

MLP and Energy Infrastructure Monthly



August 2018



FERC Final Rule Inspires Relief in MLPs

As a follow-up to the policy revision from March ([Alerian commentary](#)), the FERC issued a [final statement](#) on July 18th that provided additional clarity and was less punitive to MLPs than some had feared. The rule was ultimately positive for MLPs and helped alleviate the uncertainty that had been an overhang on the space.

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MLPs and Midstream Gain in July

The [Alerian MLP Index](#) (AMZ) and the [Alerian Midstream Energy Index](#) (AMNA) gained 6.1% and 3.6%, respectively, on a price-return basis in July. Positive company news flow from 2Q earnings and growth project announcements, as well as the positive news from the FERC, helped boost the midstream space, despite WTI crude prices falling by 7.3% during the month.



Alerian Index Series Updates

July saw multiple [special rebalancings](#) in the Alerian Index Series. Both Boardwalk Pipeline Partners and OCI Partners ceased to trade following go-private transactions with their GPs. Rice Midstream Partners was acquired by [EQT Midstream Partners](#) (EQM), while NuStar GP Holdings merged with [NuStar Energy](#) (NS). Additionally, there were several constituent [changes](#) for the [Alerian Midstream Energy Select Index](#) (AMEI) in accordance with the [methodology change](#) announced last month. See our recent [Insights Series](#) for more on MLP consolidation.



Mixed Distribution Announcements

[American Midstream Partners](#) (AMID) announced that it would [cut its distribution](#) by 75.0% as part of a broader capital allocation strategy. [Blueknight Energy Partners](#) (BKEP) also announced a [distribution cut](#) of 44.8%. On the other hand, [Hi-Crush Partners](#) (HCLP) announced a 233.3% [distribution increase](#) citing an IDR reset provision requiring four quarters of distributions above \$0.7125 pure unit and the potential conversion to a C-Corporation in the future.



US on Track to Become World's Largest Oil Producer

In July, the EIA updated its [forecast](#) for 2019 US oil production to average 11.8 million barrels per day (MMBpd), up from an expected 10.8 MMBpd in 2018. While both would represent record highs for the US, the 2019 forecast, if achieved, would place the US ahead of Russia as the world's largest oil producer.

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Enbridge Sells Canadian Assets to Brookfield

[Enbridge Inc](#) (ENB) is selling natural gathering and processing assets in western Canada to [Brookfield Infrastructure](#) (BIP) for CANS4.3billion. The sale will allow ENB to focus on becoming a pure play pipeline and utility business. [Read More](#)