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

FORM 10-Q

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

For the Quarterly Period Ended March 31, 2017

Commission File Number 001-37469

GREEN PLAINS PARTNERS LP

(Exact name of registrant as specified in its charter)

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

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

☒ Yes ☐ No

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

☒ Yes ☐ No

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

Large accelerated filer ☐ Accelerated filer ☒

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

Smaller reporting company ☐ Emerging growth company ☒

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

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

☐ Yes ☒ No

The registrant had 15,910,658 common units and 15,889,642 subordinated units outstanding as of May 1, 2017.

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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 and Subsidiaries:

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

Green Plains Inc. and Subsidiaries:

Green Plains; our parent or sponsor	Green Plains Inc. and its subsidiaries
Green Plains Holdings	Green Plains Holdings LLC; our general partner
Green Plains Obion	Green Plains Obion LLC
Green Plains Trade	Green Plains Trade Group LLC
Green Plains Trucking	Green Plains Trucking LLC

Other Defined Terms:

2016 annual report	The partnership's annual report on Form 10-K for the year ended December 31, 2016, filed February 22, 2017
ARO	Asset retirement obligation
ASC	Accounting Standards Codification
Bgy	Billion gallons per year
E15	Gasoline blended with up to 15% 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
GAAP	U.S. Generally Accepted Accounting Principles
IPO	Initial public offering of Green Plains Partners LP
LIBOR	London Interbank Offered Rate
LTIP	Green Plains Partners LP 2015 Long-Term Incentive Plan
Mmg	Million gallons
Nasdaq	The Nasdaq Global Market
NMTC	New markets tax credits
Partnership agreement	First Amended and Restated Agreement of Limited Partnership of Green Plains Partners LP, dated as of July 1, 2015, between Green Plains Holdings LLC and Green Plains Inc.
PCAOB	Public Company Accounting Oversight Board
RBOB	Reformulated blendstock for oxygenate blending
RFS II	Renewable Fuels Standard II
RIN	Renewable identification number
SEC	Securities and Exchange Commission
U.S.	United States

GREEN PLAINS PARTNERS LP

CONSOLIDATED BALANCE SHEETS

(in thousands, except unit amounts)

	March 31, 2017 (unaudited)	December 31, 2016
ASSETS		
Current assets		
Cash and cash equivalents	$ 893	$ 622
Accounts receivable	958	1,513
Accounts receivable from affiliates	19,154	18,777
Amortizable lease costs	243	243
Prepaid expenses and other	1,597	1,120
Total current assets	22,845	22,275
Property and equipment, net of accumulated depreciation of $25,129 and $23,878, respectively	50,156	51,022
Goodwill	10,598	10,598
Note receivable	8,100	8,100
Other assets	1,604	1,781
Total assets	$ 93,303	$ 93,776
LIABILITIES AND PARTNERS' CAPITAL		
Current liabilities		
Accounts payable	$ 8,333	$ 4,280
Accounts payable to affiliates	2,745	1,921
Accrued and other liabilities	5,737	10,201
Asset retirement obligations	796	199
Unearned revenue	983	702
Total current liabilities	18,594	17,303
Long-term debt	134,439	136,927
Deferred lease liability	754	739
Asset retirement obligations	2,560	2,877
Other liabilities	39	96
Total liabilities	156,386	157,942
Commitments and contingencies (Note 8)		
Partners' capital		
Common unitholders - public (11,521,016 units issued and outstanding)	115,561	115,139
Common unitholders - Green Plains (4,389,642 units issued and outstanding)	(38,515)	(38,653)
Subordinated unitholders - Green Plains (15,889,642 units issued and outstanding)	(139,411)	(139,913)
General partner interests	(718)	(739)
Total partners' capital	(63,083)	(64,166)
Total liabilities and partners' capital	$ 93,303	$ 93,776

See accompanying notes to the consolidated financial statements.

GREEN PLAINS PARTNERS LP

CONSOLIDATED STATEMENTS OF OPERATIONS

(unaudited and in thousands, except per unit amounts)

	Three Months Ended March 31, 2017	Three Months Ended March 31, 2016
Revenues		
Affiliate	$ 25,757	$ 21,768
Non-affiliate	1,472	2,021
Total revenues	27,229	23,789
Operating expenses		
Operations and maintenance	8,531	8,645
Selling, general and administrative	1,212	1,209
Depreciation and amortization	1,254	1,217
Total operating expenses	10,997	11,071
Operating income	16,232	12,718
Other income (expense)		
Interest income	20	21
Interest expense	(1,228)	(384)
Total other expense	(1,208)	(363)
Income before income taxes	15,024	12,355
Income tax expense	47	173
Net income	$ 14,977	$ 12,182
Net income attributable to partners' ownership interests:		
General partner	$ 300	$ 244
Limited partners - common unitholders	7,343	5,971
Limited partners - subordinated unitholders	7,334	5,967
Earnings per limited partner unit (basic and diluted):		
Common units	$ 0.46	$ 0.38
Subordinated units	$ 0.46	$ 0.38
Weighted average limited partner units outstanding (basic and diluted):		
Common units	15,910	15,899
Subordinated units	15,890	15,890

See accompanying notes to the consolidated financial statements.

GREEN PLAINS PARTNERS LP

CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited and in thousands)

	Three Months Ended March 31, 2017	Three Months Ended March 31, 2016
Cash flows from operating activities		
Net income	$ 14,977	$ 12,182
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	1,254	1,217
Accretion	61	62
Amortization of debt issuance costs	121	56
Increase in deferred lease liability	15	264
Deferred income taxes	-	1
Unit-based compensation	59	(15)
Changes in operating assets and liabilities:		
Accounts receivable	555	(339)
Accounts receivable from affiliates	(377)	2,889
Prepaid expenses and other assets	(457)	220
Accounts payable and accrued liabilities	(316)	(1,884)
Accounts payable to affiliates	824	(861)
Other	8	(93)
Net cash provided by operating activities	16,724	13,699
Cash flows from investing activities		
Purchases of property and equipment	-	(87)
Acquisition of assets from sponsor	-	(62,312)
Net cash used by investing activities	-	(62,399)
Cash flows from financing activities		
Payments of distributions	(13,953)	(13,057)
Proceeds from revolving credit facility	14,200	56,000
Payments on revolving credit facility	(16,700)	(5,000)
Member contributions, net	-	(2)
Net cash provided (used) by financing activities	(16,453)	37,941
Net change in cash and cash equivalents	271	(10,759)
Cash and cash equivalents, beginning of period	622	16,385
Cash and cash equivalents, end of period	$ 893	$ 5,626
Supplemental disclosures of cash flow		
Cash paid for income taxes	$ 95	$ 176
Cash paid for interest	$ 1,120	$ 282
Capital expenditures in accounts payable	$ 186	$ 129

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 2016 annual report.

In accordance with GAAP, when transferring assets between entities under common control, the entity receiving the net assets initially recognizes the carrying amounts of the assets and liabilities at the date of transfer and the prior period financial statements of the transferee are recast for all periods the transferred operations were part of the parent’s consolidated financial statements. On July 1, 2015, in addition to the interests of BlendStar, the partnership received the ethanol storage and railcar assets in a transfer between entities under common control. The transferred assets and liabilities are recognized at our parent’s historical cost and reflected retroactively in the consolidated financial statements presented in this report.

Effective January 1, 2016, the partnership acquired the ethanol storage and leased railcar assets of the Hereford, Texas and Hopewell, Virginia production facilities for $62.3 million from its sponsor in a transfer between entities under common control. The assets were recognized at historical cost and reflected retroactively along with related expenses for periods prior to the effective date of the acquisition, subsequent to the initial dates the assets were acquired by the sponsor, or October 23, 2015, and November 12, 2015, for Hopewell and Hereford, respectively. There were no revenues related to these assets for periods before January 1, 2016, when amendments to the commercial agreements related to the dropdown became effective.

On September 23, 2016, the partnership acquired the ethanol storage assets located in Madison, Illinois; Mount Vernon, Indiana and York, Nebraska for $90 million related to the three ethanol plants, which occurred concurrently with the acquisition of these facilities by Green Plains from subsidiaries of Abengoa S.A. The transaction was accounted for as a transfer between entities under common control and the assets were recognized at the preliminary value recorded in Green Plains’ purchase accounting. No retroactive adjustments were required.

Reclassifications

The unaudited financial information reflects all adjustments, which are, in the opinion of management, necessary for a fair presentation of the results of operations, financial position and cash flows for the periods presented. The adjustments are normal and recurring in nature, unless otherwise noted.

Use of Estimates in the Preparation of Consolidated Financial Statements

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

Description of Business

The partnership provides fuel storage and transportation services by owning, operating, developing and acquiring ethanol and fuel storage tanks, terminals, transportation assets and other related assets and businesses. The partnership is its parent's primary downstream logistics provider to support the parent's approximately 1.5 bgy ethanol marketing and distribution business. The partnership's assets are the principal method of storing and delivering the ethanol the parent produces. The ethanol produced by the parent is 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 or other fuels it handles; as a result, the partnership does not have any direct exposure to fluctuations in commodity prices.

Revenue Recognition

The partnership recognizes revenues when all of the following criteria are satisfied: persuasive evidence an arrangement exists; services have been rendered; the price is fixed and determinable; and collectability is reasonably assured.

The partnership derives revenues when product is delivered to the customer from its ethanol storage tanks and fuel terminals, and transportation services are performed. The partnership generates a substantial portion of its revenues under fee-based commercial agreements with Green Plains Trade.

The partnership's storage and throughput agreement and certain terminal services agreements with Green Plains Trade are supported by minimum volume commitments. The partnership's rail transportation services agreement is supported by minimum take-or-pay capacity commitments. Green Plains Trade is required to pay the partnership fees for these minimum commitments regardless of the actual volume, throughput or capacity used for storage or transport. If Green Plains Trade fails to meet its minimum volume commitment during any quarter, Green Plains Trade will pay the partnership a deficiency payment equal to the deficient volume multiplied by the applicable fee. The deficiency payment may be applied as a credit toward volumes throughput by Green Plains Trade in excess of the minimum volume commitment during the next four quarters, after which time any unused credits will expire. The partnership records a liability for deferred revenue in the amount of the credit that may be used in future periods and for charges to customers before the product is delivered. The partnership recognizes revenue and relieves the liability when credits are utilized or expire and when risk of loss is transferred with product delivery to the customer. As a result, a portion of the partnership's revenues may be associated with cash collected during an earlier period that did not generate cash during the current period.

Operations and Maintenance Expenses

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

Concentrations of Credit Risk

In the normal course of business, the partnership is exposed to credit risk resulting from the possibility a loss may occur due to failure of another party to perform according to the terms of their contract. The partnership provides fuel storage and transportation services for various parties with a significant portion of its revenues earned from Green Plains Trade. The partnership continually monitors its credit risk exposure and concentrations.

Segment Reporting

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

Asset Retirement Obligations

The partnership records an ARO for the fair value of the estimated costs to retire a tangible long-lived asset in the period in which it is incurred if it can be reasonably estimated, which is subsequently adjusted for accretion expense. The 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, including the amount or timing of estimated cash flows, could result in increases or decreases to the AROs. The partnership's AROs are based on legal obligations to perform remedial activity when certain machinery and equipment are disposed and operating leases expire.

Income Taxes

The partnership is a limited partnership, which is not subject to federal income taxes. The partnership owns a subsidiary, however, that is taxed as a corporation for federal and state income tax purposes. In addition, the partnership is subject to state income taxes in certain states. As a result, the financial statements reflect a provision or benefit for such income taxes. The 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 recognizes uncertainties in income taxes within the financial statements under a process by which the likelihood of a tax position is gauged based upon the technical merits of the position. Then, a subsequent measurement uses the maximum benefit and degree of likelihood to determine the amount of benefit recognized in the financial statements.

Recent Accounting Pronouncements

Effective January 1, 2017, the partnership adopted the amended guidance in ASC Topic 718, *Compensation – Stock Compensation: Improvements to Employee Share-Based Payment Accounting*, which requires all income tax effects of awards to be recognized in the income statement when the awards vest or settle. The amended guidance also allows an employer to repurchase more of an employee's shares than it can currently for tax withholding purposes without triggering liability accounting and make a policy election to account for forfeitures as they occur. The amended guidance requiring recognition of excess tax benefits and tax deficiencies in the income statement was applied prospectively. The amended guidance related to the timing of when excess tax benefits are recognized and the amended guidance related to the presentation of employee taxes paid on the statement of cash flows did not have an impact on the consolidated financial statements. The partnership has elected to account for forfeitures as they occur. This change did not have an impact on the financial statements.

Effective January 1, 2018, the partnership will adopt the amended guidance in ASC Topic 606, *Revenue from Contracts with Customers*, which requires revenue recognition to reflect the transfer of promised goods or services to customers. The updated standard permits either the retrospective or cumulative effect transition method. Early application beginning January 1, 2017, is permitted. The partnership does not expect the adoption of this guidance to have a material impact on its consolidated financial statements and related disclosures.

Effective January 1, 2019, the partnership will adopt the amended guidance in ASC Topic 842, *Leases*, which aims to make leasing activities more transparent and comparable and requires substantially all leases to be recognized by lessees on their balance sheet as a right-of-use asset and corresponding lease liability, including leases currently accounted for as operating leases. Early application is permitted. The partnership is currently evaluating the impact adoption of the amended guidance will have on the consolidated financial statements and related disclosures.

Effective January 1, 2020, the company will adopt the amended guidance in ASC Topic 350, *Intangibles – Goodwill and Other: Simplifying the Test for Goodwill Impairment*, which simplifies the measurement of goodwill by eliminating Step 2 from the goodwill impairment test. The annual goodwill impairment test will be performed by comparing the fair value of a reporting unit with its carrying amount. An impairment charge would be recognized for the amount by which the carrying amount exceeds the reporting unit's fair value, not to exceed the total amount of goodwill allocated to that reporting unit. The amended guidance will be applied prospectively.

2. ACQUISITIONS

Abengoa Acquisition

Effective September 23, 2016, the partnership acquired the ethanol storage assets located in Madison, Illinois; Mount Vernon, Indiana, and York, Nebraska, for $90.0 million, which occurred concurrently with the acquisition of three ethanol plants by Green Plains from subsidiaries of Abengoa S.A. The partnership used its amended revolving credit facility to fund the purchase.

This transaction was accounted for as a transfer between entities under common control and approved by the conflicts committee; therefore, the net assets were transferred at the preliminary value recorded in Green Plains' purchase accounting of $12.5 million.

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

Purchase price, September 23, 2016	$	90,000
Identifiable assets acquired:		
Property and equipment, net		12,510
Partners' capital effect, September 23, 2016	$	77,490

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

Hereford and Hopewell Acquisition

Effective January 1, 2016, the partnership acquired the ethanol storage and leased railcar assets located in Hereford, Texas and Hopewell, Virginia from Green Plains for $62.3 million. The transaction was financed through the use of the revolving credit facility and cash on hand.

This transaction was considered a transfer between entities under common control and approved by the conflicts committee; therefore, the net assets were transferred at their historical cost of $6.3 million as of the original date of acquisition by the sponsor in the fourth quarter of 2015.

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

Purchase price, January 1, 2016	$	62,312
Identifiable assets acquired and liabilities assumed:		
Property and equipment, net		6,447
Asset retirement obligations		(148)
Total identifiable net assets		6,299
Partners' capital effect, January 1, 2016	$	56,013

At the time of acquisition, the Hopewell facility was not operational; however, upon completion of certain maintenance and enhancement projects, operations began at the plant in early February 2016. In conjunction with the transfer of assets under common control, the partnership amended the 1) omnibus agreement, 2) operational services agreement, and 3) ethanol storage and throughput agreement; the rail transportation services agreement was also adjusted. Please refer to *Note 10 – Related Party Transactions* to the consolidated financial statements for additional information.

3. DEBT

Revolving Credit Facility

Green Plains Operating Company has a $155.0 million revolving credit facility, which matures on July 1, 2020, to fund working capital, acquisitions, distributions, capital expenditures and other general partnership purposes. Advances under the credit facility, as amended, are subject to a floating interest rate based on the preceding fiscal quarter's consolidated leverage ratio at a base rate plus 1.25% to 2.00% per year or LIBOR plus 2.25% to 3.00%. The credit facility may be increased by up to $100.0 million without the consent of the lenders. The unused portion of the credit facility is also subject to a commitment fee of 0.35% to 0.50%, depending on the preceding fiscal quarter's consolidated net leverage ratio.

The revolving credit facility is available for revolving loans, including sublimits of $30.0 million for swing line loans and $30.0 million for letters of credit. The partnership, each of its existing subsidiaries and future domestic subsidiaries guarantee the revolving credit facility. As of March 31, 2017, the revolving credit facility had an average interest rate of 3.49%.

The partnership's obligations under the credit facility are secured by a first priority lien on (i) the capital stock of the partnership's present and future subsidiaries, (ii) all of the partnership's present and future personal property, such as investment property, general intangibles and contract rights, including rights under any agreements with Green Plains Trade, and (iii) all proceeds and products of the equity interests of the partnership's present and future subsidiaries and its personal property. The terms impose affirmative and negative covenants, including restrictions on the partnership's ability to incur additional debt, acquire and sell assets, create liens, invest capital, pay distributions and materially amend the partnership's commercial agreements with Green Plains Trade. The credit facility also requires the partnership to maintain a maximum consolidated net leverage ratio of no more than 3.50x and a minimum consolidated interest coverage ratio of no less than 2.75x, each of which is calculated on a pro forma basis with respect to acquisitions and divestitures occurring during the applicable period. The consolidated leverage ratio is calculated by dividing total funded indebtedness minus the lesser of cash in excess of $5.0 million or $30.0 million by the sum of the four preceding fiscal quarters' consolidated EBITDA. The consolidated interest coverage ratio is calculated by dividing the sum of the four preceding fiscal quarters' consolidated EBITDA by the sum of the four preceding fiscal quarters' interest charges.

The partnership had $126.5 million and $129.0 million of borrowings outstanding under the revolving credit facility as of March 31, 2017, and December 31, 2016, respectively.

Effective January 1, 2016, the partnership adopted ASC 835-30, *Interest - Imputation of Interest: Simplifying the Presentation of Debt Issuance Costs*. As of March 31, 2017, and December 31, 2016, there were $161 thousand and $173 thousand, respectively, of debt issuance costs recorded as a direct reduction of the carrying value of the partnership's long-term debt.

Scheduled long-term debt repayments as of March 31, 2017, are as follows (in thousands):

Year Ending December 31,		**Amount**
2017	$	-
2018		-
2019		-
2020		126,832
2021		668
Thereafter		7,100
Total	$	134,600

Covenant Compliance

The partnership, including all of its subsidiaries, was in compliance with its debt covenants as of March 31, 2017.

Capitalized Interest

The partnership's policy is to capitalize interest costs incurred on debt during the construction of major projects. The partnership had no capitalized interest for the three months ended March 31, 2017 and 2016.

4. UNIT-BASED COMPENSATION

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

There was no change in the number of non-vested unit-based awards during the three months ended March 31, 2017.

Compensation costs related to the unit-based awards of $59 thousand were recognized during the three months ended March 31, 2017. A net benefit of $15 thousand was recognized during the three months ended March 31, 2016, as a reduction to compensation expense due a forfeiture during the period. At March 31, 2017, there was approximately $60 thousand of unrecognized compensation costs from unit-based awards.

5. PARTNERS' CAPITAL

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

	Partners' Capital				
	Limited Partners				
	Common Units-Public	Common Units-Green Plains	Subordinated Units-Green Plains	General Partner	Total
Balance, December 31, 2016	$ 115,139	$ (38,653)	$ (139,913)	$ (739)	$ (64,166)
Quarterly cash distributions to unitholders	(4,954)	(1,888)	(6,832)	(279)	(13,953)
Net income	5,317	2,026	7,334	300	14,977
Unit-based compensation, including general partner net contributions	59	-	-	-	59
Balance, March 31, 2017	$ 115,561	$ (38,515)	$ (139,411)	$ (718)	$ (63,083)

There was no change in the number of common and subordinated limited partner units outstanding during the three months ended March 31, 2017.

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

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

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

On February 14, 2017, the partnership distributed $14.0 million to unitholders of record as of February 3, 2017, related to the quarterly cash distribution of $0.43 per unit that was declared on January 23, 2017, for the quarter ended December 31, 2016.

On April 20, 2017, the board of directors of the general partner declared a quarterly cash distribution of $0.44 per unit, or approximately $14.3 million in total, for the quarter ended March 31, 2017. The distribution will be paid on May 15, 2017, to unitholders of record as of May 5, 2017.

The allocation of total cash distributions to the general and limited partners applicable to the period the distributions were earned for the three months ended March 31, 2017 and 2016, are as follows (in thousands):

	Three Months Ended March 31,	
	2017	2016
General partner distribution	$ 286	$ 263
Limited partners' distributions:		
Limited partner common units - public	5,069	4,660
Limited partner common units - Green Plains	1,931	1,778
Limited partner subordinated units - Green Plains	6,992	6,435
Total limited partners' distributions	13,992	12,873
Total cash distributions	$ 14,278	$ 13,136

6. EARNINGS PER UNIT

The partnership computes earnings per unit using the two-class method. Earnings per unit applicable to common and subordinated units is calculated by dividing the respective limited partners' interest in net income by the weighted average number of common and subordinated units outstanding during the period, adjusted for the dilutive effect of any outstanding dilutive securities. Diluted earnings per limited partner unit is the same as basic earnings per limited partner unit as there were no potentially dilutive common or subordinated units outstanding as of March 31, 2017. The following tables show the calculation of earnings per limited partner unit – basic and diluted (in thousands, except for per unit data):

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

	Three Months Ended March 31, 2016			
	Limited Partner Common Units	Limited Partner Subordinated Units	General Partner	Total
Net income:				
Distributions declared	$ 6,438	$ 6,435	$ 263	$ 13,136
Earnings less than distributions	(467)	(468)	(19)	(954)
Total net income	$ 5,971	$ 5,967	$ 244	$ 12,182
Weighted-average units outstanding - basic and diluted	15,899	15,890		
Earnings per limited partner unit - basic and diluted	$ 0.38	$ 0.38		

7. INCOME TAXES

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

8. COMMITMENTS AND CONTINGENCIES

Operating Leases

The partnership leases certain facilities, parcels of land and railcars under agreements that expire on various dates. For accounting purposes, rent expense is based on a straight-line amortization of the total payments required over the term of the lease, which resulted in a deferred lease liability of $754 thousand and $739 thousand as of March 31, 2017 and December 31, 2016, respectively. The partnership incurred lease expenses of $5.8 million and $6.5 million during the three months ended March 31, 2017 and 2016, respectively. Aggregate minimum lease payments under these agreements for the remainder of 2017 and in future years are as follows (in thousands):

Year Ending December 31,	Amount
2017	$ 17,414
2018	16,383
2019	11,479
2020	9,451
2021	3,889
Thereafter	2,634
Total	$ 61,250

In connection with the IPO, the partnership and Green Plains Trade entered into a ten-year storage and throughput agreement, under which Green Plains Trade was obligated to throughput a minimum of 212.5 mmg of product per calendar quarter at the partnership's storage facilities and pay $0.05 per gallon on all volume it throughputs.

Effective January 1, 2016, and September 23, 2016, the storage and throughput agreement was amended in connection with the acquisition of additional ethanol storage and transportation assets. In accordance with the amended agreement, Green Plains Trade is now obligated to throughput a minimum of 296.6 mmg per calendar quarter. Minimum revenues under this agreement for the remainder of 2017 and in future years are as follows (in thousands):

Year Ending December 31,	Amount
2017	$ 44,490
2018	59,320
2019	59,320
2020	59,320
2021	59,320
Thereafter	207,620
Total	$ 489,390

Service Agreements

The partnership entered into agreements for contracted services with certain vendors that require the partnership to pay minimum monthly amounts, which expire on various dates. The partnership exceeded all minimum commitments under these agreements during the three months ended March 31, 2017 and 2016. Aggregate minimum payments under these agreements for the remainder of 2017 and in future years are as follows (in thousands):

Year Ending December 31,	Amount
2017	$ 970
2018	1,154
2019	1,154
2020	156
2021	156
Thereafter	156
Total	$ 3,746

Legal

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

9. MAJOR CUSTOMERS

Revenue from Green Plains Trade Group was $25.8 million and $21.8 million for the three months ended March 31, 2017 and 2016, respectively, and exceeded 10% of the partnership's total revenue.

10. RELATED PARTY TRANSACTIONS

In addition to related party purchases disclosed in *Note 2 – Acquisitions* to the consolidated financial statements, 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 approximately $1.0 million and $0.9 million for the three months ended March 31, 2017 and 2016, respectively. In addition, the partnership reimburses Green Plains for wages and benefits 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 these 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, partnership and its affiliates and the parent's preparation and filing of tax returns; and an indemnity by Green Plains for environmental and other liabilities.

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

Operating Services and Secondment Agreement

The general partner has entered into an operational services and secondment agreement, as amended, with Green Plains. Under the terms of the agreement, Green Plains seconds employees to the general partner to provide management, maintenance and operational functions for the partnership, including regulatory matters, health, environment, safety and security programs, operational services, emergency response, employees 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, Green Plains will not be obligated to indemnify the partnership for any claims, losses or liabilities arising out of the partnership's gross negligence, willful misconduct or bad faith with respect to any services provided under the operational services and secondment agreement.

Commercial Agreements

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

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

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

Under the storage and throughput agreement, as amended, Green Plains Trade is obligated to throughput a minimum of 296.6 mmg of product per calendar quarter at the partnership's storage facilities and pay $0.05 per gallon on all volume it throughputs. If Green Plains Trade fails to meet its minimum volume commitment during any quarter, Green Plains Trade will pay the partnership a deficiency payment equal to the deficient volume multiplied by the applicable fee. The deficiency payment may be applied as a credit toward volumes throughput by Green Plains Trade in excess of the minimum volume commitment during the next four quarters, after which time any unused credits will expire. Green Plains Trade has met its minimum volume commitments for each of the quarters since inception of the storage and throughput agreement.

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. During the three months ended March 31, 2017, the average monthly fee was approximately $0.0282 per gallon, for the railcar volumetric capacity provided by the partnership, which was 89.2 mmg as of March 31, 2017. The partnership's leased railcar fleet consisted of approximately 3,150 railcars as of March 31, 2017. During the three months ended March 31, 2016, the average monthly fee was approximately $0.0358 per gallon for the railcar volumetric capacity provided by the partnership, which was 76.9 mmg as of March 31, 2016.

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

Effective November 30, 2016, the rail transportation services agreement was amended to extend the initial term of the agreement, effective July 1, 2015, from a six-year term to a ten-year term. All other terms and conditions remain the same as the initial agreement, as previously amended.

Under the trucking transportation agreement, Green Plains Trade pays the partnership to use its truck transportation services to transport ethanol and other fuels from receipt points identified by Green Plains Trade to nominated delivery points. Green Plains Trade is obligated to pay a monthly trucking transportation services fee equal to the aggregate volume transported in a calendar month by the partnership's trucks, multiplied by the applicable rate for each trucking lane. Green Plains Trade reimburses the partnership for costs related to: (1) truck switching and unloading fees; (2) increased costs related to changes in law or governmental regulation related to the specification, operation and maintenance of trucks; and (3) fees related to trucking transportation services under transportation contracts with third-party common carriers.

Under the Birmingham terminal services agreement, Green Plains Trade is obligated to pay $0.0360 per gallon on its throughput subject to a minimum volume commitment of approximately 2.8 mmg per month of ethanol and other fuels, as well as fees for ancillary services, effective January 1, 2017, through December 31, 2019.

The partnership recorded revenues from Green Plains Trade under the storage and throughput agreement and rail transportation agreement of $23.6 million and $20.2 million for the three months ended March 31, 2017 and 2016, respectively. The partnership recorded revenues from Green Plains Trade related to trucking and terminal services of $2.2 million and $1.6 million for the three months ended March 31, 2017 and 2016, respectively.

The partnership distributed $9.0 million and $8.4 million to Green Plains related to the quarterly cash distribution paid for the three months ended March 31, 2017 and 2016, respectively.

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 2016 annual report. The results of operations for the three months ended March 31, 2017, 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 2016 annual report or incorporated by reference. Specifically, we may experience fluctuations in future operating results due to changes in general economic, market or business conditions; foreign imports of ethanol; fluctuations in demand for ethanol and other fuels; risks of accidents or other unscheduled shutdowns affecting our assets, including mechanical breakdown of equipment or infrastructure; risks associated with changes to federal policy or regulation; ability to comply with changing government usage mandates and regulations affecting the ethanol industry; price, availability and acceptance of alternative fuels and alternative fuel vehicles, and laws mandating such fuels or vehicles; changes in operational costs at our facilities and for our railcars; failure to realize the benefits projected for capital projects; competition; inability to successfully implement growth strategies; the supply of corn and other feedstocks; unusual or severe weather conditions and natural disasters; ability and willingness of parties with whom we have material relationships, including Green Plains Trade, to fulfill their obligations; labor and material shortages; changes in the availability of unsecured credit and changes affecting the credit markets in general; and other risk factors detailed in our reports filed with the SEC.

We believe our expectations regarding future events are based on reasonable assumptions; however, these assumptions may not be accurate or account for all risks and uncertainties. Consequently, forward-looking statements are not guaranteed. Actual results may vary materially from those expressed or implied in our forward-looking statements. In addition, we are not obligated and do not intend to update our forward-looking statements as a result of new information unless it is required by applicable securities laws. We caution investors not to place undue reliance on forward-looking statements, which represent management's views as of the date of this report or documents incorporated by reference.

Overview

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

Results of Operations

Our parent operated its facilities at approximately 90.1% of capacity, resulting in record ethanol storage and throughput of 321.1 mmg for the first quarter of 2017, compared with 247.5 mmg for the same quarter last year. The increase in production volumes and associated revenues were primarily attributable to production at the Hopewell, Virginia plant, which was acquired on October 23, 2015, and resumed ethanol production on February 8, 2016; and the Madison, Illinois; Mount Vernon, Indiana, and York, Nebraska plants, which were acquired on September 23, 2016.

Industry Trends and Factors Affecting our Results of Operations

During the first quarter of 2017, domestic ethanol production averaged 1.04 million barrels per day, up 6%, compared with an average of 0.98 million barrels per day during the same quarter last year, according to the EIA. U.S. domestic ethanol ending stocks were 23.7 million barrels on March 31, 2017, 3.0% higher than inventory at the end of the first quarter last year.

We expect ethanol production and consumption to be more in balance during the remaining quarters of 2017. Ethanol producers typically complete routine plant maintenance at their production facilities during the spring and fall, resulting in lower production volumes and inventory levels. Summer driving season in the U.S. is expected to increase gasoline demand and ethanol consumption over the next two quarters. The blend rate of ethanol into the U.S. gasoline supply remained at 9.9% during the first quarter of 2017, according to estimates by the EIA. Ethanol futures resumed trading at a discount to gasoline during the quarter, after trading at a premium for a portion of 2016, further improving the economics of using ethanol as an oxygenate and octane enhancer when blended with gasoline. The number of retail stations offering E15 has increased significantly since the beginning of the year. According to Growth Energy, 670 retail stations were selling E15 as of March 31, 2017, up from 431 stations at December 31, 2016.

CAFE was first enacted by Congress in 1975 to reduce energy consumption by increasing the fuel economy of cars and light trucks. CAFE has helped the ethanol industry by encouraging the use of E85 and recent legislature proposals have discussed reinstating the E85 CAFE credit. While scheduled to phase out in 2019, CAFE currently provides an efficiency bonus to flexible-fuel vehicles running on E85. According to IHS Markit, a leading provider of industry and market data and analytics, there are nearly 20 million flexible fuel vehicles on U.S. roads today. In addition, E85 is sold at more than 3,100 fuel stations in 46 states.

Global ethanol production increased 3.5% year over year to 26.6 billion gallons in 2016, up from 25.7 billion gallons in 2015, according to the Renewable Fuels Association. The United States and Brazil produced 58% and 27% of worldwide production, respectively, together accounting for approximately 80% of production growth year over year. Corn-based ethanol from the United States continues to be more competitive worldwide due to the price of corn relative to sugar cane as a feedstock. The cost to produce the equivalent amount of starch found in sugar, from $3.50-per-bushel corn, is 7 cents per pound. The average price of sugar was approximately 20 cents per pound during the first quarter of 2017, closing at 16.8 cents per pound on March 31, 2017. Brazil's national food supply agency, Companhia Nacional de Abastecimento, or CONAB, has projected a 4.9% reduction in Brazil's ethanol production year over year due to a smaller cane crop and attractive production economics for sugar.

Year-to-date domestic ethanol exports through February 28, 2017, were 259.8 mmg, up 68.6%, from 154.1 mmg for the comparable period in 2016. Brazil accounted for 42% of the domestic ethanol export volumes, while Canada, India, United Arab Emirates and the Philippines accounted for 20%, 14%, 8% and 5%, respectively. According to the EIA, net U.S. ethanol exports are forecasted to exceed one billion gallons in 2017.

Government actions, both domestic and abroad, can have a significant impact on the ethanol industry. On March 20, 2017, following a broad-based regulatory freeze imposed by the Trump administration, the EPA allowed the previously announced 2017 renewable volume obligations for conventional ethanol to go into effect, which was established at 15.0 billion gallons, up from 14.5 billion gallons in 2016. On March 2, 2017, the Consumer and Fuel Retailer Choice Act (H.R. 1311 and S. 517) was introduced in the Senate and the House of Representatives, proposing to lift restrictions on the sale of E15 between June 1 and September 15 by extending the Reid Vapor Pressure waiver, also known as the One-Pound Waiver, to gasoline blended with 15% ethanol. Also on March 2, 2017, the RFS Elimination Act (H.R. 1314) and RFS Reform Act (H.R. 1315) were introduced in the House of Representatives, proposing to repeal the renewable fuel program and cap the amount of ethanol allowed to be blended with conventional gasoline at 10% beginning in 2017. On April 25, 2017, an executive order was issued by the President forming a task force for the promotion of agriculture and rural prosperity, focused among other things, on furthering the nation's energy security by advancing traditional and renewable energy production in rural areas.

In Brazil, it is believed that certain ethanol industry participants are seeking the government's support to impose tariffs on imported ethanol. China's 30% tariff on U.S. and Brazil fuel ethanol, which took effect on January 1, 2017, reduced export volume to China year-to-date, however, export activity to other destinations overall has remained strong.

Adjusted EBITDA and Distributable Cash Flow

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

Distributable cash flow is defined as adjusted EBITDA less interest paid or payable, income taxes paid or payable and 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.

We believe the presentation of adjusted EBITDA and distributable cash flow provides useful information to investors in assessing our financial condition and results of operations. Adjusted EBITDA and distributable cash flow are supplemental financial measures that we use to assess our financial performance; 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 its 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 results.

The following table presents a reconciliation of net income to adjusted EBITDA and distributable cash flow for the three months ended March 31, 2017 and 2016 (unaudited, dollars in thousands):

	Three Months Ended March 31,	
	2017	**2016**
Net income	$ 14,977	$ 12,182
Interest expense	1,228	384
Income tax expense	47	173
Depreciation and amortization	1,254	1,217
Transaction costs	-	(4)
Unit-based compensation expense	59	(15)
Adjusted EBITDA	17,565	13,937
Less:		
Interest paid or payable	1,228	384
Income taxes paid or payable	47	172
Maintenance capital expenditures	106	34
Distributable cash flow	$ 16,184	$ 13,347
Distributions declared [(1)]	$ 14,278	$ 13,136
Coverage ratio	1.13x	1.02x

(1) Includes distributions declared for the periods indicated; the distributions declared for each quarter are paid during the following quarter.

Recent Developments

In November 2015, we announced plans to form a joint venture to build an ethanol unit train terminal in the Little Rock, Arkansas area capable of unloading 110-car unit trains in less than 24 hours. Effective February 13, 2017, we entered into an agreement with Delek Renewables, LLC to form NLR Energy Logistics LLC, as a 50/50 joint venture. Recently the joint venture signed a long-term lease with the Little Rock Port Authority to construct and operate the terminal within their 2,600 acre industrial park which is served by two Class I railroads and convenient access to major highways. We plan to build approximately 100,000 barrels of storage, along with other infrastructure assets at the site. The joint venture also executed five year terminal throughput agreements with affiliates of the partners which will provide minimum volume commitments to the terminal upon completion. The project is expected to be completed in the fourth quarter of 2017 or the first quarter of 2018 at a total cost of approximately $7.0 million, subject to issuance of various permits and execution of other necessary agreements.

On June 14, 2016, our parent and Jefferson Gulf Coast Energy Partners, a subsidiary of Fortress Transportation and Infrastructure Investors LLC, announced the formation of a 50/50 joint venture to construct and operate an intermodal export and import fuels terminal at Jefferson's existing Beaumont, Texas terminal. The joint venture, JGP Energy Partners, is expected to invest approximately $55 million in its Phase I development, which will initially focus on storage and throughput capabilities for multiple grades of ethanol. The terminal, which is expected to be operational during the third quarter of 2017, will have direct access to multiple transportation options, including Aframax vessels, inland and coastwise barges, trucks, and unit trains, with direct mainline service from the Union Pacific, BNSF and KCS railroads. Green Plains will offer its interest in the joint venture to the partnership once commercial development is complete, which is expected during the second half of 2017.

Comparability of our Financial Results

For the three months ended March 31, 2017 and 2016, the following discussion reflects the results of the partnership, including the results related to assets we acquired from our sponsor in a transfer of assets between entities under common control.

On January 1, 2016, we acquired the ethanol storage and leased railcar assets of the Hereford, Texas and Hopewell, Virginia ethanol production facilities from our sponsor in a transfer between entities under common control. The assets were recognized at historical cost and reflected retroactively along with related expenses for periods prior to the effective date of the acquisition, subsequent to the initial dates the assets were acquired by our sponsor, on October 23, 2015, and November 12, 2015, for Hopewell and Hereford, respectively.

On September 23, 2016, we acquired the ethanol storage assets located in Madison, Illinois; Mount Vernon, Indiana and York, Nebraska related to three ethanol plants, which occurred concurrently with the acquisition of these facilities by Green Plains from subsidiaries of Abengoa S.A. The transaction was accounted for as a transfer between entities under common control and the assets were recognized at the preliminary value recorded in Green Plains' purchase accounting. No retroactive adjustments were required.

In accordance with GAAP, when transferring assets between entities under common control, the entity receiving the net assets initially recognizes the carrying amounts of the assets and liabilities at the date of transfer and the prior period financial statements of the transferee are recast for all periods the transferred operations were part of the parent's consolidated financial statements.

Selected Financial Information and Operating Data

The following table reflects selected financial information (unaudited, in thousands):

	Three Months Ended March 31,		
	2017	**2016**	**% Var.**
Revenues			
Storage and throughput services	$ 16,054	$ 12,376	29.7 %
Terminal services	3,112	2,895	7.5
Railcar transportation services	7,530	7,774	(3.1)
Other	533	744	(28.4)
Total revenues	27,229	23,789	14.5
Operating expenses			
Operations and maintenance	8,531	8,645	(1.3)
Selling, general and administrative	1,212	1,209	0.2
Depreciation	1,254	1,217	3.0
Total operating expenses	10,997	11,071	(0.7)
Operating income	$ 16,232	$ 12,718	27.6 %

The following table reflects selected operating data (unaudited):

	Three Months Ended March 31,		
	2017	2016	% Var.
Product volumes (mmg)			
Storage and throughput services	321.1	247.5	29.7 %
Terminal services:			
Affiliate	48.9	28.7	70.4
Non-affiliate	25.5	44.2	(42.3)
	74.4	72.9	2.1
Railcar capacity billed (daily avg.)	89.2	72.9	22.4

Three Months Ended March 31, 2017, Compared with the Three Months Ended March 31, 2016

Consolidated revenues increased $3.4 million for the three months ended March 31, 2017, compared with the same period for 2016. Revenues generated from our storage and throughput agreement with Green Plains Trade increased $3.7 million due to higher throughput volumes as a result of the acquired ethanol storage assets and higher production capacity utilization by Green Plains. Revenues generated from our rail transportation services agreement with Green Plains Trade decreased $0.2 million as a result of a reduction in the average rate charged for the railcar volumetric capacity provided.

Operations and maintenance expenses decreased $0.1 million for the three months ended March 31, 2017, compared with the same period for 2016 primarily due to lower railcar lease expense, partially offset by higher wages, repairs and maintenance expenses.

Selling, general and administrative expenses for the three months ended March 31, 2017 were comparable with the same period for 2016.

Distributable cash flow increased $2.8 million for the three months ended March 31, 2017, compared with the same period for 2016 primarily due to increased net income as a result of higher throughput volumes associated with acquired ethanol storage assets and higher production capacity utilization by Green Plains.

Liquidity and Capital Resources

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

On January 1, 2016, we purchased the ethanol storage and leased railcar assets related to the Hereford and Hopewell production facilities from our sponsor by drawing $48.0 million on our revolving credit facility and using $14.3 million of cash on hand.

On August 25, 2016, the partnership filed a universal shelf registration statement with the SEC, registering an indeterminate number of equity and debt securities with a total offering price not to exceed $500,000,250 that was declared effective September 2, 2016. The partnership also registered 13,513,500 common units, consisting of 4,389,642 common units and 9,123,858 common units that may be issued upon conversion of subordinated units, in each case, currently held by Green Plains.

On September 16, 2016, Green Plains Operating Company increased its revolving credit facility agreement from $100.0 million to $155.0 million, which it used to fund the $90.0 million purchase of ethanol storage assets associated with the Madison, Illinois; Mount Vernon, Indiana and York, Nebraska production facilities on September 23, 2016.

At March 31, 2017, we had $0.9 million of cash and cash equivalents and $28.5 million available under our revolving credit facility.

Net cash provided by operating activities was $16.7 million for the three months ended March 31, 2017, compared with net cash provided by operating activities of $13.7 million for the three months ended March 31, 2016. Cash flows from operating activities were driven primarily by increased operating profits. Net cash used by investing activities was $0 for the three months ended March 31, 2017, compared to net cash used by investing activities of $62.4 million for the three months ended March 31, 2016, primarily due to the acquisitions of ethanol storage and leased railcar assets on January 1, 2016. Net cash used by financing activities was $16.5 million for the three months ended March 31, 2017, primarily due to quarterly cash distributions of $14.0 million, compared with net cash provided by financing activities of $37.9 million for the three months ended March 31, 2016, primarily due to additional net borrowings on the revolving credit facility, partially offset by the quarterly cash distributions.

We also incurred capital expenditures of $0.2 million for the three months ended March 31, 2017, $0.1 million of which related to maintenance capital expenditures.

Revolving Credit Facility

Green Plains Operating Company has a $155.0 million secured revolving credit facility to fund working capital, acquisitions, distributions, capital expenditures and other general partnership purposes. The facility can be increased by up to $100.0 million without the consent of the lenders. The facility matures in July of 2020. At March 31, 2017, the outstanding principal balance was $126.5 million on the facility and our interest rate was 3.49%. For more information related to our debt, see *Note 3 – Debt* to the consolidated financial statements in this report.

Distributions to Unitholders

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

On February 14, 2017, the partnership distributed $14.0 million to unitholders of record as of February 3, 2017, related to the quarterly cash distribution of $0.43 per unit that was declared on January 23, 2017, for the quarter ended December 31, 2016.

On April 20, 2017, the board of directors of the general partner declared a quarterly cash distribution of $0.44 per unit, or approximately $14.3 million in total, for the quarter ended March 31, 2017. The distribution will be paid on May 15, 2017, to unitholders of record as of May 5, 2017.

Contractual Obligations

Our contractual obligations as of March 31, 2017, 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)]	$ 134,600	$ -	$ -	$ 127,668	$ 6,932
Interest and fees on debt obligations [(2)]	15,605	4,632	9,263	1,314	396
Operating leases [(3)]	61,250	22,656	24,985	11,660	1,949
Service agreements [(4)]	3,746	1,291	2,142	313	-
Other [(5)]	4,935	851	907	846	2,331
Total contractual obligations	$ 220,136	$ 29,430	$ 37,297	$ 141,801	$ 11,608

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

Critical Accounting Policies and Estimates

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

Off-Balance Sheet Arrangements

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

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

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

Interest Rate Risk

We are exposed to interest rate risk through our revolving credit facility, which bears interest at variable rates. At March 31, 2017, we had $126.5 million outstanding under our revolving credit facility. A 10% change in interest rates would affect our interest expense by approximately $441 thousand per year, assuming no changes in the amount outstanding or other variables under our revolving credit facility.

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

Commodity Price Risk

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

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.

Under the supervision and participation of our chief executive officer and chief financial officer, management carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures as of March 31, 2017, 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

There were no changes in our internal control over financial reporting that occurred during the period covered by this report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Emerging Growth Company Status

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

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

PART II – OTHER INFORMATION

Item 1. Legal Proceedings.

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

Item 1A. Risk Factors.

Investors should carefully consider the discussion of risks and the other information in our annual report on Form 10-K for the year ended December 31, 2016, including the risk factors discussion in Part I, Item 1A, “Risk Factors,” and the discussion of risks and other information in this report, including “Cautionary Information Regarding Forward-Looking Statements,” which is included in Part I, Item 2, “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” 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 to risk factors previously disclosed should be considered in conjunction with the other information included in, or incorporated by reference in, this quarterly report on Form 10-Q.

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

Under the provisions of the EISA, congress established a mandate setting the minimum volume of renewable fuels that must be blended with gasoline under the RFS II, which affects the domestic market for ethanol. The EPA has the authority to waive the requirements, in whole or in part, if there is inadequate domestic renewable fuel supply or the requirement severely harms the economy or the environment. After 2022, volumes shall be determined by the EPA in coordination with the Secretaries of Energy and Agriculture.

In January 2017, the Trump administration imposed a government-wide freeze on new and pending regulations, which included the 2017 renewable volume obligations that was originally intended to go into effect on February 10, 2017, which were subsequently approved on March 20, 2017. Our operations could be adversely impacted by legislation or EPA actions that reduce the RFS II mandate. Similarly, should federal mandates regarding oxygenated gasoline be repealed, the market for domestic ethanol could be adversely impacted.

Future demand will be influenced by economic incentives to blend based on the relative value of gasoline versus ethanol, taking into consideration the octane value of ethanol, environmental requirements and the RFS II mandate. A significant increase in supply beyond the RFS II mandate could have an adverse impact on ethanol prices. Moreover, changes to RFS II which could significantly affect the market price of RINs could in turn negatively impact the price of ethanol or cause imported sugarcane ethanol to become more economical than domestic ethanol.

Flexible-fuel vehicles, which are designed to run on a mixture of fuels such as E85, receive preferential treatment to meet corporate average fuel economy standards. Absent CAFE preferences, auto manufacturers may not be willing to build flexible-fuel vehicles, reducing the growth of E85 markets and resulting in lower ethanol prices.

While we currently believe the new presidential administration will support the environmental laws that are currently in place, to the extent federal or state laws or regulations are modified, the demand for ethanol may be reduced, which could negatively and materially affect our ability to operate profitably.

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 Annual Report on Form 10-Q for the quarterly period ended March 31, 2017, formatted in Extensible Business Reporting Language (XBRL): (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Operations, (iii) Consolidated Statements of Comprehensive Income, (iv) Consolidated Statements of Cash Flows, and (v) the Notes to Consolidated Financial Statements

SIGNATURES

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

GREEN PLAINS PARTNERS LP
(Registrant)

By: Green Plains Holdings LLC,
its general partner

Date: May 4, 2017	By: */s/ Todd A. Becker* Todd A. Becker President and Chief Executive Officer (Principal Executive Officer)
Date: May 4, 2017	By: */s/ Jerry L. Peters* Jerry L. Peters Chief Financial Officer (Principal Financial Officer)

Exhibit 31.1

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

I, Todd A. Becker, certify that:

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

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

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

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

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

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

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

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

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

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

Date: May 4, 2017

/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, Jerry L. Peters, certify that:

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

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

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

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

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

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

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

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

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

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

Date: May 4, 2017

/s/ Jerry L. Peters
Jerry L. Peters
Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

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

In connection with the Quarterly Report of Green Plains Partners LP, or "the partnership", on Form 10-Q for the fiscal quarter ended March 31, 2017, as filed with the Securities and Exchange Commission on the date hereof, or "the report", I, Todd A. Becker, President and Chief Executive Officer of the partnership, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

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

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

Date: May 4, 2017

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

Exhibit 32.2

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

In connection with the Quarterly Report of Green Plains LP, or “the partnership”, on Form 10-Q for the fiscal quarter ended March 31, 2017, as filed with the Securities and Exchange Commission on the date hereof, or “the report”, I, Jerry L. Peters, Chief Financial Officer of the partnership, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

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

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

Date: May 4, 2017

/s/ Jerry L. Peters
Jerry L. Peters
Chief Financial Officer