

The Alerian MLP Monthly



November 2017



OPEC Potentially Extending Cuts

The joint production cut among OPEC and non-OPEC producers is set to expire at the end of March 2018, but an extension could be in the cards at OPEC's next ordinary meeting on November 30. In early October, Russian President Vladimir Putin indicated that a possible extension should at least go through the end of 2018, and Saudi Arabian Crown Prince Mohammed bin Salman also supports extending cuts beyond March 2018 according to reports from late October. Stay tuned.



HEP Saying Goodbye to IDRs

The trend of eliminating IDRs in order to lower overall cost of equity continues to gain momentum in the MLP space. On October 19, Holly Energy Partners announced that it had reached an agreement with its GP to eliminate IDRs. The GP's 2% interest will be converted into a non-economic interest in exchange for 37.25 million common units (\$1.25 billion value at the time of announcement). [Read HEP's Press Release](#)



What Do Electric Vehicles Mean for MLPs?

Electric vehicles (EVs) could impact traditional energy; however, increases in worldwide population and industrial development are expected to more than offset the impact of EVs on global oil demand. While EVs will have a small impact on the current energy mix, the overall pool is getting larger, meaning there is enough growth for all forms of energy to share. [Read More](#)



Shift to Self-Funding Model?

MLP management teams continue to scrutinize their uses of cash flow. Some MLPs have started to slow (ex: [EPD](#)), maintain, or even cut distributions (ex: [GEL](#)). Instead of returning nearly all cash to unitholders and getting little reward in unit performance, certain MLPs are beginning to shift to a self-funding model. [Read More](#)



MLP Parity Act Reintroduced

First introduced in 2012, the MLP Parity Act is designed to expand the MLP structure to include renewable energy. This legislation has bipartisan appeal and comforts many investors concerned about MLPs and tax reform. [Read More](#)



BPMP IPO

BP Midstream Partners priced its IPO at \$18/unit for a 5.8% initial yield. It owns offshore pipelines in the Gulf and onshore petroleum products pipeline systems in the Midwest. [Read More](#)