

August 2026

Update from “Move the Gas Plant” On Sandow Lakes Energy Plant in Blue

Data Centers Next to Gas Plant Underway, Too?

Sometimes history does seem to repeat itself.

That sure seems the case when it comes to inaccurate media coverage regarding the new natural gas plant in Lee County, and now – more than two years later – similar inaccurate reports related to possible data centers being built next to the gas plant.

Back in February 2024, Sandow Lakes Energy announced plans to build a 1,200-megawatt gas power plant. The company press release stated the plant would be “located on Sandow Lakes property in Lee County.”

But multiple news outlets reported the gas plant – one of the largest in Texas – would be located at the site of the old Alcoa aluminum smelter and coal plants near Rockdale. That site is in Milam County, not Lee.

Here are headlines for some of those stories:

“A 1,200-megawatt natural gas plant is coming to the 31,000-acre site of a former aluminum smelter in Milam County” – Austin Business Journal.

“New power company to build natural gas plant near Rockdale.” – Fox 7 News Austin

“Natural gas power plant planned in former Texas coal town home to bitcoin miners.” – Houston Chronicle

As those of us who live in Lee County know, the gas plant location cited in those news reports were off about 15 miles, distance-wise, from the actual location.

And the old Alcoa industrial location cited in those reports is a world away from the farms, ranches and country homes that make up the quiet, rural community of Blue.

Looking back, one might find it hard to fault those media outlets for their incorrect reporting. That's because the company's press release announcing the gas plant sure implied it would be at the old Alcoa industrial site. The release stated:

The legacy coal facilities and industrial facilities are in the process of being partially demolished and repurposed, paving the way for the more contemporary and progressive combined cycle power plant.

For the full press release, see:

[Sandow Lakes Energy Company, LLC Announces Agreement to Construct a 1200 Net Megawatt Combined Cycle Power Plant at Sandow Lakes Ranch in the Texas Triangle](#)

(The actual location of the gas plant is the very western tip of Sandow Lakes Ranch, which extends into northwest Lee County. One apparent reason Sandow Lakes Energy wanted the plant in western Lee County is close proximity to a fuel source - the Matterhorn gas pipeline that runs across western Lee County.)

And now, in summer 2026, news outlets across the country once again are failing their geography courses.

In July, news broke that one of the world's largest companies, SoftBank, had purchased 4,700 acres of Sandow Lakes Ranch. (In 2021, Xebec, a Dallas real estate company, bought the old 33,000-acre site of Alcoa smelter, coal plants and strips mines, renaming it Sandow Lakes Ranch.)

Here are headlines from some of those news stories:

"One of world's biggest companies tied to major land buy at former Alcoa site" – Austin American-Statesman

"One of the world's largest cos. Buys 4,700 acres in Milam County" – Austin Business Journal

"SoftBank tied to detail-sparse land purchase in Milam County" – The Real Deal, Real Estate News

The first to report on the SoftBank land purchase was the Austin Business Journal.

It may have reported the 4,700 acres were in Milam County because the sale was recorded in Milam County, despite almost all of that land being in Lee County around the site of the gas plant. (The transaction was under Southridge Land TX, which lists SoftBank's California offices as its official address.)

As with the initial press release regarding the gas plant, it may be that once again the Sandow Lakes folks and their partners may have purposely misled the press, and the public, as to the exact location of the possible data centers, etc.

What data centers, you ask? For several months, there has been speculation that two data centers were planned for property next to the gas plant site. (That site is at the intersection of CR 309 and CR 312.)

There still has been no official word what SoftBank (Southridge Land) plans to do with all that land it bought.

But someone appears to be building two data centers right next to the gas plant. Workers at the site have confirmed this to nearby residents. Lee County officials seem to think this is the case, too.

It appears those data centers will hook up directly to the power plant. And that way, it likely would skirt some proposed new state rules that would require data centers use their own power sources so they don't negatively impact the ERCOT grid, etc.

As you may recall, in summer of 2024, a citizens' group, "Move the Gas Plant" (MTGP), was formed to oppose the gas plant being built in the Blue community. (Among the many concerns is the four million tons of CO₂ the plant would emit annually, according to the company's application to the TCEQ for an air emissions permit.)

MTGP hired an Austin public interest environmental law firm and requested a contested case hearing before an independent administrative law judge.

However, MTGP never got a chance to present its evidence to a judge as to why the plant should not be built out in Blue. On Oct. 23, 2025, the three TCEQ commissioners, with almost no discussion, voted to deny the group's request for a hearing. It was somewhat unprecedented for the TCEQ to deny a community the opportunity for a contested case hearing when it involved such a large power

project. Here is a [link](#) to the motion by the MTGP attorney for a rehearing (which was denied). His motion lays out in some detail why this was unprecedented.

The MTGP steering committee included two former TCEQ investigators. Through their contacts at TCEQ, the group learned that apparently word had come down from on high (the governor's office?) for the commissioners to deny the request for a hearing and to issue a permit for the power plant. SL Energy had hired Hillco Partners, probably the most power lobby firm in Texas, to represent them.

SL Energy may have been under a strict timeline to get its permit before the end of 2025, possibly for investment/financial reasons. And it turned out that in only five days after TCEQ issued the permit, it was announced SL Energy had received \$450 million in financing for the gas plant.

[Macquarie Asset Management commits \\$US450 million for combined cycle gas turbine project | Macquarie Group](#)

While MGTP did not get its contested case hearing, its efforts did result in a half dozen or so nearby residents who were listed as affected persons in the hearing request receive buyouts from SL Energy or related entities. But there are still scores of Lee County residents who live near the power plant and face living with harmful air pollution, decreased property values and increased noise, lights and traffic. Not to mention likely negative impacts on the area's groundwater.

So, the construction of the power plant is well underway, although the project could still be impacted by a backlog of available natural gas turbines.

A sidenote: Lee County Judge Frank Malinak was an early supporter of the gas plant being built in our community, partly for the tax dollars he thinks it might bring into the county. (No tax abatement was requested for the gas plant, and there has been no word of tax abatements being requested by the data centers, yet.)

However, the county commissioners court last fall did pass a somewhat wishy-washy resolution asking SL Energy to consider moving the site of the gas plant to a portion of Sandow Lakes Ranch in Lee County where fewer people lived. (A map with the company's air permit application showed almost 100 residences located within a mile of the plant site.)

MTGP had asked the commissioners to adopt a much stronger resolution, to no avail. Judge Malinak also submitted a comment letter to the TCEQ saying he was not opposed to the power plant. He also attended the groundbreaking ceremony for the plants. (You may recall that one of the first things SL Energy did was hire away the judge's executive assistant.)

Ironically, now Judge Malinak has expressed alarm over the data centers, mostly because of the potential negative impact on the county's groundwater resources. That's despite previous warnings by MTGP that allowing the power plant to be built in Blue might well lead to more industrial development there near the plant.

(Several water export projects already in the area, especially the Vista Ridge pumping to San Antonio, have resulted in many wells in Lee County failing and needing to be deepened or replaced.)

Also, Lee County's state representatives, Sen. Lois Kolkhorst and Rep. Stan Gerdes, ignored MTGP's request that they express their opposition to the gas plant to the TCEQ commissioners. As with Judge Malinak, they also had been warned that allowing the gas plant to be built in Blue might open the door to further industrial development, such as the data centers, being built there. Gerdes sent one of his staffers to the groundbreaking ceremony. (In the company press release announcing the gas plant, both Gerdes and Kolkhorst were quoted as supporting the project.)

Most recently, a major artificial intelligence company, Anthropic, has entered into a deal with Riott Platforms, which has the nation's largest Bitcoin mining operation at the old Alcoa industrial site near Rockdale. It's possible Riott/Anthropic plan to use power from the new gas plant in the Blue community.

<https://www.bizjournals.com/austin/news/2026/08/11/riott-platforms-anthropic-rockdale-austin-texas.html>

For more background on the gas plant, visit the "news" and "resources" pages at www.movethegasplant.org