

# Location of Sandow Lakes natural gas power plant stirs opposition

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Conveyor belts which once carried coal are seen at the former coal-fired power plant near Rockdale, Texas, on June 14, 2018.

Jae S. Lee / Dallas Morning News/TNS

Many cheered when Sandow Lakes Energy first announced plans to build a huge new natural gas power plant in a region within the Texas Triangle still reeling from the loss of a major industrial complex.

Gov. Greg Abbott and Texas lawmakers touted the new power plant's potential to supply more electricity to a rapidly growing state. They were quoted in Sandow Lakes' February 2024 press release, which had a dateline of Rockdale in Milam County, about 40 miles east of Austin.

For decades, Rockdale was a company town for the Alcoa aluminum smelter and coal-fired power plant until operations fully shut down in 2018.

The legacy coal and industrial facilities would be partially demolished and repurposed, “paving the way” for the new 1,200-megawatt natural gas power plant capable of powering over 800,000 homes, Sandow Lakes said in its initial announcement. Various news outlets, including the Houston Chronicle, reported that the new project would be at the site of the old Alcoa plant.

“I hope I live long enough to see it,” said a Rockdale resident, who worked for 30-plus years at the Alcoa plant, to a local television station soon after Sandow Lakes’ power plant was announced.

But eagle-eyed residents of the area started asking: Rockdale and Alcoa’s smelter site are in Milam County, so why did Sandow Lakes say in its initial press release that the project would be in neighboring Lee County?

Months later, when Sandow Lakes filed an air permit application with Texas environmental regulators, residents’ suspicions were confirmed: The new natural gas power plant would actually be near the tiny towns of Blue and Adina, approximately 15 miles from the old coal-fired power plant near Alcoa Lake.

Since then, controversy over the Sandow Lakes power plant has animated the local community.

Some residents want the project to move, preferably to the site of Alcoa’s coal-fired power plant in Milam County. They’re fine with it staying in Lee County as long as it’s farther away from Blue, so the county can still reap the hefty tax dollars the new plant could bring. Others say even a slight move could dramatically slow the project, which is supposed to begin construction in 2025 and start generating power by 2028.

## **‘A perfect place’**

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Travis Brown, a longtime environmental activist in Blue leading the “Move the Gas Plant” group, said residents don’t want to kill the project altogether. Many, still scarred from the power outages of the 2021 freeze, agree with the need for more electricity generation.

They just don’t want the power plant and its air pollution near dozens of homes, when it could be farther within the 31,000-acre property that Sandow Lakes purchased from Alcoa, Brown said. To that end, they’ve proposed three alternative sites in Lee County for the company to consider.

“Here we have still a nice, peaceful, rural community, and our state leaders keep saying they want to protect those,” Brown said. “But (Sandow Lakes) wants to basically destroy it by putting this huge power plant in when there’s a perfect place for it 15 miles up the road.”



A rendering of Sandow Lakes Energy Company's proposed gas-fired power plant in Lee County.  
Courtesy of Sandow Lakes Energy Company

In an email statement, Sandow Lakes Energy Company said the chosen site is part of a corridor that used to shuttle coal from the Three Oaks mine to Alcoa's power plant. The new plant needs to be there for "necessary proximity" to the Matterhorn natural gas pipeline, which passes through Lee County, the company said.

Sandow Lakes' plant could create 400 jobs during construction and need dozens of permanent employees for operation, according to the statement. Its value to the tax base "is substantially north of a billion dollars," which could help support Lee County schools and public infrastructure, the company said.

Ed Johnson, representing Powering Lee County's Future, a local group in favor of Sandow Lakes' project, said moving the gas plant isn't realistic.

"They'd have to start from scratch," Johnson said at a February Lee County commissioners' court meeting, according to the Giddings Times. "That would significantly delay the plant."

## Energy permitting

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Caught in the middle of the debate are the area's Republican state representatives, Sen. Lois Kolkhorst and Rep. Stan Gerdes.

Kolkhorst, especially, has been one of the legislature's leading proponents of new natural gas power plants. She's also the primary author of Senate Bill 819, a bill introducing permits for solar and wind projects that renewable companies say is an "industry killer."



Kolkhorst has said that SB819 is necessary to equalize the regulatory burden for all types of electricity generation resources. Critics counter that renewable projects don't need air permits because they don't emit air pollution.

In the case of Sandow Lakes' gas-fired power plant, Kolkhorst and Gerdes wrote a letter at the request of residents asking the Texas environmental regulator to hold a public meeting on the company's required air permit. The meeting, which will occur at the end of April, could form the basis for a contested-case hearing that could set back Sandow Lakes' project by months.

The challenge comes as community opposition has stalled other gas-fired power plant projects in Sugar Land and Granbury, amid other struggles for companies to build new, on-demand power generation Texas policymakers say the state's electric grid desperately needs.

In an email statement last week, Kolkhorst noted that a resolution on moving the Sandow Lakes power plant failed to pass Lee County commissioner's court in December.

"Consequently, I respect the will of local leadership and understand the importance of the project for the Lee County economy and tax base," she wrote.

Kolkhorst's statement didn't address a key point — that Lee County commissioners did ultimately pass a resolution in February requesting Sandow Lakes "consider economically feasible alternative locations... farther away from residential properties in the Blue/Adina community."

Kolkhorst's office didn't revise her statement after learning of the February resolution. Gerdes' office didn't reply to requests for comment.

## Growing again

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Sandow Lakes' power plant is only part of a "master plan" by the company and its partners to transform its 33,000-acre site across Lee and Milam counties into a residential, commercial and industrial hub. The goal is to create "the Central Texas version of The Woodlands," said Jim Gibson, Rockdale's economic development director.

The proposed power plant wouldn't create that many jobs for Rockdale, but Sandow Lakes' other plans might, Gibson said.

Near the old Alcoa coal plant in Milam County, Sandow Lakes wants to add a downtown, a health and wellness campus, and residential housing. Adjacent to this would be a campus for various manufacturing and logistics facilities, which recently revealed its first tenant: T1 Energy, an Austin-based company that plans to develop a solar manufacturing facility creating up to 1,800 jobs.

That's huge news for an area that's lost 90% of its manufacturing jobs since the early 2000s, Gibson said.



Sandow Lakes Energy Company and its partners want to develop a new master planned community at its 33,000 acre site across Lee County and Milam County.  
Courtesy of Sandow Lakes Energy Company

Sandow Lakes isn't the only source of growth. Two large Bitcoin mines have moved in, repurposing some of Alcoa's leftover infrastructure and providing local residents hundreds of jobs, Milam County Judge Bill Whitmire said.

To sustain this economic revival, the region will need more electricity supply from Sandow Lakes' controversial power plant, regardless of where in the community it's built, Whitmire said.

Move the Gas Plant's Brown is doubtful of Sandow Lakes' master plan, pointing to questions about lingering contamination from Alcoa's industrial operations.

Whitmire said the region has been burned before by "pie-in-the-sky-type groups" that didn't follow through on potential grand plans. Thus, wariness of Sandow Lakes' ambitions could linger until construction at the site actually begins, he said.

"It's a skeptical hope," Whitmire said of the local community's attitude towards Sandow Lakes' power plant and broader plans.