQUENT EVENTS

On July 20, 2021, the partnership entered into an Amended and Restated Credit Agreement ("Amended Credit Facility") to its existing credit facility with funds and accounts managed by BlackRock ("BlackRock") and TMI Trust Company as administrative agent.

Under the terms of the agreement, BlackRock purchased the outstanding balance of the existing notes from Bank of America N.A., as previous administrative agent, and certain other commercial lending institutions. The Amended Credit Facility will mature on July 20, 2026 and the principal amount available is $60.0 million. As a result of the new maturity date, the partnership reclassified $50.0 million from current maturities of long-term debt to long-term debt as of June 30, 2021. Interest on the Amended Credit Facility is based on 3-month LIBOR plus 8.00%, with a 0% LIBOR floor. Interest is payable on the 15th day of each March, June, September and December during the term with the first interest payment being September 15, 2021. The Amended Credit Facility does not require any principal payments; however, the partnership has the option to prepay $1.5 million per quarter beginning twelve months following closing. Financial covenants include a maximum consolidated leverage ratio of 2.50x and a minimum consolidated debt service coverage ratio of 1.10x. The Amended Credit Facility continues to be secured by substantially all of the assets of the partnership. The Amended Credit Facility removes the prior quarterly distribution restriction of $0.12 per outstanding unit and allows for the distribution of all distributable cash flow and cash on hand subject to covenant compliance.

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 2020 annual report. The results of operations for the three and six months ended June 30, 2021, 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 2020 annual report and in Part II, Item 1A, "Risk Factors," in this report, or incorporated by reference. Specifically, we may experience fluctuations in future operating results due to disruption caused by health epidemics, such as the COVID-19 outbreak; 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; risks related to acquisition and disposition activities; 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 fuel storage and transportation services by owning, operating, developing and acquiring ethanol and fuel storage facilities, 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.

Recent Developments

Amendment to Credit Agreement

On July 20, 2021 we entered into an Amended and Restated Credit Agreement ("Amended Credit Facility") to our existing credit facility with funds and accounts managed by BlackRock ("BlackRock") and TMI Trust Company as administrative agent.

Under the terms of the agreement, BlackRock purchased the outstanding balance of the existing notes from Bank of America N.A., as previous administrative agent, and certain other commercial lending institutions. The Amended Credit Facility will mature on July 20, 2026 and the principal amount available is $60.0 million. Interest on the Amended Credit Facility is based on 3-month LIBOR plus 8.00%, with a 0% LIBOR floor. Interest is payable on the 15th day of each March, June, September and December during the term with the first interest payment being September 15, 2021. The Amended Credit Facility does not require any principal payments; however, we have the option to prepay $1.5 million per quarter beginning twelve months following closing. Financial covenants include a maximum consolidated leverage ratio of 2.50x and a minimum consolidated debt service coverage ratio of 1.10x. The Amended Credit Facility continues to be secured by substantially all of the assets of the partnership.

Concurrent with the closing of the Amended Credit Facility, the board of directors announced its intention to return to its prior strategy of maintaining a 1.10x coverage ratio on normalized trailing 12-month distributable cash flow. As the Amended Credit Facility does not have a revolving line of credit, we believe the distribution strategy provides adequate liquidity to cover the partnership's working capital needs.

Ord Disposition

On March 22, 2021, our parent closed on the sale of its ethanol plant located in Ord, Nebraska to GreenAmerica Biofuels Ord LLC. Correspondingly, the storage assets located adjacent to the Ord plant were sold to our parent for $27.5 million, along with the transfer of associated railcar operating leases.

As part of this transaction, we amended the storage and throughput agreement with Green Plains Trade to reduce the quarterly minimum volume commitment from 232.5 mmg of product per calendar quarter to 217.7 mmg. In addition, the storage and throughput agreement with Green Plains Trade was extended one additional year to June 30, 2029. This transaction was reviewed and approved by the conflicts committee.

Results of Operations

During the second quarter of 2021, our parent maintained an average utilization rate of approximately 79.9% of capacity. Ethanol throughput was 191.8 mmg, which was lower than the contracted minimum volume commitment per quarter. As a result, the partnership charged Green Plains Trade $1.4 million related to the minimum volume commitment deficiency for the quarter, resulting in a credit to be applied against excess volumes in future periods. As of June 30, 2021, prior year credits of $4.3 million expired, leaving a cumulative balance of minimum volume deficiency credits available to Green Plains Trade of $7.7 million. These credits expire, if unused, as follows:

- $2.4 million, expiring on September 30, 2021;
- $1.1 million, expiring on December 31, 2021;
- $2.8 million, expiring on March 31, 2022; and
- $1.4 million, expiring on June 30, 2022.

The above credits have been previously recognized as revenue by the partnership, and as such, future volumes throughput by Green Plains Trade in excess of the quarterly minimum volume commitment, up to the amount of these credits, will not be recognized in revenue in future periods prior to expiration.

Our parent's operating strategy is to reduce operating expenses, energy usage, and water consumption while running at higher utilization rates in order to achieve improved margins. However, in the current environment, our parent may exercise operational discretion that results in reductions in production. Additionally, our parent may experience lower run rates due to the construction of various projects. It is possible that production could be below minimum volume commitments in the future, depending on various factors that drive each biorefineries variable contribution margin, including future driving and gasoline demand for the industry. At the same time, our parent is also focused on the deployment of high protein technology at each of its facilities, which could lead to our parent having more consistent margins and operating throughput rates over time.

Adjusted EBITDA and Distributable Cash Flow

Adjusted EBITDA is defined as earnings before interest expense, income tax expense, depreciation and amortization excluding the amortization of right-of-use assets, plus adjustments for transaction costs related to acquisitions or financing transactions, unit-based compensation expense, net gains or losses on asset sales, and our proportional share of EBITDA adjustments of our equity method investee.

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 our equity method investee.

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 and six months ended June 30, 2021 and 2020 (unaudited, dollars in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Reconciliations to Non-GAAP Financial Measures:				
Net income	$ 10,298	$ 10,184	$ 21,025	$ 20,553
Interest expense	1,411	1,820	3,339	3,684
Income tax expense	68	105	152	136
Depreciation and amortization	795	966	1,682	1,927
Transaction costs	-	-	5	-
Unit-based compensation expense	80	79	159	158
Proportional share of EBITDA adjustments of equity method investee (1)	50	44	94	94
Adjusted EBITDA	12,702	13,198	26,456	26,552
Interest paid or payable	(1,411)	(1,820)	(3,339)	(3,684)
Income taxes paid or payable	(68)	(30)	(152)	(61)
Maintenance capital expenditures	-	(32)	(2)	(54)
Distributable cash flow (2)	$ 11,223	$ 11,316	$ 22,963	$ 22,753
Distributions declared (3)	$ 2,844	$ 2,836	$ 5,686	$ 5,672
Coverage ratio	3.95x	3.99x	4.04x	4.01x

(1) Represents our proportional share of depreciation and amortization of our equity method investee.
(2) Distributable cash flow does not include adjustments for the principal payments on the term loan of $9.3 million, of which $0.5 million relates to the Ord disposition, for the three months ended June 30, 2021, and $46.8 million, of which $27.5 million relates to the Ord disposition, for the six months ended June 30, 2021.
(3) Distributions declared for the applicable period and paid in the subsequent quarter.

Selected Financial Information and Operating Data

The following discussion reflects the results of the partnership for the three and six months ended June 30, 2021 and 2020.

Selected financial information for the three and six months ended June 30, 2021 and 2020, is as follows (unaudited, in thousands):

	Three Months Ended June 30,			Six Months Ended June 30,		
	2021	2020	% Var.	2021	2020	% Var.
Revenues						
Storage and throughput services	$ 11,564	$ 11,785	(1.9)%	$ 23,825	$ 23,570	1.1 %
Railcar transportation services	4,795	5,374	(10.8)	9,837	10,498	(6.3)
Terminal services	2,218	2,132	4.0	4,260	4,326	(1.5)
Trucking and other	1,124	1,090	3.1	2,185	2,258	(3.2)
Total revenues	19,701	20,381	(3.3)	40,107	40,652	(1.3)
Operating expenses						
Operations and maintenance (excluding depreciation and amortization reflected below)	6,238	6,603	(5.5)	11,992	12,763	(6.0)
General and administrative	1,059	878	20.6	2,260	1,922	17.6
Depreciation and amortization	795	966	(17.7)	1,682	1,927	(12.7)
Total operating expenses	8,092	8,447	(4.2)	15,934	16,612	(4.1)
Operating income	$ 11,609	$ 11,934	(2.7)%	$ 24,173	$ 24,040	0.6 %

Selected operating data for the three and six months ended June 30, 2021 and 2020, is as follows (unaudited):

	Three Months Ended June 30,			Six Months Ended June 30,		
	2021	2020	% Var.	2021	2020	% Var.
Product volumes (mmg)						
Storage and throughput services	191.8	150.1	27.8 %	370.8	391.7	(5.3)%
Terminal services:						
Affiliate	21.6	22.3	(3.1)	40.0	54.8	(27.0)
Non-affiliate	27.1	24.1	12.4	51.5	50.6	1.8
	48.7	46.4	5.0	91.5	105.4	(13.2)
Railcar capacity billed (daily avg.)	69.4	80.9	(14.2)	71.2	79.8	(10.8)

Three Months Ended June 30, 2021, Compared with the Three Months Ended June 30, 2020

Consolidated revenues decreased $0.7 million for the three months ended June 30, 2021, compared with the same period for 2020. Railcar transportation services revenue decreased $0.6 million primarily due to a reduction in average volumetric capacity provided, and storage and throughput services revenue decreased $0.2 million due to a decrease in throughput volumes, both of which were a result of the sale of our parent’s Hereford ethanol plant in the fourth quarter of 2020 and its Ord ethanol plant in the first quarter of 2021. These decreases were partially offset by an increase of $0.1 million in terminal services revenue associated with minimum volume charges at our Birmingham terminal.

Operations and maintenance expenses decreased $0.4 million for the three months ended June 30, 2021, compared with the same period for 2020, primarily due to a reduction in railcar lease expense as a result of our parent’s sale of assets.

General and administrative expenses increased $0.2 million for the three months ended June 30, 2021, compared with the same period for 2020, primarily due to an increase in insurance expense.

Six Months Ended June 30, 2021, Compared with the Six Months Ended June 30, 2020

Consolidated revenues decreased $0.5 million for the six months ended June 30, 2021, compared with the same period for 2020. Railcar transportation services revenue decreased $0.7 million due to a reduction in average volumetric capacity provided, as well as lower sublease revenue. Trucking and other revenue decreased $0.1 million as a result of lower affiliate freight volume. Storage and throughput services revenue increased $0.3 million due to an increase in the rate per gallon charged to Green Plains Trade beginning on July 1, 2020, partially offset by a decrease in throughput volumes as a result of our parent's sale of the Hereford ethanol plant in the fourth quarter of 2020 and the Ord ethanol plant in the first quarter of 2021.

Operations and maintenance expenses decreased $0.8 million for the six months ended June 30, 2021, compared with the same period for 2020, primarily due to a reduction in railcar lease expense, unloading fees, and repair and maintenance as a result of our parent's sale of assets.

General and administrative expenses increased $0.3 million for the six months ended June 30, 2021, compared with the same period for 2020, primarily due to an increase in insurance expense.

Distributable cash flow increased $0.2 million for the six months ended June 30, 2021, compared with the same period for 2020, primarily due to an increase in income from operations.

Industry Factors Affecting our Results of Operations

U.S. Ethanol Supply and Demand

According to the EIA, domestic ethanol production averaged 1.0 million barrels per day during the second quarter of 2021, which was 42% higher than the 0.71 million barrels per day for the same quarter last year. Refiner and blender input volume increased 35% to 903 thousand barrels per day for the second quarter of 2021, compared with 669 thousand barrels per day for the same quarter last year. Gasoline demand increased 2.1 million barrels per day, or 31% during the second quarter of 2021 compared to the prior year. U.S. domestic ethanol ending stocks increased by approximately 1.4 million barrels compared to the prior year, or 7%, to 21.6 million barrels during the second quarter of 2021. As of June 30, 2021, according to Prime the Pump, there were approximately 2,460 retail stations selling E15 in 30 states, up from 2,300 at the beginning of the year, and approximately 245 pipeline terminal locations now offering E15 to wholesale customers.

Global Ethanol Supply and Demand

According to the USDA Foreign Agriculture Service, domestic ethanol exports through May 31, 2021 were approximately 582 mmg, down 10.7% from 652 mmg for the same period of 2020. Canada was the largest export destination for U.S. ethanol accounting for 22% of domestic ethanol export volume. India, China, South Korea, and Brazil accounted for 18%, 17%, 12% and 5%, respectively, of U.S. ethanol exports. We currently estimate that net ethanol exports will range from 1.2 to 1.4 billion gallons in 2021, 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.

In January 2020, China and the United States struck a "Phase I" trade agreement, which included commitments on agricultural commodity purchases. Ethanol, corn and distillers grains were included as potential purchases in the agreement. China has been purchasing large quantities of corn, which has raised domestic prices of this feedstock for our ethanol production process. In addition, in October 2020 it was announced that China had purchased a shipment of U.S. ethanol for the first time since March 2018. Total ethanol exports to China in 2020 were 21.3 million gallons, and through May 2021 were 100.1 million gallons, according to the USDA Foreign Agriculture Service.

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. Over the past few years, various bills and amendments have been proposed in the House and Senate, which would eliminate the RFS II entirely, eliminate the corn based ethanol portion of the mandate, and make it more difficult to sell fuel blends with higher levels of ethanol. We believe it is unlikely that any of these bills will become law in the current Congress. In addition, the manner in which the EPA administers the RFS II and related regulations can have a significant impact on the actual amount of ethanol blended into the domestic fuel supply.

Federal mandates and state-level clean fuel programs supporting the use of renewable fuels are a significant driver of ethanol demand in the U.S. Ethanol policies are influenced by concerns for the environment, diversifying our fuel supply, and reducing the country's dependence on foreign oil. Consumer acceptance of flex-fuel vehicles and higher ethanol blends of ethanol in non-flex-fuel vehicles may be necessary before ethanol can achieve further growth in U.S. market share. In addition, expansion of clean fuel programs in other states, or a national low carbon fuel standard could increase the demand for ethanol, depending on how it is structured.

Congress first enacted CAFE standards in 1975 to reduce energy consumption by increasing the fuel economy of cars and light trucks. Flexible-fuel vehicles (FFVs), which are designed to run on a mixture of fuels, including higher blends of ethanol such as E85, used to receive preferential treatment in the form of CAFE credits. There are approximately 21 million FFVs on the road in the U.S. today, 16 million of which are light duty trucks. FFV credits have been decreasing since 2014 and were completely phased out in 2020. Absent CAFE preferences, auto manufacturers may not be willing to build flexible-fuel vehicles, which has the potential to slow the growth of E85 markets. However, California's Low Carbon Fuel Standard program (LCFS) has driven growth in E85 usage, and other state/regional LCFS programs have the potential to do the same.

The RFS II sets a floor for biofuels use in the United States. When the RFS II was established in 2010, the required volume of "conventional" or corn-based ethanol to be blended with gasoline was to increase each year until it reached 15.0 billion gallons in 2015, which left the EPA to address existing limitations in both supply and demand. The EPA has not yet released a draft RVO rule for the 2021 or 2022 volumes, even though they typically release a draft mid-year and finalize the rule by November 30 of the preceding year. As of this filing, the EPA has not released the RVO for 2021 and 2022, although they are expected to propose a joint rule in August or September of 2021 and finalize by the end of the calendar year.

According to the 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 – the year through which the statutorily prescribed volumes run. While conventional ethanol maintained 15 billion gallons, 2019 was the second consecutive year that the total RVO was more than 20% below the statutory volumes levels. Thus, the EPA was expected to initiate a reset rulemaking, and modify statutory volumes through 2022, and do so based on the same factors they are to use in setting the RVOs post-2022. These factors include environmental impact, domestic energy security, expected production, infrastructure impact, consumer costs, job creation, price of agricultural commodities, food prices, and rural economic development. However, in late 2019, the EPA announced it would not be moving forward with a reset rulemaking in 2020. It is unclear when or if the current EPA will propose a reset rulemaking, though they have stated an intention to propose a post-2022 set rulemaking by the end of 2021.

Under the RFS, RINs and SREs are important tools impacting supply and demand. The EPA assigns individual refiners, blenders, and importers the volume of renewable fuels they are obligated to use in each annual RVO based on their percentage of total domestic transportation fuel sales. Obligated parties use RINs to show compliance with the RFS II mandated volumes. Ethanol producers assign RINs to renewable fuels and the RINs are detached when the renewable fuel is blended with transportation fuel domestically. Market participants can trade the detached RINs in the open market. The market price of detached RINs affects the price of ethanol in certain markets and can influence purchasing decisions by obligated parties. As it relates to SREs, a small refinery is defined as one that processes fewer than 75,000 barrels of petroleum per day. Small refineries can petition the EPA for a SRE which, if approved, waives their portion of the annual RVO requirements. The EPA, through consultation with the DOE and the USDA, can grant them a full or partial waiver, or deny it outright within 90 days of submittal. The EPA granted significantly more of these waivers for 2016, 2017 and 2018 than they had in the past, totaling 790 mmg of waived requirements for the 2016 compliance year, 1.82 billion gallons for 2017 and 1.43 billion gallons for 2018. In doing so, the EPA effectively reduced the RFS II mandated volumes for those compliance years by those amounts respectively, and as a result, RIN values declined significantly. In the waning days of the Trump administration, the EPA approved three additional SREs, reversing one denial from 2018 and granting two from 2019. A total of 88 SREs were granted under the Trump Administration, totaling 4.3 billion gallons of potential blending demand erased. The EPA, under the current administration, reversed the three SREs issued in the final weeks of the previous administration.

The One-Pound Waiver that was extended in May 2019 to allow E15 to be sold year-round to all vehicles model year 2001 and newer was challenged in an action filed in Federal District Court for the D.C. Circuit. On July 2, 2021, the Circuit Court vacated the EPA's rule so the future of summertime sales of E15 to non-FFVs is uncertain. However, as of this filing, the One-Pound Waiver remains in effect, and E15 is sold year-round in approximately 30 states. In January 2021, the EPA announced it intended to begin a rulemaking regarding E15 labels and underground storage tank compatibility.

Biofuels groups have filed a lawsuit in the Court of Appeals for the D.C. Circuit, challenging the 2019 RVO rule over the EPA's failure to address small refinery exemptions in the rulemaking. This was the first RFS II rulemaking since the expanded use of the exemptions came to light; however, the EPA had declined to cap the number of waivers it grants, and until late 2019, had declined to alter how it accounts for the retroactive waivers in its annual volume calculations. The EPA has a statutory mandate to ensure the volume requirements are met, which is achieved by setting the percentage standards for obligated parties. The EPA's recent approach accomplished the opposite. Even if all the obligated parties complied with their respective percentage obligations for 2019, the nation's overall supply of renewable fuel would not meet the total volume requirements set by the EPA. This undermines Congressional intent to increase the consumption of renewable fuels in the domestic transportation fuel supply. Biofuels groups have argued the EPA must therefore adjust its percentage standard calculations to make up for past retroactive waivers and adjust the standards to account for any waivers it reasonably expects to grant in the future.

In 2017, while citing inadequate domestic supply, the D.C. Circuit ruled in favor of biofuel groups against the EPA related to its decision to lower the 2016 volume requirements by 500 mmg. As a result, the Court remanded to the EPA to make up for the 500 mmg. Despite this, in the proposed 2020 RVO rulemaking released in July 2019, the EPA stated it does not intend to make up the 500 mmg as the court directed, citing potential burden on obligated parties. The EPA had, at one point, indicated that it planned to address this court ordered remand in conjunction with the 2021 RVO rulemaking; however that rulemaking has been delayed indefinitely, and whether these gallons will be accounted for is unclear.

In 2019, in a supplemental rulemaking to the 2020 RVO rule, the EPA changed their approach, and for the first time accounted for the gallons that they anticipate will be waived from the blending requirements due to small refinery exemptions. To accomplish this, they added in the trailing three year average of gallons the DOE recommended be waived, in effect raising the blending volumes across the board in anticipation of waiving the obligations in whole or in part for certain refineries that qualify for the exemptions. Though the EPA has often disregarded the recommendations of the DOE in years past, they stated in the rule their intent to adhere to these recommendations going forward, including granting partial waivers rather than an all or nothing approach.

In January 2020, the U.S. Court of Appeals for the 10^{th} Circuit ruled on RFA et. al. vs. EPA in favor of biofuels interests, overturning EPA's granting of refinery exemptions to three refineries on two separate grounds. The Court agreed that, under the Clean Air Act, refineries are eligible for SREs for a given RVO year only if such exemptions are extensions of exemptions granted in previous RVO years. In this case, the three refineries at issue did not qualify for SREs in the year prior to the year that EPA granted them. They were thus ineligible for additional SRE relief because there were no immediately prior SREs to extend. In addition, the Court agreed that the disproportionate economic hardship prong of SRE eligibility should be determined solely by reference to whether compliance with the RFS II creates such hardship, not whether compliance plus other issues create disproportionate economic hardship. The Court thus vacated EPA's grant of SREs for certain years and remanded the grants back to EPA. The refiners appealed for a rehearing which was denied. Two of the refiners appealed the decision to the U.S. Supreme Court and in January 2021, the Supreme Court announced they would hear the case, and oral arguments were held in late April 2021. In February 2021, the EPA indicated that it intends to adhere to the 10^{th} Circuit ruling. On June 25, 2021, the Supreme Court ruled that the 10^{th} Circuit's interpretation of "extension" was too narrow, and vacated that portion of the ruling. As of this filing, it is unclear how this Supreme Court decision may impact the EPA's handling of SREs.

In light of the 10^{th} Circuit ruling, a number of refineries applied for "gap year" SREs in an effort to establish a continuous string of relief and to ensure they are able to qualify for SREs going forward. A total of 64 gap year requests were filed with the EPA and reviewed by the DOE. In September 2020, the EPA announced that they were denying 54 of the gap year requests that had been scored and returned by DOE, regardless of how they had been scored.

In October 2019, the White House directed the USDA and EPA to move forward with rulemaking to expand access to higher blends of biofuels. This includes funding for infrastructure, labeling changes and allowing E15 to be sold through E10 infrastructure. The USDA rolled out the Higher Blend Infrastructure Incentive Program in the summer of 2020, providing competitive grants to fuel terminals and retailers for installing equipment for dispensing higher blends of ethanol and biodiesel. In 2020, five Governors and 15 Republican Senators sent letters to the EPA requesting a general waiver from the RFS due to the drop in demand caused by COVID-19 travel restrictions. Since then there have been additional petitions for waivers from the RFS requirements. As of this filing the EPA had indicated only that they are watching the situation closely and reviewing the various requests.

To respond to the COVID-19 health crisis and attempt to offset the subsequent economic damage, Congress passed multiple relief measures, most notably the CARES Act in March 2020, which created and funded multiple programs that have impacted our industry. The USDA was given additional resources for the Commodity Credit Corporation (CCC) and they are using those funds to provide direct payments to farmers, including corn farmers from whom our parent purchases most of its feedstock for ethanol production. Similar to the trade aid payments made by the USDA over the past two years, this cash injection for farmers could cause them to delay marketing decisions and increase the price our parent has to pay to purchase corn. The CARES Act also allowed for certain net operating loss carrybacks, which has allowed us to receive certain tax refunds. In December 2020, Congress passed and the President signed into law an annual spending package coupled with another COVID relief bill which included additional funds for the Secretary of Agriculture to distribute to those impacted by the pandemic. The language of the bill specifically includes biofuels producers as eligible for some of this aid, and in March of 2021, the USDA indicated that biofuels would be able to apply for a portion of these funds in a forthcoming rulemaking. On June 15, 2021, the USDA indicated that $700 million would be made available to biofuels producers, and that details for the program would be released within 60 days.

The CARES Act provided a tax exclusion on the shipment of undenatured ethanol for use in manufacturing hand sanitizer, a key ingredient of which is undenatured ethanol of specific grades. The FDA has also provided expanded guidance to allow for more denaturants to be used in ethanol intended for hand sanitizer production, and has expanded the grades of ethanol allowed for the duration of the public health crisis.

The current administration has indicated a desire to dramatically expand electric vehicle (EV) charging stations, and initially proposed $174 billion for EV charging infrastructure, purchase rebates, and other incentives. The bipartisan infrastructure package being considered by Congress includes $15 billion for EV charging infrastructure, and $5 billion for electric busses and ferries. Additionally, Congress is considering expanded EV incentives in a potential partisan budget reconciliation package, with the goal of installing 500,000 EV charging stations and providing incentives to middle and lower income Americans to purchase EVs.

Government actions abroad can significantly impact the demand for U.S. ethanol. In September 2017, China's National Development and Reform Commission, the National Energy Agency 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 2018 and 2019 due to a 30% tariff on U.S. ethanol, which increased to 70% in early 2018. There is no assurance that China's joint plan to expand blending to 10% will be carried to fruition, nor that it will lead to increased imports of U.S. ethanol in the near term. Ethanol is included as an agricultural commodity under the "Phase I" agreement with China, wherein they are to purchase upwards of $40 billion in agricultural commodities from the U.S. in both 2020 and 2021.

In Brazil, the Secretary of Foreign Trade had issued a tariff rate quota which expired in December of 2020. All U.S. ethanol gallons now face a 20% tariff into Brazil. Exports to Brazil were 200 mmg in 2020. Our exports also face tariffs, rate quotas, countervailing duties, and other hurdles in the European Union, India, Peru, Colombia and elsewhere, which limits the ability to compete in some markets. We believe some countries are using the COVID-19 crisis as justification for raising duties on imports of U.S. ethanol, or blocking imports entirely.

In June 2017, the Energy Regulatory Commission of Mexico (CRE) approved the use of 10% ethanol blends, which was challenged by multiple lawsuits, of which several were dismissed. The remaining four cases follow one of two tracks: 1) to determine the constitutionality of the CRE regulation, or 2) to determine the benefits, or lack thereof, of introducing E10 to Mexico. An injunction was granted in October 2017, preventing the blending and selling of E10, but was overturned by a higher court in June 2018 making it legal to blend and sell E10 by PEMEX throughout Mexico except for its three largest metropolitan areas. On January 15, 2020, the Mexican Supreme Court ruled that the expedited process for the CRE regulation was unconstitutional, and that after a 180 day period the maximum ethanol blend allowed in the country would revert to 5.8%. There was an effort to go through the full regulatory process to allow for 10% blends countrywide, including in the three major metropolitan areas. The 180 day window was extended multiple times due to COVID-19, but eventually lapsed in June 2021, decreasing the maximum ethanol blend back to 5.8%.

In January 2020, the updated North American Free Trade Agreement, known as the United States Mexico Canada Agreement or USMCA was signed. The USMCA went into effect on July 1, 2020, and maintains the duty free access of U.S. agricultural commodities, including ethanol, into Canada and Mexico. According to the Department of Commerce, exports to Canada were 326 mmg and exports to Mexico were 64 mmg in 2020.

Impact of COVID-19 and Decline in Oil Demand

The COVID-19 pandemic and related economic repercussions have created significant volatility, uncertainty, and turmoil in the energy industry. The situation surrounding COVID-19 continues to evolve rapidly and the ultimate duration and impact of the outbreak as well as the continued decline in oil demand remains highly uncertain and subject to change.

We continue to closely monitor the impact of COVID-19 on all aspects of our business, including how it will impact our employees, customers, vendors, and business partners. For the six months ended June 30, 2021, there has been no adverse effect due to COVID-19 on our ability to maintain operations, including our financial reporting systems, our internal controls over financial reporting or our disclosure controls and procedures. In addition, to date we have not incurred any material COVID-19 related contingencies. Although we did not incur significant disruptions, we are unable to predict the impact that COVID-19 will have on our future financial position and operating results, or that of our parent from which we obtain a significant portion of our revenues, due to numerous uncertainties.

For further information regarding the impact of COVID-19 and the decline in oil demand on the partnership, please see Part I, Item 1A, “Risk Factors,” of our 2020 annual report.

Liquidity and Capital Resources

Our principal sources of liquidity include cash generated from operating activities and borrowings under our amended credit facility. We consider opportunities to repay 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 expect operating cash flows will be sufficient to meet our short-term and long-term liquidity needs, and plan to utilize a combination of operating cash, refinancing and other strategic actions to fund future expansion capital expenditures.

At June 30, 2021, we had $1.3 million of cash and cash equivalents and $5.0 million available under the revolving portion of our credit facility.

Net cash provided by operating activities was $24.2 million for the six months ended June 30, 2021, compared with $22.2 million for the six months ended June 30, 2020. The increase in cash flows from operating activities resulted primarily from an increase in net income as well as changes in net working capital. Net cash provided by investing activities was $27.2 million for the six months ended June 30, 2021, compared with net cash used in investing activities of $54 thousand for the six months ended June 30, 2020, primarily as a result of the Ord disposition in the first quarter of 2021. Net cash used in financing activities was $52.5 million for the six months ended June 30, 2021, compared with $19.4 million for the six months ended June 30, 2020. The increase was due to principal payments on our term loan, partially offset by a decrease in our quarterly distribution paid.

We incurred capital expenditures of $0.3 million for the six months ended June 30, 2021, primarily due to upgrades at our Wood River storage facility. We expect to incur approximately $0.1 million in the remainder of 2021 for additional capital costs related to these upgrades.

We did not make any equity method investee contributions related to the NLR joint venture for the six months ended June 30, 2021, and we do not anticipate making significant equity contributions to NLR for the remainder of 2021.

Credit Facility

As of June 30, 2021, Green Plains Operating Company had a credit facility to fund working capital, capital expenditures and other general partnership purposes. The credit facility included a $130.0 million term loan and a $5.0 million revolving credit facility, maturing on December 31, 2021. Monthly principal payments increased from $2.5 million to $3.2 million beginning May 15, 2021 through maturity. As of June 30, 2021, the term loan had a balance of $53.2 million and an interest rate of 5.50%, and there were no outstanding swing line loans.

In certain situations we were required to make prepayments on the outstanding principal balance on the credit facility. If at any time subsequent to July 15, 2020, our cash balance exceeded $2.5 million for more than five consecutive business days, prepayments of outstanding principal were required in an amount equal to the excess cash. We were also required to prepay outstanding principal on the credit facility with 100% of net cash proceeds from any asset disposition or recovery event. Any prepayments on the term loan were applied to the remaining principal balance in inverse order of maturity, including the final payment.

Principal payments of $46.8 million were made on the term loan during the six months ended June 30, 2021, including $16.3 million of scheduled repayments, $27.5 million related to the sale of the storage assets located adjacent to the Ord, Nebraska ethanol plant and a $3.0 million prepayment made with excess cash. As of June 30, 2021, no additional prepayments on the term loan were required.

On July 20, 2021 we entered into an Amended and Restated Credit Agreement (“Amended Credit Facility”) to our existing credit facility with funds and accounts managed by BlackRock (“BlackRock”) and TMI Trust Company as administrative agent.

Under the terms of the agreement, BlackRock purchased the outstanding balance of the existing notes from Bank of America N.A., as previous administrative agent, and certain other commercial lending institutions. The Amended Credit Facility will mature on July 20, 2026 and the principal amount available is $60.0 million. Interest on the Amended Credit Facility is based on 3-month LIBOR plus 8.00%, with a 0% LIBOR floor. Interest is payable on the 15^{th} day of each March, June, September and December during the term with the first interest payment being September 15, 2021. The Amended Credit Facility does not require any principal payments; however, we have the option to prepay $1.5 million per quarter beginning twelve months following closing. Financial covenants of the agreement will include a maximum consolidated leverage ratio of 2.5x and a minimum consolidated debt service coverage ratio of 1.10x. The Amended Credit Facility continues to be secured by substantially all of the assets of the partnership.

Concurrent with the closing of the Amended Credit Facility, the board of directors announced its intention to return to its prior strategy of maintaining a 1.10x coverage ratio on normalized trailing 12-month distributable cash flows. As the Amended Credit Facility does not have a revolving line of credit, we believe the distribution strategy provides adequate liquidity to cover our working capital needs.

We use LIBOR as a reference rate for our credit facility. The administrator of LIBOR has announced it will cease the publication of the one week and two month LIBOR settings immediately following the LIBOR publication on December 31, 2021, and the remaining USD LIBOR settings immediately following the LIBOR publication on June 30, 2023. It is unclear if LIBOR will cease to exist or if new methods of calculating LIBOR will be established by the applicable phase out dates. We may need to amend our credit facility to determine the interest rate to replace LIBOR with the new standard that is established. The potential effect of any such event on interest expense cannot yet be determined.

For more information related to our debt, see *Note 3 – Debt* to the consolidated financial statements in this report.

Distributions to Unitholders

On February 12, 2021, the partnership distributed $2.8 million to unitholders of record as of February 5, 2021, related to the quarterly cash distribution of $0.12 per unit that was declared on January 21, 2021, for the quarter ended December 31, 2020.

On May 14, 2021, the partnership distributed $2.8 million to unitholders of record as of May 7, 2021, related to the quarterly cash distribution of $0.12 per unit that was declared on April 22, 2021, for the quarter ended March 31, 2021.

On July 22, 2021, the board of directors of the general partner declared a quarterly cash distribution of $0.12 per unit, or approximately $2.8 million, for the quarter ended June 30, 2021. The distribution is payable on August 13, 2021, to unitholders of record at the close of business on August 6, 2021.

Contractual Obligations

Our contractual obligations as of June 30, 2021, 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)	$ 53,166	$ 53,166	$ -	$ -	$ -
Interest and fees on debt obligations (2)	1,342	1,342	-	-	-
Operating leases (3)	48,311	14,130	21,399	10,072	2,710
Service agreements (4)	490	490	-	-	-
Other (5)	4,956	1,194	1,561	1,118	1,083
Total contractual obligations	$ 108,265	$ 70,322	$ 22,960	$ 11,190	$ 3,793

(1) Includes the current portion of long-term debt and excludes the effect of any debt discounts.
(2) Interest amounts are calculated based on the terms of the loans using current interest rates, assuming scheduled principal and interest amounts are paid pursuant to the credit agreement. Includes administrative and/or commitment fees on debt obligations.
(3) Operating lease costs are primarily for property and railcar leases and exclude leases not yet commenced with undiscounted future lease payments of approximately $2.9 million.
(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 and equipment to its original condition at the termination of lease agreements.

Critical Accounting Policies and Estimates

Key accounting policies, including those relating to revenue recognition, leases, 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 is included in our 2020 annual report.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements.

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 credit facility, which bears interest at variable rates. At June 30, 2021, we had $53.2 million outstanding under the credit facility. A 10% change in interest rates would affect our interest expense by approximately $0.3 million per year, assuming no changes in the amount outstanding or other variables.

Other details about our outstanding debt are discussed in the notes to the consolidated financial statements included in this report and in our 2020 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. 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 June 30, 2021, 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.

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, 2020, 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 could change and impact the ethanol market.

Under the provisions of the Energy Independence and Security Act, Congress expanded the Renewable Fuel Standard (RFS II). The RFS II mandates the minimum volume of renewable fuels that must be blended into the transportation fuel supply each year which affects the domestic market for ethanol. Each year the EPA is supposed to undertake rulemaking to set the RVO for the following year, though at times months or years pass without a finalized RVO. Further, 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.

According to the 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 – the year through which the statutorily prescribed volumes run. While conventional ethanol maintained 15 billion gallons, 2019 was the second consecutive year that the total RVO was more than 20% below the statutory volumes levels. Thus, the EPA was expected to initiate a reset rulemaking, and modify statutory volumes through 2022, and do so based on the same factors they are to use in setting the RVOs post-2022. However, on December 19, 2019, the EPA announced it would not be moving forward with a reset rulemaking. It is unclear when or if they will propose a reset rulemaking. The EPA has stated an intention to propose a post-2022 set rulemaking by the end of 2021.

Volumes can also be impacted as small refineries can petition the EPA for a SRE which, if approved, waives their portion of the annual RVO requirements. The EPA, through consultation with the DOE and the USDA can grant them a full or partial waiver, or deny it outright within 90 days of submittal. A small refinery is defined as one that processes fewer than 75,000 barrels of petroleum per day.

Our parent’s, and consequently our, operations could be adversely impacted by legislation, administration actions, EPA actions, or lawsuits that may reduce the RFS II mandated volumes of conventional ethanol and other biofuels through the annual RVO, the 2022 set rulemaking, the point of obligation for blending, or small refinery exemptions. A recent Supreme Court ruling held that the small refineries can continue to apply for an extension of their waivers from the RFS II, even if they have not been awarded a continuous string of exemptions. A recent D.C. Circuit Court of Appeals ruling held that the EPA overstepped its authority in extending the one pound Reid Vapor Pressure waiver for 10% ethanol blends to 15% ethanol blends in the summer, effectively limiting summertime sales of ethanol blends about 10% to FFVs.

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. Likewise national, state and regional low carbon fuel standards like that of California, Oregon, Brazil or Canada could be favorable or harmful to conventional ethanol, depending on how the regulations are crafted.

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 value of RFS II credits or RINs. A significant increase in supply beyond the RFS II mandate could have an adverse impact on ethanol prices. Moreover, any changes to RFS II, whether by legislation, EPA action or lawsuit, 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 without accounting for the lost gallons, for example, resulted in lower RIN prices.

Congress first enacted CAFE in 1975 to reduce energy consumption by increasing the fuel economy of cars and light trucks. FFVs, which are designed to run on a mixture of fuels, including higher blends of ethanol such as E85, used to receive preferential treatment in the form of CAFE credits. There are approximately 21 million FFVs on the road in the U.S. today, 16 million of which are light duty trucks. FFV credits have been decreasing since 2014 and were completely phased out in 2020. Absent CAFE preferences, auto manufacturers may not be willing to build flexible-fuel vehicles, which has the potential to slow the growth of E85 markets. However, California's LCFS program has driven growth in E85 usage, and other state/regional LCFS programs have the potential to do the same.

To the extent federal or state laws or regulations are modified and/or enacted, it may result in the demand for ethanol being reduced, which could negatively and materially affect our parent's, and consequently our, financial performance.

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
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 June 30, 2021, formatted in Inline Extensible Business Reporting Language (iXBRL): (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
104	The cover page from Green Plains Partners LP Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2021, formatted in iXBRL.

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: August 2, 2021	By: */s/ Todd A. Becker* Todd A. Becker President and Chief Executive Officer (Principal Executive Officer)
Date: August 2, 2021	By: */s/ G. Patrich Simpkins Jr.* G. Patrich Simpkins Jr. 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) 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

    d) 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: August 2, 2021

/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, G. Patrich Simpkins Jr., 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) 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

   d) 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: August 2, 2021

/s/ G. Patrich Simpkins Jr.
G. Patrich Simpkins Jr.
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 June 30, 2021, 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: August 2, 2021

/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 June 30, 2021, as filed with the Securities and Exchange Commission on the date hereof, or “the report”, I, G. Patrich Simpkins Jr., 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: August 2, 2021

/s/ G. Patrich Simpkins Jr.
G. Patrich Simpkins Jr.
Chief Financial Officer