

# MLP and Energy Infrastructure Monthly



September 2018



## Midstream Lags Crude in August

The [Alerian MLP Index](#) (AMZ) was up 0.1% on a price-return basis and up 1.6% on a total-return basis in August. The [Alerian Midstream Energy Index](#) (AMNA) was down 1.2% on a price-return basis and down 0.4% on a total-return basis for the month. WTI oil prices ended August up 1.5%.



## Energy Transfer Simplification Announced

[Energy Transfer Equity](#) (ETE) will acquire Energy Transfer Partners (ETP) in a unit-for-unit exchange (both are MLPs). The transaction will eliminate IDRs and reduce the combined entity's need to issue equity to finance organic growth projects. For legacy ETP holders, the transaction will result in a distribution cut of ~30%. [Read More](#)



## Enbridge Sweetens Exchange Ratio for Spectra

[Enbridge](#) (ENB) increased its exchange ratio for [Spectra Energy Partners](#) (SEP) by 9.8% in the definitive agreement for ENB to acquire SEP. ENB's initial restructuring proposal from May had not provided a premium for SEP units. The updated exchange ratio reflects the July ruling from the FERC, among other things. [Read More](#)



## Midstream S-1 Filing

[Diamondback Energy's](#) (FANG) Rattler Midstream Partners LP filed an S-1 for an initial public offering. The limited partnership with midstream assets in the Permian Basin will elect to be taxed as a corporation and will not have IDRs. [Read More](#)



## Permian Crude Discounts Widen in August

The discount for WTI crude priced in Midland, TX, relative to benchmark prices in Cushing and Houston widened to ~\$16/bbl and ~\$20/bbl on average in August from ~\$14/bbl and ~\$16/bbl in July, respectively. Discounts have widened as production growth continues to overwhelm pipeline takeaway capacity. The [futures curve](#) comparing WTI Cushing with WTI Midland points to narrowing discounts through 2019 as additional pipeline capacity comes online.



## Alerian Index Series Updates

August saw one special rebalancing as a result of the [merger](#) between the [Williams Companies](#) (WMB) and Williams Partners. Williams Partners was removed from several indices in the Alerian Index series. [Read More](#)