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, 2020

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 x

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. x

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 23,208,171 common units outstanding as of July 30, 2020.

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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:

2019 annual report	The partnership's annual report on Form 10-K for the year ended December 31, 2019, filed February 20, 2020
ARO	Asset retirement obligation
ASC	Accounting Standards Codification
Bgy	Billion gallons per year
CAFE	Corporate Average Fuel Economy
CAMEX	Brazil Chamber of Foreign Trade
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
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
GAAP	U.S. Generally Accepted Accounting Principles
GATT	General Agreement on Tariffs and Trade
LIBOR	London Interbank Offered Rate
LTIP	Green Plains Partners LP 2015 Long-Term Incentive Plan
Mmg	Million gallons
MTBE	Methyl tertiary-butyl ether
MVCs	Minimum volume commitments
Partnership agreement	First Amended and Restated Agreement of Limited Partnership of Green Plains Partners LP, dated as of July 1, 2015, between Green Plains Holdings LLC and Green Plains Inc.
PCAOB	Public Company Accounting Oversight Board
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
WTO	World Trade Organization

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements.

GREEN PLAINS PARTNERS LP

CONSOLIDATED BALANCE SHEETS

(in thousands, except unit amounts)

	June 30, 2020 (unaudited)	December 31, 2019
ASSETS		
Current assets		
Cash and cash equivalents	$ 3,037	$ 261
Accounts receivable	598	985
Accounts receivable from affiliates	16,262	15,666
Prepaid expenses and other	1,286	517
Total current assets	21,183	17,429
Property and equipment, net of accumulated depreciation and amortization of $33,903 and $31,976, respectively	35,953	37,355
Operating lease right-of-use assets	33,897	35,456
Goodwill	10,598	10,598
Investment in equity method investee	3,662	4,329
Other assets	18	486
Total assets	$ 105,311	$ 105,653
LIABILITIES AND PARTNERS' DEFICIT		
Current liabilities		
Accounts payable	$ 5,279	$ 5,050
Accounts payable to affiliates	411	543
Accrued and other liabilities	3,174	4,461
Asset retirement obligations	1,000	565
Operating lease current liabilities	11,865	13,093
Current maturities of long-term debt	36,334	132,100
Total current liabilities	58,063	155,812
Long-term debt	90,576	-
Asset retirement obligations	2,610	2,500
Operating lease long-term liabilities	23,214	23,088
Total liabilities	174,463	181,400
Commitments and contingencies (Note 10)		
Partners' deficit		
Common unitholders - public (11,574,003 units issued and outstanding)	117,342	114,006
Common unitholders - Green Plains (11,586,548 units issued and outstanding)	(185,121)	(188,304)
General partner interests	(1,373)	(1,449)
Total partners' deficit	(69,152)	(75,747)
Total liabilities and partners' deficit	$ 105,311	$ 105,653

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,	
	2020	**2019**	**2020**	**2019**
Revenues				
Affiliate	$ 18,997	$ 19,133	$ 37,980	$ 37,915
Non-affiliate	1,384	1,692	2,672	3,997
Total revenues	20,381	20,825	40,652	41,912
Operating expenses				
Operations and maintenance (excluding depreciation and amortization reflected below)	6,603	6,233	12,763	13,098
General and administrative	878	988	1,922	2,105
Depreciation and amortization	966	771	1,927	1,756
Total operating expenses	8,447	7,992	16,612	16,959
Operating income	11,934	12,833	24,040	24,953
Other income (expense)				
Interest income	-	20	-	40
Interest expense	(1,820)	(2,166)	(3,684)	(4,221)
Other	-	(73)	-	(73)
Total other expense	(1,820)	(2,219)	(3,684)	(4,254)
Income before income taxes and income from equity method investee	10,114	10,614	20,356	20,699
Income tax expense	(105)	(47)	(136)	(99)
Income from equity method investee	175	142	333	357
Net income	$ 10,184	$ 10,709	$ 20,553	$ 20,957
Net income attributable to partners' ownership interests:				
General partner	$ 204	$ 213	$ 411	$ 418
Limited partners - common unitholders	9,980	10,496	20,142	20,539
Earnings per limited partner unit (basic and diluted):				
Common units	$ 0.43	$ 0.45	$ 0.87	$ 0.89
Weighted average limited partner units outstanding (basic and diluted):				
Common units	23,138	23,120	23,138	23,119

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,	
	2020	**2019**
Cash flows from operating activities:		
Net income	$ 20,553	$ 20,957
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	1,927	1,756
Accretion	127	2
Amortization of debt issuance costs	562	406
Loss on the disposal of assets	-	73
Unit-based compensation	158	158
Income from equity method investee	(333)	(357)
Distribution from equity method investee	1,000	-
Other	75	(17)
Changes in operating assets and liabilities:		
Accounts receivable	387	400
Accounts receivable from affiliates	(596)	(6,121)
Prepaid expenses and other assets	(769)	(179)
Accounts payable and accrued liabilities	(1,182)	7,314
Accounts payable to affiliates	(132)	(246)
Operating lease liabilities and right-of-use assets	457	(213)
Other	10	23
Net cash provided by operating activities	22,244	23,956
Cash flows from investing activities:		
Purchases of property and equipment, net	(54)	82
Net cash provided by (used in) investing activities	(54)	82
Cash flows from financing activities:		
Payments of distributions	(14,116)	(22,538)
Proceeds from credit facility	39,800	41,700
Payments on credit facility	(41,900)	(43,500)
Payments of loan fees	(3,198)	-
Net cash used in financing activities	(19,414)	(24,338)
Net change in cash and cash equivalents	2,776	(300)
Cash and cash equivalents, beginning of period	261	569
Cash and cash equivalents, end of period	$ 3,037	$ 269
Supplemental disclosures of cash flow		
Cash paid for income taxes	$ 91	$ 193
Cash paid for interest	$ 2,429	$ 3,762
Capital expenditures in accounts payable	$ -	$ 20
Property and equipment sale in accounts receivable	$ -	$ 30

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 2019 annual report on Form 10-K for the year ended December 31, 2019, as filed with the SEC on February 20, 2020.

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, depreciation of property and equipment, asset retirement obligations, operating leases, 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 1.1 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. 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.

The partnership generates a substantial portion of its revenues under fee-based commercial agreements with Green Plains Trade. Please refer to *Note 2 - Revenue* to the consolidated financial statements for further details.

Operations and Maintenance Expenses

The partnership's operations and maintenance expenses consist primarily of lease expenses related to the transportation assets, labor expenses, outside contractor expenses, insurance premiums, repairs and maintenance expenses, and utility costs. These expenses also include fees for certain management, maintenance and operational services to support the 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 11 – Related Party Transactions* to the consolidated financial statements for additional information.

Segment Reporting

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

Asset Retirement Obligations

The partnership records an ARO for the fair value of the estimated costs to retire a tangible long-lived asset in the period incurred if it can be reasonably estimated, which is subsequently adjusted for accretion expense. Corresponding asset retirement costs are capitalized as a long-lived asset and depreciated on a straight-line basis over the asset's remaining useful life. The expected present value technique used to calculate the fair value of the AROs includes assumptions about costs, settlement dates, interest accretion, and inflation. Changes in assumptions, such as the amount or timing of estimated cash flows, could increase or decrease the AROs. The partnership's AROs are based on legal obligations to perform remedial activity related to land, machinery and equipment when certain operating leases expire. Please refer to *Note 5 – Asset Retirement Obligations* to the consolidated financial statements for additional information.

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*, 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 for the three and six months ended June 30, 2020 and 2019 (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	**2019**	**2020**	**2019**
Revenues				
Service revenues				
Terminal services	$ 2,015	$ 2,329	$ 4,100	$ 4,895
Trucking and other	1,090	1,122	2,258	2,017
Total service revenues	3,105	3,451	6,358	6,912
Leasing revenues (1)				
Storage and throughput services	11,785	11,785	23,570	23,570
Railcar transportation services	5,374	5,505	10,498	11,124
Terminal services	117	84	226	306
Total leasing revenues	17,276	17,374	34,294	35,000
Total revenues	$ 20,381	$ 20,825	$ 40,652	$ 41,912

(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, 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 $19.0 million and $38.0 million for the three and six months ended June 30, 2020, respectively, and $19.1 million and $37.9 million for the three and six months ended June 30, 2019, 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, 2020 (in thousands):

	Amount
Balance at January 1, 2020	$ 230
Revenue recognized included in beginning balance	(230)
Net additions	225
Balance at March 31, 2020	225
Revenue recognized included in beginning balance	(225)
Net additions	251
Balance at June 30, 2020	$ 251

The partnership expects to recognize all of the unearned revenue associated with service agreements from contracts with customers as of June 30, 2020, in the subsequent quarter when the product is withdrawn from tank storage.

3. GOODWILL

The partnership currently has one reporting unit, BlendStar, to which goodwill is assigned. During the three months ended June 30, 2020, a decline in the partnership's stock price resulted in a decrease in the partnership's market capitalization. As such, the partnership determined a triggering event had occurred that required an interim impairment assessment for its Blendstar reporting unit as of June 30, 2020. Significant assumptions inherent in the valuation methodologies for goodwill impairment testing were employed and include, but are not limited to, market capitalization, prospective financial information, growth rates, discount rates, inflationary factors, and cost of capital. Based on the partnership's quantitative evaluation, it was determined that the fair value of the Blendstar reporting unit exceeded its carrying value, and the partnership concluded that the goodwill assigned to the Blendstar reporting unit was not impaired, but could be at risk of future impairment.

4. DEBT

Credit Facility

Green Plains Operating Company has a $135.0 million credit facility to fund working capital, capital expenditures and other general partnership purposes. The credit facility was amended on June 4, 2020, decreasing the total amount available from $200.0 million to $135.0 million. The amended credit facility includes a $130.0 million term loan and a $5.0 million revolving credit facility, and matures on December 31, 2021. The term loan requires a principal payment of $7.5 million on July 15, 2020 and $2.5 million in monthly principal payments beginning August 15, 2020, with a step up to monthly payments of $3.2 million beginning May 15, 2021. In addition, 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 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. The unused portion of the revolver is also subject to a commitment fee of 0.50%. As of June 30, 2020, the term loan had a balance of $130 million and an interest rate of 6.25% and the revolver was unused.

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. As of June 30, 2020, there were no outstanding swing line loans.

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, as of the end of any fiscal quarter, of no more than 3.00x that decreases 0.25x each quarter to 1.50x by December 31, 2021, and a minimum consolidated debt service coverage ratio of 1.10x, 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 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 $130.0 million and $132.1 million of borrowings outstanding under the credit facility as of June 30, 2020, and December 31, 2019, respectively. In addition, the partnership has $3.1 million of debt issuance costs recorded as a direct reduction of the carrying value of the partnership's long-term debt as of June 30, 2020. The partnership believes the carrying amount of its debt approximated fair value at both June 30, 2020 and December 31, 2019.

Covenant Compliance

The partnership, including all of its subsidiaries, was in compliance with its debt covenants as of June 30, 2020.

5. ASSET RETIREMENT OBLIGATIONS

Under various lease agreements, the partnership has AROs when certain machinery and equipment are disposed or operating leases expire. During the six months ended June 30, 2020, the partnership reassessed the estimated cost of AROs related to its railcar operating leases. The reassessment resulted in a change in estimated costs that has been reflected as an increase of $0.3 million to the ARO liabilities and corresponding assets on the consolidated balance sheet as of June 30, 2020.

The following table summarizes the change in the liability for the AROs during the three and six months ended June 30, 2020 (in thousands):

	Amount
Balance at January 1, 2020	$ 3,065
Additional asset retirement obligations incurred	67
Liabilities settled	(44)
Accretion expense	62
Change in estimate	323
Balance at March 31, 2020	3,473
Additional asset retirement obligations incurred	81
Liabilities settled	(9)
Accretion expense	65
Balance at June 30, 2020	$ 3,610

6. 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, 2020, is as follows:

	Non-Vested Units	Weighted-Average Grant-Date Fair Value	Weighted-Average Remaining Vesting Term (in years)
Non-vested at December 31, 2019	22,856	$ 14.00	
Vested	(22,856)	14.00	
Non-vested at June 30, 2020	-	$ -	0.0

Compensation costs related to the unit-based awards of $79 thousand and $158 thousand were recognized during both the three and six months ended June 30, 2020 and 2019, respectively. As of June 30, 2020, there were no unrecognized compensation costs from unit-based compensation awards.

7. 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, 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)

	Limited Partners			
	Common Units-Public	Common Units-Green Plains	General Partner	Total
Balance, December 31, 2018	$ 115,352	$ (186,635)	$ (1,171)	$ (72,454)
Quarterly cash distributions to unitholders ($0.475 per unit)	(5,487)	(5,504)	(278)	(11,269)
Net income	5,014	5,029	205	10,248
Unit-based compensation, including general partner net contributions	79	-	-	79
Balance, March 31, 2019	114,958	(187,110)	(1,244)	(73,396)
Quarterly cash distributions to unitholders ($0.475 per unit)	(5,487)	(5,504)	(278)	(11,269)
Net income	5,240	5,256	213	10,709
Unit-based compensation, including general partner net contributions	79	-	-	79
Balance, June 30, 2019	$ 114,790	$ (187,358)	$ (1,309)	$ (73,877)

There was no change in the number of common limited partner units outstanding during the six months ended June 30, 2020.

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.

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 7, 2020, the partnership distributed $11.3 million to unitholders of record as of January 31, 2020, related to the quarterly cash distribution of $0.475 per unit that was declared on January 16, 2020, for the quarter ended December 31, 2019.

On May 8, 2020, the partnership distributed $2.8 million to unitholders of record as of May 1, 2020, related to the quarterly cash distribution of $0.12 per unit that was declared on April 16, 2020, for the quarter ended March 31, 2020.

On July 16, 2020, 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, 2020. The distribution is payable on August 7, 2020, to unitholders of record at the close of business on July 31, 2020.

The total cash distributions declared for the three and six months ended June 30, 2020 and 2019, are as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
General partner distributions	$ 57	$ 226	$ 114	$ 451
Incentive distributions	-	53	-	106
Total distributions to general partner	57	279	114	557
Limited partner common units - public	1,388	5,497	2,777	10,984
Limited partner common units - Green Plains	1,391	5,504	2,781	11,008
Total distributions to limited partners	2,779	11,001	5,558	21,992
Total distributions declared	$ 2,836	$ 11,280	$ 5,672	$ 22,549

8. 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, 2020. 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, 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		

	Three Months Ended June 30, 2019		
	Limited Partner Common Units	General Partner	Total
Net income:			
Distributions declared	$ 11,001	$ 279	$ 11,280
Earnings less than distributions	(505)	(66)	(571)
Total net income	$ 10,496	$ 213	$ 10,709
Weighted-average units outstanding - basic and diluted	23,120		
Earnings per limited partner unit - basic and diluted	$ 0.45		

	Six Months Ended June 30, 2019		
	Limited Partner Common Units	General Partner	Total
Net income:			
Distributions declared	$ 21,992	$ 557	$ 22,549
Earnings less than distributions	(1,453)	(139)	(1,592)
Total net income	$ 20,539	$ 418	$ 20,957
Weighted-average units outstanding - basic and diluted	23,119		
Earnings per limited partner unit - basic and diluted	$ 0.89		

9. INCOME TAXES

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

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

10. 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 11.3 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 are typically subject to significant market dynamics which impact the underlying terms of the agreements.

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, 2020 and 2019, are as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Lease expense				
Operating lease expense	$ 3,981	$ 4,076	$ 7,693	$ 8,285
Variable lease expense (benefit) (1)	125	(271)	(25)	(149)
Total lease expense	$ 4,106	$ 3,805	$ 7,668	$ 8,136

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

Supplemental cash flow information related to operating leases for the three and six months ended June 30, 2020 and 2019, are as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Cash paid for amounts included in the measurement of lease liabilities:				
Operating cash flows from operating leases	$ 3,748	$ 4,395	$ 7,361	$ 8,486
Right-of-use assets obtained in exchange for lease obligations:				
Operating leases	-	6,207	5,194	6,207

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

	June 30, 2020	December 31, 2019
Weighted average remaining lease term	4.3 years	4.2 years
Weighted average discount rate	5.19%	5.19%

Aggregate minimum lease payments under the operating lease agreements for the remainder of 2020 and in future years are as follows (in thousands):

Year Ending December 31,	Amount
2020	$ 7,730
2021	9,997
2022	8,456
2023	5,278
2024	3,453
Thereafter	4,181
Total	$ 39,095
Less: Present value discount	(4,016)
Operating lease liabilities	$ 35,079

The partnership has additional railcar operating leases that will commence in the second half of 2020 and the first half of 2021 to replace expiring leases, with estimated future minimum lease commitments of approximately $26.6 million and lease terms of five years. The amounts are not included in the tables above.

Lease Revenue

The components of lease revenue are as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Lease revenue				
Operating lease revenue	$ 17,177	$ 17,436	$ 34,131	$ 34,770
Variable lease revenue (1)	40	(266)	27	(198)
Sublease revenue	59	204	136	428
Total lease revenue	$ 17,276	$ 17,374	$ 34,294	$ 35,000

(1) Represents amounts delivered by Green Plains Trade and other customers in excess of various minimum volume commitments, as well as 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 235.7 mmg per calendar quarter to the partnership's storage facilities and pay $0.05 per gallon on all volume it throughputs associated with the agreement through June 30, 2020, and $0.05312 per gallon beginning July 1, 2020. The remaining lease term for this agreement is 8.0 years, with automatic one year renewal periods, for 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 2020 and in future years is as follows (in thousands):

Year Ending December 31,	Amount
2020	$ 25,041
2021	50,082
2022	50,082
2023	50,082
2024	50,082
Thereafter	175,283
Total	$ 400,652

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 5.0 years, with automatic one year renewal periods, for 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 2020 and in future years is as follows (in thousands):

Year Ending December 31,	Amount
2020	$ 10,849
2021	14,757
2022	12,549
2023	6,807
2024	4,250
Thereafter	1,081
Total	$ 50,293

The partnership provides terminal services and logistics solutions to certain customers under various terminal service agreements, some of which have minimum volume commitments. 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. The partnership currently has one such agreement, with a remaining lease term of 5.2 years, which includes renewal options reasonably certain to be exercised. Minimum operating lease revenue for this terminal for the remainder of 2020 and in future years is as follows (in thousands):

Year Ending December 31,		Amount
2020	$	37
2021		74
2022		74
2023		74
2024		74
Thereafter		49
Total	$	382

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, 2020 and 2019. Aggregate minimum payments under these agreements for the remainder of 2020 and in future years are as follows (in thousands):

Year Ending December 31,		Amount
2020	$	334
2021		142
2022		156
2023		-
2024		-
Thereafter		-
Total	$	632

Legal

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

11. 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 $0.9 million and $1.7 million for the three and six months ended June 30, 2020, respectively, and $0.9 million and $1.8 million for the three and six months ended June 30, 2019, respectively. In addition, the partnership reimburses Green Plains for wages and benefit costs of employees directly performing services on its behalf. Green Plains may also pay certain direct costs on behalf of the partnership, which are reimbursed by the partnership. The partnership believes the consolidated financial statements reflect all material costs of doing business related to its operations, including expenses incurred by other entities on its behalf.

Omnibus Agreement

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

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

Operating Services and Secondment Agreement

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

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

Commercial Agreements

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

- Storage and throughput agreement, expiring on June 30, 2028;
- Rail transportation services agreement, expiring on June 30, 2025;
- Trucking transportation agreement, expiring on May 31, 2021;
- 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 2019 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 235.7 mmg of product per calendar quarter to the partnership's storage facilities and pay $0.05 per gallon on all volume it throughputs through June 30, 2020, and $0.05312 per gallon beginning July 1, 2020. 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, 2020, the partnership charged Green Plains Trade $4.3 million related to the minimum volume commitment deficiency for the quarter, resulting in a credit to be applied against excess volumes in future periods. This credit will expire on June 30, 2021 if unused by Green Plains Trade. The deficiency charge was recognized in revenue by the partnership for the three months ended June 30, 2020, and as such, future volumes throughput by Green Plains Trade in excess of the minimum volume commitment, up to the amount of $4.3 million, 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. During the three and six months ended June 30, 2020, 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, 2019, the average daily railcar volumetric capacity provided by the partnership was 81.1 mmg and 82.3 mmg, respectively, and the associated monthly fee was approximately $0.0218 and $0.0217 per gallon, respectively. The partnership's leased railcar fleet consisted of approximately 2,750 and 2,690 railcars as of June 30, 2020 and 2019, 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 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 $17.1 million and $33.9 million for the three and six months ended June 30, 2020 and $17.1 million and $34.3 million for the three and six months ended June 30, 2019, respectively. The partnership recorded revenues from Green Plains Trade and other Green Plains subsidiaries related to trucking and terminal services of $1.9 million and $4.1 million for the three and six months ended June 30, 2020 and $2.0 million and $3.6 million for the three and six months ended June 30, 2019, respectively.

Cash Distributions

The partnership distributed $1.4 million and $7.2 million to Green Plains related to the quarterly cash distribution paid for the three and six months ended June 30, 2020, respectively, and $5.8 million and $11.6 million for the three and six months ended June 30, 2019, respectively.

Equity Method Investment

The partnership received a distribution from NLR in the amount of $1.0 million during the three months ended June 30, 2020. In addition, the partnership had an outstanding receivable of $23 thousand due from NLR for various reimbursable expenses as of June 30, 2020 and December 31, 2019.

12. 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, 2020, the partnership's investment balance in the joint venture was $3.7 million.

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.

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 2019 annual report. The results of operations for the three and six months ended June 30, 2020, 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 2019 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 coronavirus (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

Impact of COVID-19 and Decline in Oil Demand

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. Although we did not incur significant disruptions during the three and six months ended June 30, 2020 from COVID-19, 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.

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.

While we have instituted work from home arrangements for certain staff members, there has been no adverse effect 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.

For further information regarding the impact of COVID-19 and the decline in oil demand on the partnership, please see Part II, Item 1A, "Risk Factors," in this report, which is incorporated herein by reference.

Results of Operations

During the second quarter of 2020, our parent's average utilization rate decreased to approximately 53.5% of capacity, primarily due to lower margins driven by a significant reduction in motor fuel demand as a result of the COVID-19 pandemic. Ethanol throughput was 150.1 mmg, compared with the contracted minimum volume commitment of 235.7 mmg per quarter. As a result, the partnership charged Green Plains Trade $4.3 million related to the minimum volume commitment deficiency for the quarter, resulting in a credit to be applied against excess volumes in future periods. This credit will expire on June 30, 2021 if unused by Green Plains Trade. The deficiency charge was recognized in revenue by the partnership for the three months ended June 30, 2020, and as such, future volumes throughput by Green Plains Trade in excess of the quarterly minimum volume commitment, up to the amount of $4.3 million, 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, given the significant drop in driving and gasoline demand experienced in the second quarter due to the weak ethanol margin environment and lingering effects of the COVID-19 pandemic, our parent may exercise operational discretion that results in reductions in production across the platform, in order to maximize cash liquidity. As such, it is possible that production could be below minimum volume commitments in the future, depending on various factors that drive each bio-refineries variable contribution margin, including future driving and gasoline demand for the industry.

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, 2020 and 2019 (unaudited, dollars in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Reconciliations to Non-GAAP Financial Measures:				
Net income	$ 10,184	$ 10,709	$ 20,553	$ 20,957
Interest expense	1,820	2,166	3,684	4,221
Income tax expense	105	47	136	99
Depreciation and amortization	966	771	1,927	1,756
Unit-based compensation expense	79	79	158	158
Loss on the disposal of assets	-	73	-	73
Proportional share of EBITDA adjustments of equity method investee (1)	44	43	94	109
Adjusted EBITDA	13,198	13,888	26,552	27,373
Interest paid or payable	(1,820)	(2,166)	(3,684)	(4,221)
Income taxes paid or payable	(30)	(43)	(61)	(96)
Maintenance capital expenditures	(32)	-	(54)	-
Distributable cash flow	$ 11,316	$ 11,679	$ 22,753	$ 23,056
Distributions declared (2)	$ 2,836	$ 11,280	$ 5,672	$ 22,549
Coverage ratio	3.99x	1.04x	4.01x	1.02x

(1) Represents our proportional share of depreciation and amortization of our equity method investee.
(2) 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, 2020 and 2019.

Selected financial information for the three and six months ended June 30, 2020 and 2019, is as follows (unaudited, in thousands):

	Three Months Ended June 30,			Six Months Ended June 30,		
	2020	2019	% Var.	2020	2019	% Var.
Revenues						
Storage and throughput services	$ 11,785	$ 11,785	- %	$ 23,570	$ 23,570	- %
Railcar transportation services	5,374	5,505	(2.4)	10,498	11,124	(5.6)
Terminal services	2,132	2,413	(11.6)	4,326	5,201	(16.8)
Trucking and other	1,090	1,122	(2.9)	2,258	2,017	11.9
Total revenues	20,381	20,825	(2.1)	40,652	41,912	(3.0)
Operating expenses						
Operations and maintenance (excluding depreciation and amortization reflected below)	6,603	6,233	5.9	12,763	13,098	(2.6)
General and administrative	878	988	(11.1)	1,922	2,105	(8.7)
Depreciation and amortization	966	771	25.3	1,927	1,756	9.7
Total operating expenses	8,447	7,992	5.7	16,612	16,959	(2.0)
Operating income	$ 11,934	$ 12,833	(7.0)%	$ 24,040	$ 24,953	(3.7)%

Selected operating data for the three and six months ended June 30, 2020 and 2019, is as follows (unaudited):

	Three Months Ended June 30,			Six Months Ended June 30,		
	2020	2019	% Var.	2020	2019	% Var.
Product volumes (mmg)						
Storage and throughput services	150.1	225.1	(33.3)%	391.7	380.8	2.9 %
Terminal services:						
Affiliate	22.3	29.8	(25.2)	54.8	54.6	0.4
Non-affiliate	24.1	27.2	(11.4)	50.6	52.8	(4.2)
	46.4	57.0	(18.6)	105.4	107.4	(1.9)
Railcar capacity billed (daily avg.)	80.9	81.1	(0.2)	79.8	82.3	(3.0)

Three Months Ended June 30, 2020, Compared with the Three Months Ended June 30, 2019

Consolidated revenues decreased $0.4 million for the three months ended June 30, 2020, compared with the same period for 2019. Terminal services revenue decreased $0.3 million primarily as result of a decrease in fees associated with minimum volume commitments. Revenues generated from railcar transportation services decreased $0.1 million primarily due to lower sublease revenue.

Operations and maintenance expenses increased $0.4 million for the three months ended June 30, 2020, compared with the same period for 2019, primarily due to an increase in railcar lease expense, as well as accretion expense associated with asset retirement obligations.

General and administrative expenses decreased $0.1 million for the three months ended June 30, 2020, compared with the same period for 2019, primarily due to a reduction in accounting fees.

Distributable cash flow for the three months ended June 30, 2020 decreased $0.4 million compared with the same period for 2019, primarily due to a decrease in income from operations.

Six Months Ended June 30, 2020, Compared with the Six Months Ended June 30, 2019

Consolidated revenues decreased $1.3 million for the six months ended June 30, 2020, compared with the same period for 2019. Terminal services revenue decreased $0.9 million primarily as result of a decrease in fees associated with minimum volume commitments. Revenues generated from railcar transportation services decreased $0.6 million due to a reduction in average volumetric capacity provided, as well as lower sublease revenue. These decreases were partially offset by an increase of $0.2 million in trucking and other revenue associated with an increase in volumes transported for Green Plains Trade.

Operations and maintenance expenses decreased $0.3 million for the six months ended June 30, 2020, compared with the same period for 2019, primarily due to a reduction in railcar lease expense, offset by increased expenses for insurance, as well as accretion expense associated with asset retirement obligations.

General and administrative expenses decreased $0.2 million for the six months ended June 30, 2020, compared with the same period for 2019, primarily due to a reduction in accounting fees, as well as a reduction in expenses allocated by our parent under the secondment agreement.

Distributable cash flow for the six months ended June 30, 2020 decreased $0.3 million compared with the same period for 2019, primarily due to a decrease 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 0.71 million barrels per day during the second quarter of 2020, which was 33% lower than the 1.05 million barrels per day for the same quarter last year. Refiner and blender input volume decreased 29% to 0.67 million barrels per day for the second quarter of 2020, compared with 0.94 million barrels per day for the same quarter last year. Gasoline demand for the second quarter of 2020 decreased 2.6 million barrels per day, or 27% compared to the same quarter last year. U.S. domestic ethanol ending stocks decreased by approximately 2.7 million barrels, or 12%, to 20.2 million barrels for the second quarter of 2020. At the end of May 2019, the EPA finalized regulations applying the one pound per square inch Reid Vapor Pressure (RVP) waiver that applied to E10 during summer months to apply to E15 as well. This removed a significant barrier to wider sales of E15 in the summer months, thus expanding the market for ethanol in transportation fuel. As of June 30, 2020, there were approximately 2,194 retail stations selling E15 in 30 states, up from 2,080 at the beginning of the year, according to Growth Energy.

In March 2020, members of the Organization of Petroleum Exporting Countries and their allies (collectively, OPEC+) failed to reach an agreement on production levels which led to a substantial decrease in oil prices and an increasingly volatile market. While OPEC+ agreed in April to cut production, downward pressure on prices has continued and could continue for the foreseeable future. In addition, with the widespread shutdowns and “shelter in place” orders across the United States also beginning in March 2020 related to the COVID-19 pandemic, driving miles and fuel consumption have been reduced significantly. This has had a similar impact on ethanol demand resulting in the shutdown of approximately 50% of total industry production capacity.

During the quarter, as economies began to slowly open up from the COVID-19 pandemic, driving demand began to recover and was approximately 90% of prior year levels for the month of July.

Global Ethanol Supply and Demand

According to the USDA Foreign Agriculture Service, domestic ethanol exports through May 31, 2020 were approximately 0.65 bgy, up 1.6% from 0.64 bgy for the same period of 2019. Brazil remained the largest export destination for U.S. ethanol, which accounted for 27% of domestic ethanol export volume despite the 20% tariff on U.S. ethanol imports in excess of 150 million liters, or 39.6 million gallons per quarter, imposed in September 2017 by Brazil’s Chamber of Foreign Trade, or CAMEX. In a resolution published August 31, 2019, Brazil raised the annual import quota to 750 million duty free liters distributed on a quarterly basis as follows: September to November 100 million liters, December to February 100 million liters, March to May 275 million liters and June to August 275 million liters. In addition, India, Canada, and South Korea accounted for 17%, 16%, and 8%, respectively, of U.S. ethanol exports.

On April 1, 2018, China announced it would add an additional 15% tariff to the existing 30% tariff it had earlier imposed on ethanol imports from the United States and Brazil. China later raised the tariff further to 70% as the trade war escalated. In January 2020, China and the United States agreed to certain trade agreements, the impact of which on ethanol are yet to be determined.

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 10.9 cents per pound during the second quarter of 2020. We currently estimate that net ethanol exports will range from 1.1 billion to 1.5 billion gallons in 2020, excluding any potential exports to China, based on historical demand from a variety of countries and certain countries who seek to improve their air quality and eliminate MTBE from their own fuel supplies.

Legislation and Regulation

We are sensitive to government programs and policies that affect the supply and demand for ethanol and other fuels, which in turn may impact the volume of ethanol and other fuels we handle. Various bills have been discussed in the House and Senate which would eliminate the RFS II entirely, eliminate the corn based ethanol portion of the mandate, or 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 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.

Congress first enacted CAFE 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, 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 will be 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 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 is being challenged in an action filed in Federal District Court for the DC Circuit. However, the One-Pound Waiver remains in effect.

The RFS II has been a driving factor in the growth of ethanol usage 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 (ethanol production) and demand (usage of ethanol blends in older vehicles). On December 19, 2019, the EPA announced the final 2020 RVO for conventional ethanol, which met the 15.0-billion-gallon congressional target. The EPA has not yet released a draft RVO rule for the 2021volumes, though it typically does so in June or July, and aims to finalize the rule by November 30 each year.

The EPA has the authority to waive the mandates, in whole or in part, if there is inadequate domestic renewable fuel supply or the requirement severely harms the economy or environment. According to 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 proposed RVO was more than 20% below 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, on December 19, 2019, the EPA announced it would not be moving forward with a reset rulemaking in 2020.

The EPA assigns individual refiners, blenders, and importers the volume of renewable fuels they are obligated to use 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.

On April 15, 2020, five Governors sent a letter to the EPA requesting a general waiver from the RFS due to the drop in demand caused by COVID-19 travel restrictions. They contend that the compliance costs – i.e. cost to purchase RINs – is onerous and could put some refineries out of business. The EPA has 90 days to respond, and as of this filing had indicated only that they are "watching the situation closely, and reviewing the governors' letter."

Under the RFS II, 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 Department of Energy and the Department of Agriculture, 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 million gallons 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 have declined significantly.

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 are 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 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 they will be waiving from the blending requirements due to small refinery exemptions. To accomplish this, they are adding in the trailing three year average of gallons the Department of Energy 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 Department of Energy 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. The EPA will be adjudicating the 2020 compliance year small refinery exemption applications in early 2021, but have indicated they will adhere to Department of Energy recommendations for the 2019 compliance year applications as well, which should be adjudicated in 2020. There were 26 applications pending as of this filing.

On January 24, 2020, the U.S. Court of Appeals for the 10th 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. It is possible the decision will be appealed to the U.S. Supreme Court. If the decision against the EPA is upheld by the Supreme Court, it is uncertain how the EPA will propose to remedy the situation.

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.

In 2017, 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 million gallons. As a result, the Court remanded to the EPA to make up for the 500 million gallons. Despite this, in the proposed 2020 RVO rulemaking released in July 2019, the EPA stated it does not intend to make up the 500 million gallons as the court directed, citing potential burden on obligated parties. The EPA has indicated that it plans to address this court ordered remand in conjunction with the 2021 RVO rulemaking.

To respond to the COVID-19 health crisis and attempt to offset the subsequent economic damage, Congress passed multiple relief measures, most notably the Coronavirus Aid, Relief and Economic Security Act (CARES Act) in March 2020, which created and funded multiple programs that have impacted or could impact 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 we purchase most of our 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 we have to pay to purchase the corn. The USDA did not include any CCC funds for ethanol plants as of this filing.

The CARES Act provided for the Small Business Administration (SBA) to assist companies with fewer than 500 employees, and for some North American Industry Classification System (NAICS) codes, 1,000 employees, and keep them from laying off workers. The Paycheck Protection Program (PPP) was created and made payments to many farmers and ethanol plants with fewer than 1,000 employees. This could create a competitive imbalance in the marketplace, and for farmers, like the CCC funds, incentivize them to delay marketing corn. The PPP had its authorization increased by $321 billion in April.

The CARES Act also directed the Treasury Department to create programs to support medium-sized businesses, with fewer than 10,000 employees. The “Main Street” programs provide low interest loans to qualifying companies, though we do not qualify according to the most recent guidance from the Treasury Department.

Industrial grade ethanol is the primary ingredient in hand sanitizer. The CARES Act provided a tax exclusion on the shipment of un-denatured ethanol for use in manufacturing hand sanitizer. The FDA has 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, which was extended on July 25, 2020 by the U.S. Secretary of Health and Human Services.

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. To date, in 2020, there have been no meaningful purchases of U.S. ethanol by China.

In Brazil, the Secretary of Foreign Trade issued an official written resolution, imposing a 20% tariff on U.S. ethanol imports in excess of 150 million liters, or 39.6 million gallons per quarter in September 2017. The initial ruling was valid for two years; however, it was extended at the end of August 2019 for an additional year. On an annual basis, Brazil will now allow into the country 750 million duty free liters distributed on a quarterly basis as follows: September to November 100 million liters, December to February 100 million liters, March to May 275 million liters and June to August 275 million liters.

Our parent’s exports also face tariffs, rate quotas, countervailing duties, and other hurdles in the European Union, India, Peru, Columbia and elsewhere, which limits the ability to compete in some markets. Some countries are using the COVID-19 crisis as justification for raising duties on imports of U.S. ethanol, or blocking our 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 is an effort underway to go through the full regulatory process to allow for 10% blends countrywide, including in the three major metropolitan areas. U.S. ethanol exports to Mexico totaled 31.2 mmg in 2019.

On January 29, 2020, the President signed into law the updated North American Free Trade Agreement, known as the United States Mexico Canada Agreement or USMCA. The pact maintains the duty free access of U.S. agricultural commodities, including ethanol, into Canada and Mexico. The USMCA went into effect on July 1, 2020.

Colombia banned imports of U.S. fuel ethanol for two months, and on June 30th extended the ban one additional month. The Columbian President ordered this emergency decree citing COVID-19 as the rationale. This action is WTO compliant under Article 20 of the GATT. In 2019, the U.S. shipped Columbia 80.2 million gallons of ethanol.

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 liquidity needs, and plan to utilize a combination of operating cash, refinancing and other strategic actions to repay debt obligations as they come due.

At June 30, 2020, we had $3.0 million of cash and cash equivalents and $5.0 million available under the revolving portion of our amended credit facility.

Net cash provided by operating activities was $22.2 million for the six months ended June 30, 2020, compared with $24.0 million for the six months ended June 30, 2019. The decrease in cash flows from operating activities resulted primarily from an increase in cash payments associated with accounts payable and accrued liabilities, offset by an increase in cash received from affiliates, and the distribution received from NLR. Net cash used in investing activities for the six months ended June 30, 2020 was comparable to the same period in 2019. Net cash used in financing activities was $19.4 million for the six months ended June 30, 2020, compared with $24.3 million for the six months ended June 30, 2019. This decrease was primarily due to the decrease in our quarterly distributions paid, offset by the payment of loan fees associated with amending our credit facility during the second quarter of 2020.

We incurred capital expenditures of $54 thousand for the six months ended June 30, 2020. We do not anticipate significant capital spending for the remainder of 2020.

During the six months ended June 30, 2020 we received a distribution of $1.0 million from our NLR joint venture. We did not make any equity method investee contributions during this period and we do not anticipate making significant equity contributions to NLR for the remainder of 2020. We expect to receive future distributions from NLR as excess cash becomes available.

Credit Facility

The Green Plains Operating Company credit facility was amended on June 4, 2020, decreasing the total amount available from $200.0 million to $135.0 million, to fund working capital, capital expenditures and other general partnership purposes. The amended credit facility, which includes a $130.0 million term loan and a $5.0 million revolving credit facility, requires monthly principal payments and matures on December 31, 2021. At June 30, 2020, the outstanding principal balance of the term loan was $130.0 million, with $5.0 million available on the revolver, and an interest rate of 6.25%.

In certain situations we are required to make prepayments on the outstanding principal balance on the credit facility. If at any time our 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. We are 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.

We use LIBOR as a reference rate for our credit facility. LIBOR is set to be phased out at the end of 2021. It is unclear if LIBOR will cease to exist at that time or if new methods of calculating LIBOR will be established such that it continues to exist after 2021. 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 4 – Debt* to the consolidated financial statements in this report.

Distributions to Unitholders

On February 7, 2020, the partnership distributed $11.3 million to unitholders of record as of January 31, 2020, related to the quarterly cash distribution of $0.475 per unit that was declared on January 16, 2020, for the quarter ended December 31, 2019.

On May 8, 2020, the partnership distributed $2.8 million to unitholders of record as of May 1, 2020, related to the quarterly cash distribution of $0.12 per unit that was declared on April 16, 2020 for the quarter ended March 31, 2020.

On July 16, 2020, 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, 2020. The distribution is payable on August 7, 2020, to unitholders of record at the close of business on July 31, 2020.

Contractual Obligations

Our contractual obligations as of June 30, 2020, 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)]	$ 130,000	$ 36,334	$ 93,666	$ -	$ -
Interest and fees on debt obligations [(2)]	9,572	6,668	2,904	-	-
Operating leases [(3)]	39,095	12,921	15,990	6,579	3,605
Service agreements [(4)]	632	475	157	-	-
Other [(5)]	4,791	1,084	1,952	604	1,151
Total contractual obligations	$ 184,090	$ 57,482	$ 114,669	$ 7,183	$ 4,756

(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.
(4) Service agreements are primarily related to minimum commitments on railcar unloading contracts at our fuel terminals.
(5) Includes asset retirement obligations to return property to its original condition at the termination of lease agreements.

Critical Accounting Policies and Estimates

Key accounting policies, including those relating to revenue recognition, leases, 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 is included in our 2019 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, 2020, we had $130.0 million outstanding under the credit facility. A 10% change in interest rates would affect our interest expense by approximately $813 thousand 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 2019 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, 2020, as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act and concluded that our disclosure controls and procedures were effective.

Changes in Internal Control over Financial Reporting

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

Emerging Growth Company Status

As an emerging growth company, we were 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 elected to take advantage of these provisions except for the exemption that allowed us to extend the transition period for compliance with new or revised financial accounting standards.

Effective December 31, 2020, we will no longer be an emerging growth company and will be required to provide an independent auditor's attestation report on the effectiveness of our system of control over financial reporting as of December 31, 2020. In addition, management will continue to be required to report on the design and operating effectiveness of our internal control over financial reporting as of December 31, 2020, based on the Internal Control – Integrated Framework (2013) issued by the Committee on Sponsoring Organizations of the Treadway Commission.

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, 2019, 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 factors supplement and/or update 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.

Our business may be adversely impacted by the recent COVID-19 outbreak.

The outbreak of the coronavirus, or COVID-19, which has been declared by the World Health Organization to be a pandemic, has spread across the globe and continues to impact worldwide economic activity. COVID-19 poses a risk on all aspects of our business, including how it will impact our employees, customers, vendors, and business partners. 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. These uncertainties include, but are not limited to:

- the severity of the virus;
- the duration of the outbreak;
- federal, state or local governmental regulations or other actions which could include limitations on our operations;
- the effect on customer demand resulting in a decline in the demand for our parent's products;
- impacts on our supply chain and potential limitations of supply of our parent's feedstocks;
- interruptions of our distribution systems and delays in the delivery of product;
- the health of our workforce, and our ability to meet staffing needs which is vital to our operations; and
- volatility in the credit and financial markets.

The COVID-19 pandemic and related economic repercussions have created significant volatility, uncertainty, and turmoil in the energy industry. We are unable to predict the overall impact these events will have on our future financial position and operations, including those of our parent.

We continue to actively manage our response in collaboration with customers, government officials, team members and business partners and assessing potential impacts to our future financial position and operating results, as well as adverse developments in our business. It is not possible for us to predict whether there will be additional government-mandated shelter-in-place and similar government orders that could affect our business, how long the existing orders will remain in place, and how these measures will impact our operations or those of our parent.

Future demand for ethanol is uncertain and changes in federal mandates, public perception, consumer acceptance and overall consumer demand for transportation fuel could affect demand.

While many trade groups, academics and government agencies support ethanol as a fuel additive that promotes a cleaner environment, others claim ethanol production consumes considerably more energy, emits more greenhouse gases than other fuels and depletes water resources. While we do not agree, some studies suggest ethanol produced from corn is less efficient than ethanol produced from switch grass or wheat grain. Others claim corn-based ethanol negatively impacts consumers by causing the prices of meat and other food derived from corn-consuming livestock to increase. Ethanol critics also contend the industry redirects corn supplies from international food markets to domestic fuel markets, and contributes to land use change domestically and abroad.

There are limited markets for ethanol beyond the federal mandates. We believe further consumer acceptance of E15 and E85 fuels may be necessary before ethanol can achieve significant market share growth. Discretionary and E85 blending are important secondary markets. Discretionary blending is often determined by the price of ethanol relative to gasoline, and availability to consumers. When discretionary blending is financially unattractive, the demand for ethanol may be reduced.

Demand for ethanol is also affected by overall demand for transportation fuel, which is affected by cost, number of miles traveled and vehicle fuel economy. Miles traveled typically increases during the spring and summer months related to vacation travel, followed closely behind the fall season due to holiday travel. Global events, such as COVID-19, have greatly decreased miles traveled and in turn, the demand for ethanol. Consumer demand for gasoline may be impacted by emerging transportation trends, such as electric vehicles or ride sharing. Additionally, factors such as over-supply of ethanol, which has been the case for some time, could continue to negatively impact our parent’s business. Reduced demand for ethanol may depress the value of our parent’s products, erode its margins, and reduce our parent’s, and consequently our, ability to generate revenue or operate profitably.

Our insurance policies do not cover all losses, costs or liabilities that we may experience, and insurance companies that currently insure companies in the energy industry may cease to do so or substantially increase premiums.

We are insured under the property, liability and business interruption policies of our parent, subject to the deductibles and limits under those policies. Our parent has acquired insurance that we and our parent believe to be adequate to prevent loss from material foreseeable risks. However, events may occur for which no insurance is available or for which insurance is not available on terms that are acceptable to our parent. Loss from an event, such as, but not limited to war, riots, pandemics, terrorism or other risks, may not be insured and such a loss may have a material adverse effect on our and our parent’s operations, cash flows and financial position.

Certain of our parent’s ethanol production plants and our related storage tanks, as well as certain of our fuel terminal facilities, are located within recognized seismic and flood zones. We believe that the design of these facilities has been modified to fortify them to meet structural requirements for those regions of the country. Our parent has also obtained additional insurance coverage specific to earthquake and flood risks for the applicable plants and fuel terminals. However, there is no assurance that any such facility would remain in operation if a seismic or flood event were to occur.

Additionally, our ability to obtain and maintain adequate insurance may be adversely affected by conditions in the insurance market over which we have no control. In addition, if we experience insurable events, our annual premiums could increase further or insurance may not be available at all. If significant changes in the number or financial solvency of insurance underwriters for the ethanol industry occur, we may be unable to obtain and maintain adequate insurance at a reasonable cost. We cannot assure our unitholders that we will be able to renew our insurance coverage on acceptable terms, if at all, or that we will be able to arrange for adequate alternative coverage in the event of non-renewal. The occurrence of an event that is not fully covered by insurance, the failure by one or more insurers to honor its commitments for an insured event or the loss of insurance coverage could have a material adverse effect on our financial condition, results of operations, cash flows and ability to make distributions to our unitholders.

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
10.1	Fourth Amendment to Credit Agreement, dated June 4, 2020, by and among Green Plains Operating Company LLC, as the Borrower, the subsidiaries of the Borrower identified therein, Bank of America, N.A. and the other lenders party thereto (incorporated by reference to Exhibit 10.1 of our Current Report on Form 8-K filed on June 4, 2020).
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, 2020, 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, 2020, 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 5, 2020	By: */s/ Todd A. Becker* Todd A. Becker President and Chief Executive Officer (Principal Executive Officer)
Date: August 5, 2020	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 5, 2020

/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 5, 2020

/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, 2020, 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 5, 2020

/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, 2020, 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 5, 2020	*/s/ G. Patrich Simpkins Jr.*
	G. Patrich Simpkins Jr.
	Chief Financial Officer