Markov Reliability and Availability Analysis
Part I: Discrete-Time Discrete State Markov Processes

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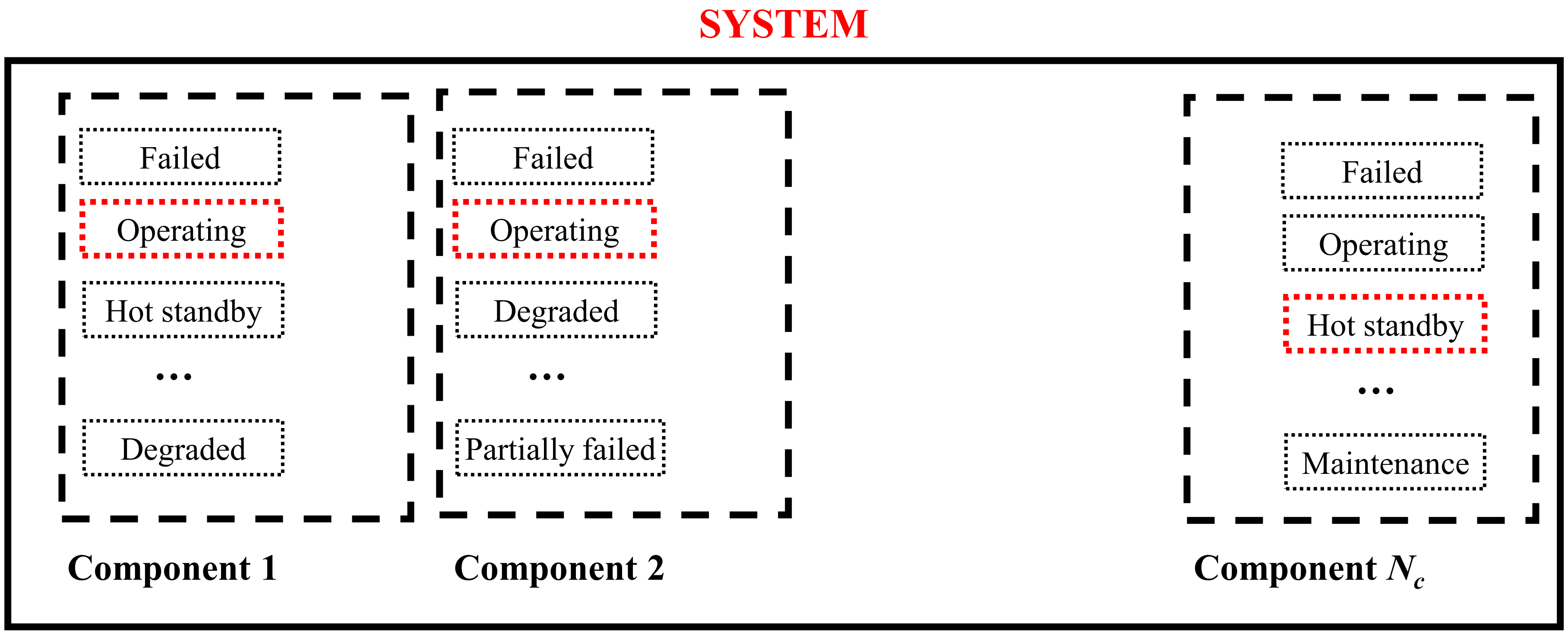
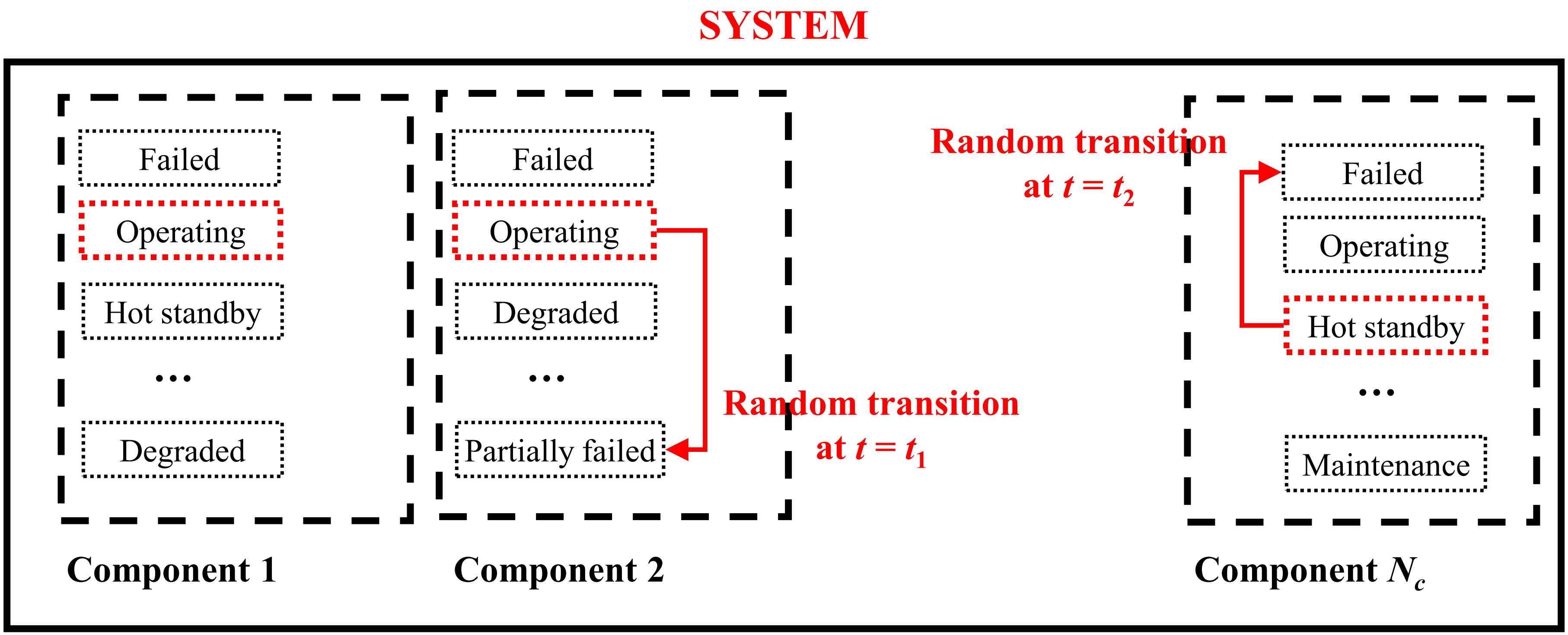
General Framework

General Framework

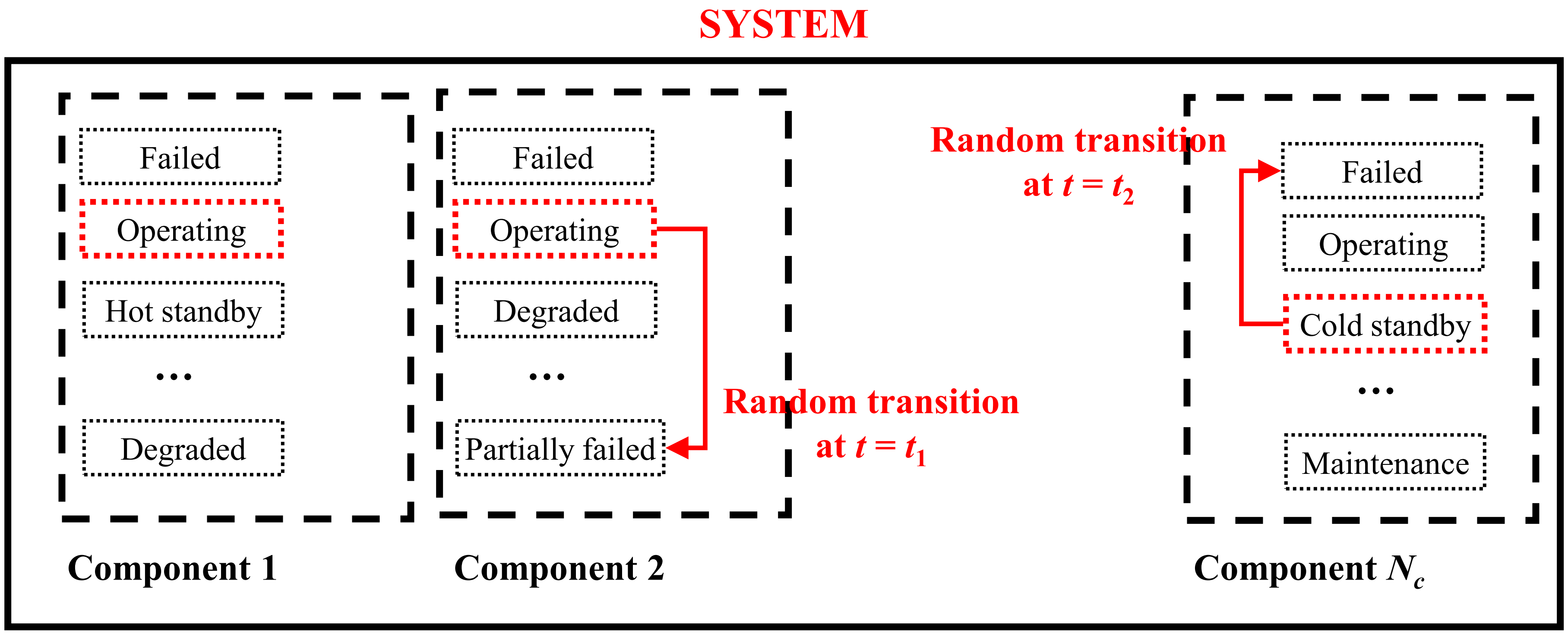


General Framework



System evolution = Stochastic process

General Framework



Under specified conditions:

System evolution = Stochastic process

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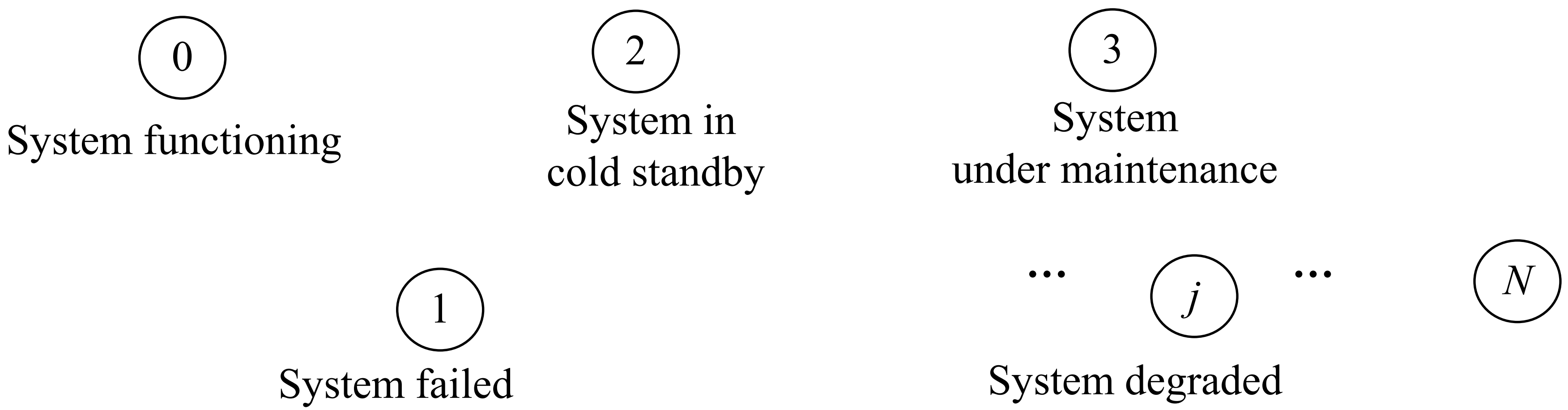
MARKOV PROCESS

Markov Processes:
Basic Elements

Markov Processes: the System States (1)

- The **system** can occupy a **finite** or **countably infinite** number N of states



Set of possible states $U = \{0, 1, 2, \ldots, N\}$

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State-space of the random process

Markov Processes: the System States (2)

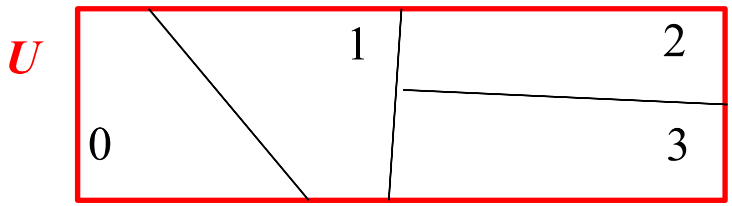
- The **States** are:
  - **Mutually Exclusive:** $P(\text{State} = i \cap \text{State} = j) = 0, \ \text{if} \ i \neq j$

    (the system can be **only** in **one** state *at* ***each*** *time*)
  - **Exhaustive:** $P(U) = P\left(\bigcup_{i=1}^{N} \text{State} = i\right) = \sum_{i=1}^{N} P(\text{State} = i) = 1$

    (the system must be in **one** state *at* ***all*** *time*s

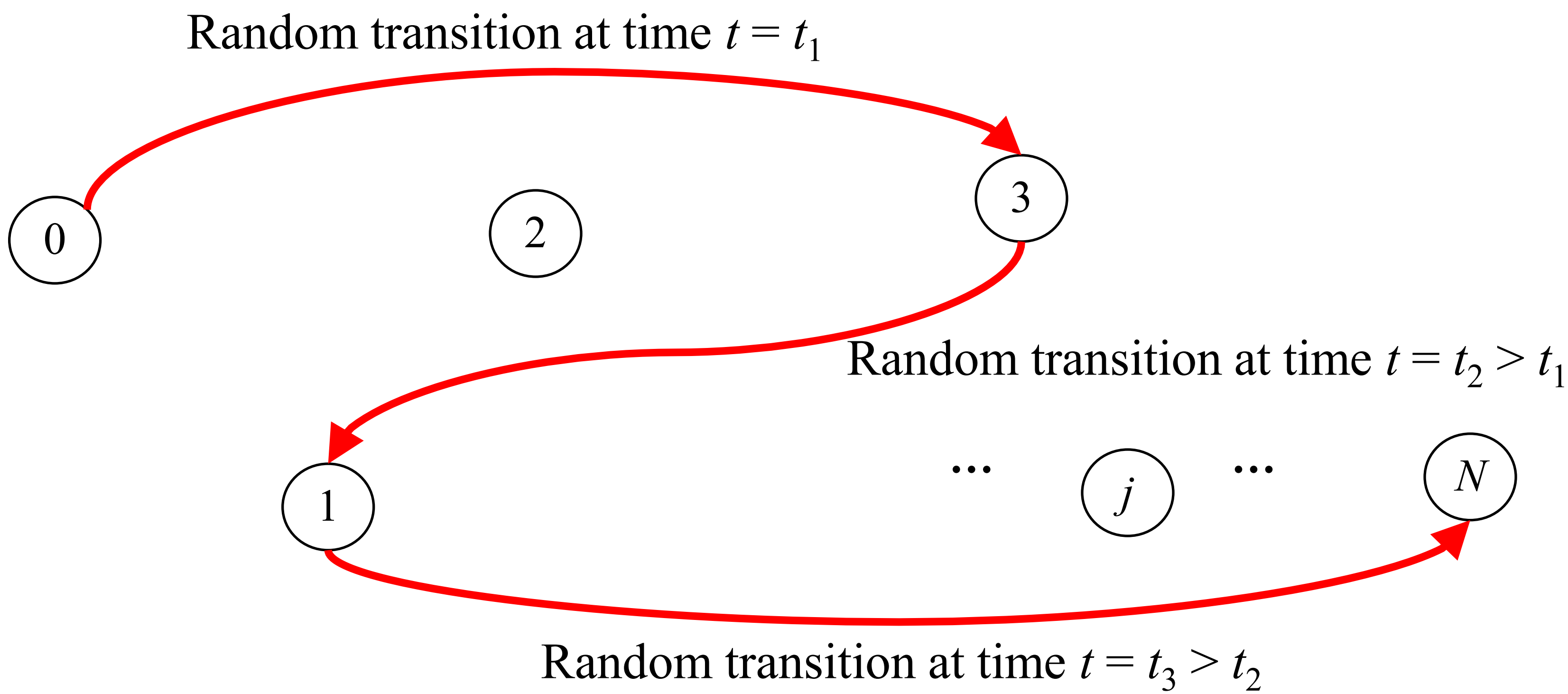
- **Example:**

Set of possible states $U = \{0, 1, 2, 3\}$



$$P(U) = P(\text{State} = 0 \cup \text{State} = 1 \cup \text{State} = 2 \cup \text{State} = 3)$$
$$= P(\text{State} = 0) + P(\text{State} = 1) + P(\text{State} = 2) + P(\text{State} = 3) = 1$$

- **Transitions** from one state to another occur **stochastically** (i.e., **randomly in time** and **in final transition state**)

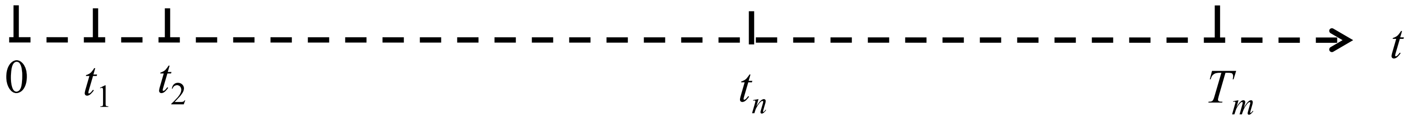


- The system state in **time** can be described by an **integer random variable** $X(t)$

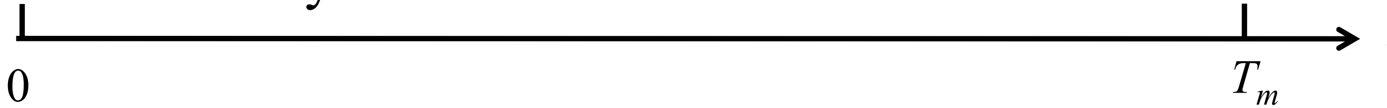
$$X(t) = 5$$ → the system occupies the **state** labelled by **number 5** at time *t*

- The **stochastic process** may be **observed** at:

  - Discrete times → **DISCRETE-TIME DISCRETE-STATE MARKOV CHAIN**

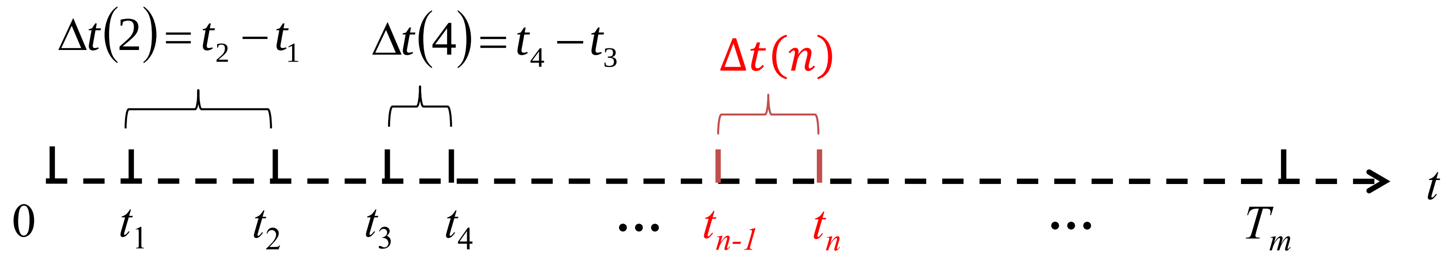


  - Continuously → **CONTINUOUS-TIME DISCRETE-STATE MARKOV PROCESS**



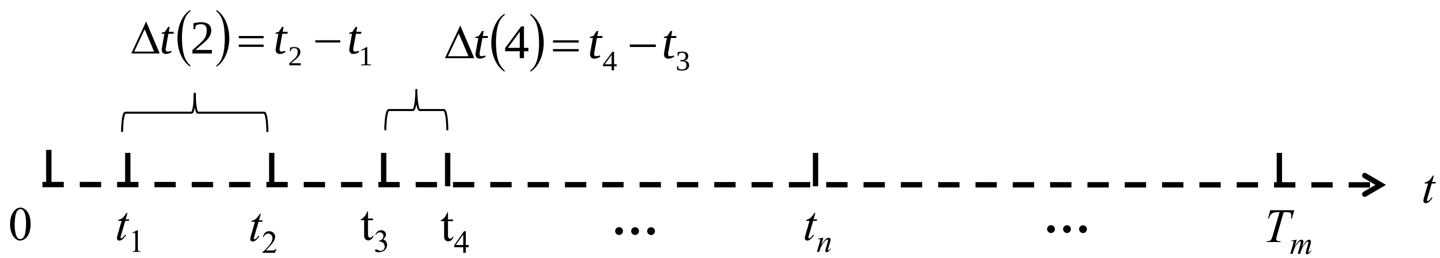
Discrete-Time Markov Processes

- The stochastic process is **observed** at **discrete** times



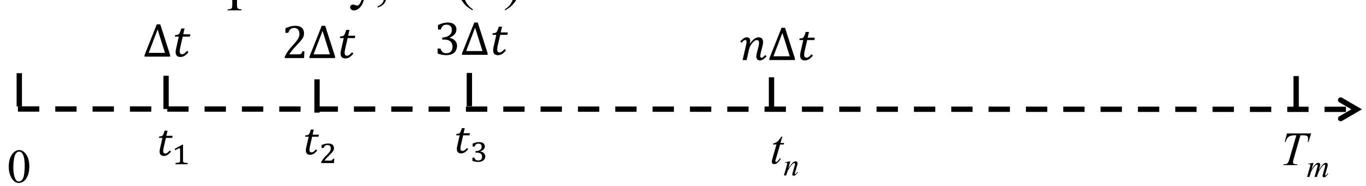
$$t_n = t_{n-1} + \Delta t(n)$$

- The stochastic process is **observed** at **discrete** times



$$t_n = t_{n-1} + \Delta t(n)$$

- **Hypotheses**:
  - The time interval $\Delta t(n)$ is **small** enough such that **only one** event (i.e., stochastic transition) can occur within it
  - For simplicity, $\Delta t(n) = \Delta t =$ constant



- The random process of system transition in time is described by an **integer random variable** $X(\cdot)$

- $X(n) \coloneqq$ **system state** at time $t_n = n\Delta t$
  - $X(3) = 5$: the system occupies state 5 at time t_3

The Conceptual Model: Objective

- The random process of system transition in time is described by an **integer random variable** $X(\cdot)$

- $X(n) \coloneqq$ **system state** at time $t_n = n\Delta t$
  - $X(3) = 5$: the system occupies state 5 at time t_3

OBJECTIVE:

Compute the <u>probability</u> that the system is in a <u>given state</u> at a <u>given time</u>, for <u>all</u> possible states and times

$$P[X(n) = j], n = 1, 2, \ldots, N_{time}, j = 0, 1, \ldots, N$$

Objective:

$$P\left[X(n)=j\right], n=1,2,\ldots,N_{time}, j=0,1,\ldots,N$$

What do we need?

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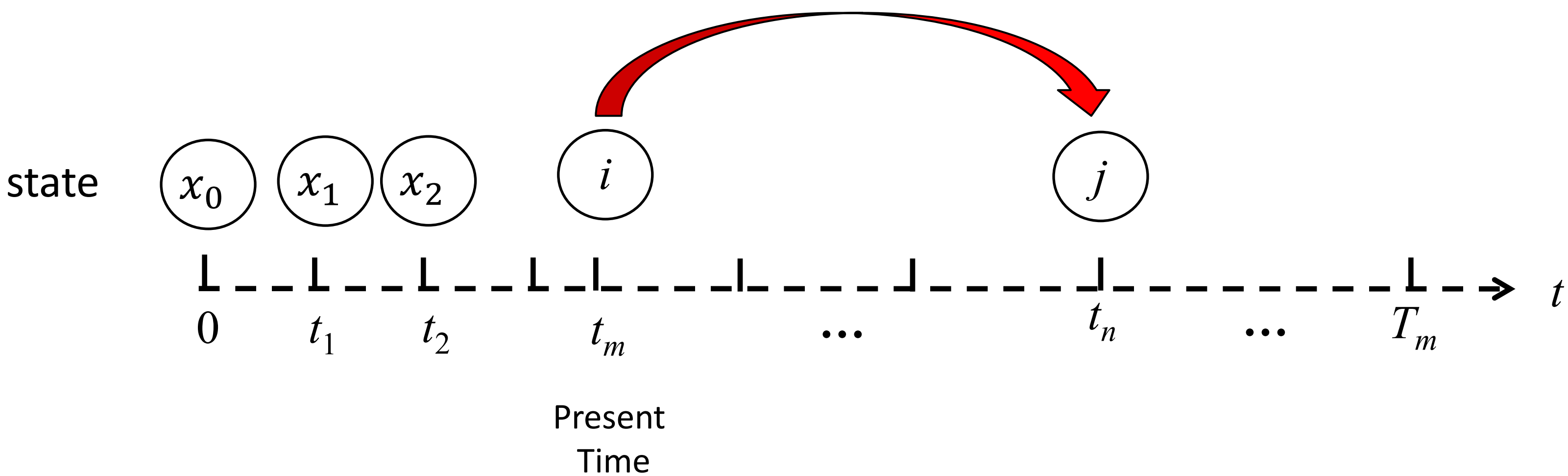
$$P\left[X\left(n\right)=j\right], n=1,2,\ldots,N_{time}, j=0,1,\ldots,N$$

What do we need?

Transition Probabilities!

- **Transition probability:** conditional probability that the system moves to state j at time t_n given that it is in state i at current time t_m and given the previous system history

$$P[X(n) = j | X(0) = x_0, X(1) = x_1, X(2) = x_2, \dots, X(m) = x_m = i]$$
$$\forall j = 0,1,\dots,N$$



The Conceptual Model: the Markov Assumption

In general for stochastic processes:

- the **probability** of a transition to a **future** state depends on its **entire life history**

$$P[X(n) = j | X(0) = x_0, X(1) = x_1, X(2) = x_2, \ldots, X(m) \; = x_m = i]$$

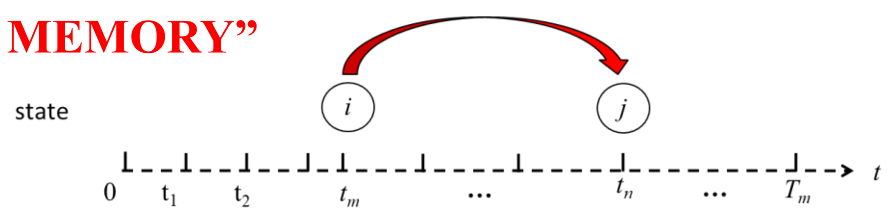
In Markov Processes:

- the **probability** of a transition to a **future** state **only** depends on its **present state**

$$P[X(n) = j | \cancel{X(0) = x_0, X(1) = x_1, X(2) = x_2, \ldots}, X_m = x_m = i]$$

$$=$$

THE PROCESS HAS "NO MEMORY"



The Conceptual Model: the Markov Assumption - Notation

$$p_{ij}(m,n) = P[X(n) = j | X(m) = i] \qquad n > m \geq 0$$

The Conceptual Model: Properties of the Transition Probabilities (1)

1. Transition probabilities $p_{ij}(m, n)$ are **larger than or equal to 0**

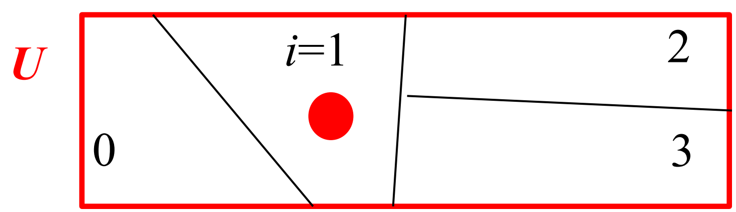
$$p_{ij}(m,n) \geq 0, \quad n > m \geq 0 \qquad i = 0, 1, 2, \ldots, N, \; j = 0, 1, 2, \ldots, N$$

(**definition** of **probability**)

2. Transition probabilities **must sum to 1**

$$\sum_{all\ j} p_{ij}(m,n) = \sum_{j=0}^{N} p_{ij}(m,n) = 1, n > m \geq 0 \qquad i = 0, 1, 2, \ldots, N$$

(the **set of states** is **exhaustive**)



$$\sum_{j=0}^{3} p_{1j}(m,n) = 1, n > m \geq 0$$

Starting from $i = 1$, the system either **remains in $i = 1$** or it goes **somewhere else, i.e.,** to **$j = 0$ or 2 or 3**

3. $$p_{ij}(m,n) = \sum_k p_{ik}(m,r)p_{kj}(r,n) \quad i = 0, 1, 2, \ldots, N, j = 0, 1, 2, \ldots, N$$

$$p[X(n)=j, X(m)=i] = \sum_k p[X(n)=j, X(r)=k, X(m)=i]$$ **(theorem of total probability)**

↓ **conditional probability**

$$= \sum_k p[X(n)=j \mid X(r)=k, X(m)=i] P[X(r)=k, X(m)=i]$$

↓ **Markov assumption**

$$= \sum_k p[X(n)=j \mid X(r)=k] P[X(r)=k, X(m)=i]$$

$$p_{ij}(m,n) = P[X(n)=j \mid X(m)=i] = \frac{P[X(n)=j, X(m)=i]}{P[X(m)=i]}$$ **(conditional probability)**

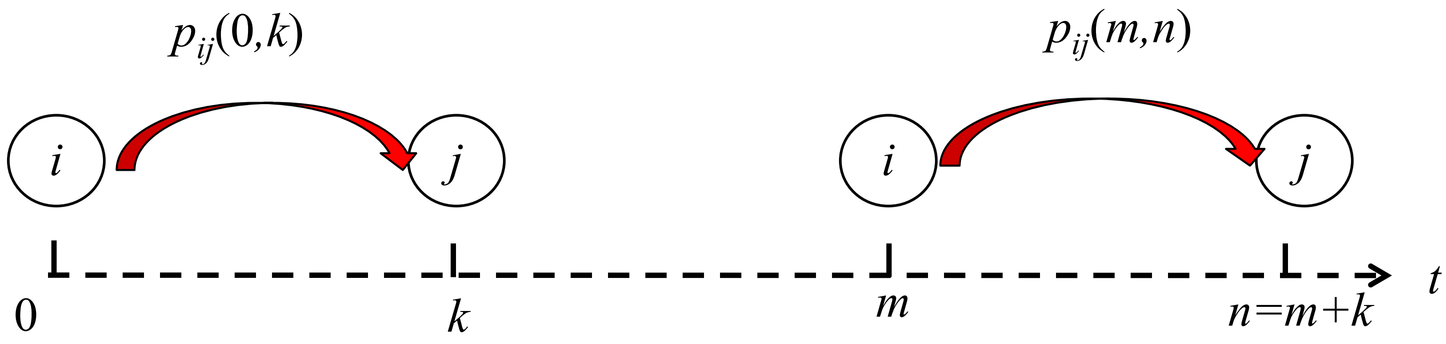
↓ **formula above**

$$= \sum_k p[X(n)=j \mid X(r)=k] \frac{P[X(r)=k, X(m)=i]}{P[X(m)=i]}$$

↓ **conditional probability**

$$= \sum_k P[X(n)=j \mid X(r)=k] P[X(r)=k \mid X(m)=i] = \sum_k p_{kj}(r,n) p_{ik}(m,r)$$

The Conceptual Model: Stationary Transition Probabilities



- If the **transition probability** $p_{ij}(m, n)$ depends on the **interval** $(t_n - t_m)$ and **not** on the **individual times** t_m and t_n, then
  - the **transition probabilities** are **stationary**
  - the **Markov process** is **homogeneous in time**

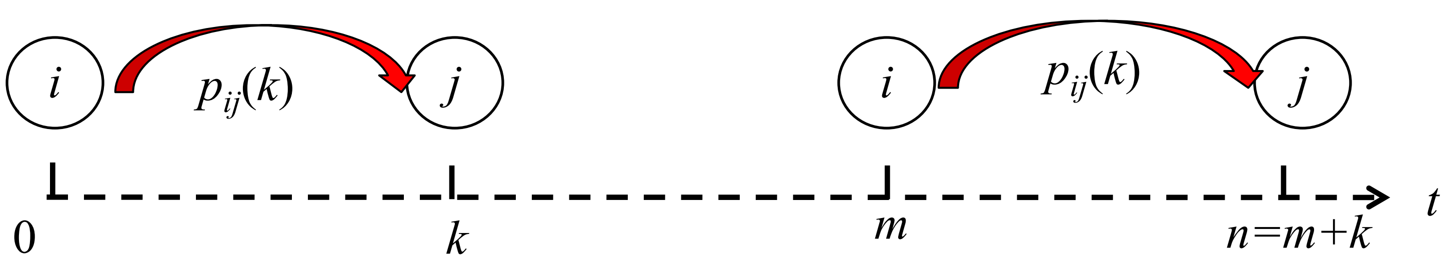
The Conceptual Model: Stationary Transition Probabilities

- If the **transition probability** $p_{ij}(m, n)$ depends on the **interval** $(t_n - t_m)$ and **not** on the **individual time** t_m then:
  - the **transition probabilities** are **stationary**
  - the **Markov process** is **homogeneous in time**

$$p_{ij}(m,n) = p_{ij}(m, m + \overbrace{(n-m)}^{k \text{ time steps}}) = p_{ij}(m, m+k) = P[X(m+k) = j \mid X(m) = i]$$

$$= P[X(k) = j \mid X(0) = i]$$

$$= p_{ij}(k), \quad k \geq 0 \quad i = 0, 1, 2, \ldots, N, j = 0, 1, 2, \ldots, N$$



The conceptual Model: Problem Setting

- We know:
  - The one-step transition probabilities: $p_{ij}(1) = \boxed{p_{ij}}$

    $(i = 0,1,2,\ldots,N, j = 0,1,2,\ldots,N)$

  - The state probabilities at time $n = 0$ (initial condition):

    $\boxed{c_j} = P[X(0) = j]$

- Objective:
  - Compute the probability that the system is in a given state j at a given time t_n, for all possible states and times

$$P[X(n) = j] = \boxed{P_j(n)},\ n = 1,2,\ldots,N_{time},\ j = 0,1,\ldots,N$$

The Conceptual Model: Notation - the Transition Probability Matrix

$$\underline{\underline{A}} = \begin{array}{c|ccccc} i/j & 0 & 1 & \dots & N \\ \hline 0 & & & & \\ 1 & & & & \\ \dots & & & & \\ N & & & & \end{array}$$

$$\underline{\underline{A}} = \begin{array}{cc} & \begin{array}{cccc} 0 & 1 & \dots & N \end{array} \\ \begin{array}{c} 0 \\ 1 \\ \dots \\ N \end{array} & \begin{pmatrix} p_{00} & p_{01} & \dots & p_{0N} \\ p_{10} & p_{11} & \dots & p_{1N} \\ \dots & \dots & \dots & \dots \\ p_{N0} & p_{N1} & \dots & p_{NN} \end{pmatrix} \end{array}$$

Properties:

- $\dim\left(\underline{\underline{A}}\right) = (N+1) \times (N+1)$
- $0 \le p_{ij} \le 1, \forall i, j \in \{0, 1, 2, \dots, N\}$

(all elements are **probabilities**)

The Conceptual Model: Notation - the Transition Probability Matrix

$$\underline{\underline{A}} = \begin{array}{c|c} i/j & \begin{matrix} 0 & 1 & \dots & N \end{matrix} \\ \begin{matrix} 0 \\ 1 \\ \dots \\ N \end{matrix} & \begin{pmatrix} p_{00} & p_{01} & \dots & p_{0N} \\ p_{10} & p_{11} & \dots & p_{1N} \\ \dots & \dots & \dots & \dots \\ p_{N0} & p_{N1} & \dots & p_{NN} \end{pmatrix} \end{array}$$

Σ (row 0) $=1$

Properties:

- $\dim\left(\underline{\underline{A}}\right) = (N+1)\times(N+1)$
- $0 \le p_{ij} \le 1, \forall i, j \in \{0,1,2,\dots,N\}$

(all elements are **probabilities**)

only $(N+1)$xN elements need to be known

- $\sum_{j=0}^{N} p_{ij} = 1, i = 0,1,2,\dots,N$

(the **set of states** is **exhaustive**)

$\underline{\underline{A}}$ **is a Stochastic Matrix**

The Conceptual Model: Notation - Unconditional State Probabilities

- Introduce the row vector:

$$\underline{P}(n) = \left[P_0(n) P_1(n) \ldots P_j(n) \ldots P_N(n)\right]$$ = probabilities of the system being in state 0, 1, 2, …, N at the n-th time step

- Initialize the vector $\underline{P}(n)$ at time step $n = 0$:

$$\underline{P}(0) = \underline{C} = \left[C_0\ C_1 \ldots C_j \ldots C_N\right]$$

Computation of the Unconditional State Probabilities (1)

$$P_j(1) = P\left[X(1) = j\right]$$

↓ theorem of total probability

$$= \sum_{i=0}^{N} P\left[X(1) = j \middle| X(0) = i\right] \cdot P\left[X(0) = i\right]$$

↓ homogeneous process

$$= \sum_{i=0}^{N} p_{ij} C_i = p_{0j} \cdot C_0 + p_{1j} \cdot C_1 + p_{2j} \cdot C_2 + \ldots + p_{Nj} \cdot C_N ,$$

$$with \;\; j = 0, 1, 2, \ldots, N$$

Using Matrix Notation:

$$\underline{P}(1) = \underline{C} \cdot \underline{\underline{A}}$$

Computation of the Unconditional State Probabilities (2)

- At the second time step $n = 2$:

$$P_j(2) = P\left[X(2) = j\right]$$

↓ theorem of total probability + Markov assumption

$$= \sum_{k=0}^{N} P\left[X(2) = j \middle| X(1) = k\right] \cdot P\left[X(1) = k\right]$$

↓ homogeneous process

$$= \sum_{k=0}^{N} p_{kj} \cdot P_k(1)$$

$$= P_0(1) \cdot p_{0j} + P_1(1) \cdot p_{1j} + P_2(1) \cdot p_{2j} + \ldots + P_N(1) \cdot p_{Nj},$$

$$with \;\; j = 0, 1, 2, \ldots, N$$

$$\underline{P}(2) = \underline{P}(1) \cdot \underline{\underline{A}} = \left(\underline{C}\,\underline{\underline{A}}\right)\underline{\underline{A}} = \underline{C}\,\underline{\underline{A}}^2$$

Proceeding in the same recursive way…

FUNDAMENTAL EQUATION OF THE HOMOGENEOUS DISCRETE-TIME DISCRETE-STATE MARKOV PROCESS

$$\boxed{\underline{P}(n) = \underline{P}(0) \cdot \underline{\underline{A}}^n = \underline{C} \cdot \underline{\underline{A}}^n}$$

Problem Setting & Found Solution

- We know:
  - The one-step transition probabilities: p_{ij}
  - The initial condition $c_j = P[X(0) = j]$
- Objective:
  - Compute the probability that the system is in a given state j at a given time t_n, for all possible states and times: $\underline{P}(n)$
- Solution:

$$\boxed{\underline{P}(n) = \underline{P}(0) \cdot \underline{A}^n = \underline{C} \cdot \underline{A}^n}$$

FUNDAMENTAL EQUATION

Multi-step Transition Probabilities: Interpretation

FUNDAMENTAL EQUATION $\boxed{\underline{P}(n) = \underline{P}(0) \cdot \underline{\underline{A}}^n = \underline{C} \cdot \underline{\underline{A}}^n}$

$$\underline{\underline{A}}^n = \begin{pmatrix} p_{00}(n) & p_{01}(n) & \dots & p_{0N}(n) \\ p_{10}(n) & p_{11}(n) & \dots & p_{1N}(n) \\ \dots & \dots & \dots & \dots \\ p_{N0}(n) & p_{N1}(n) & \dots & p_{NN}(n) \end{pmatrix}$$

***n*-th step transition probability matrix**

$$p_{ij}(n) = P[X(n) = j | X(0) = i]$$

probability of arriving in state *j* after *n* steps given that the initial state was *i*

Multi-step transition probabilities (2)

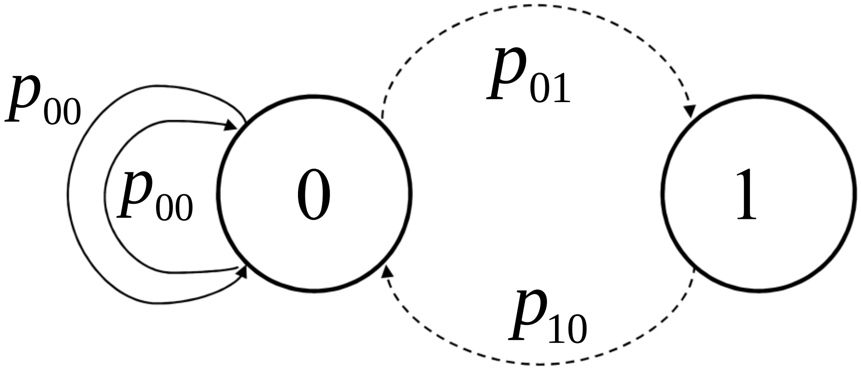
EXAMPLE WITH $N = 2$ STATES AND $n = 2$ time steps

$$\underline{\underline{A}} = \begin{pmatrix} p_{00} & p_{01} \\ p_{10} & p_{11} \end{pmatrix} \quad (i = 0,1, j = 0, 1)$$

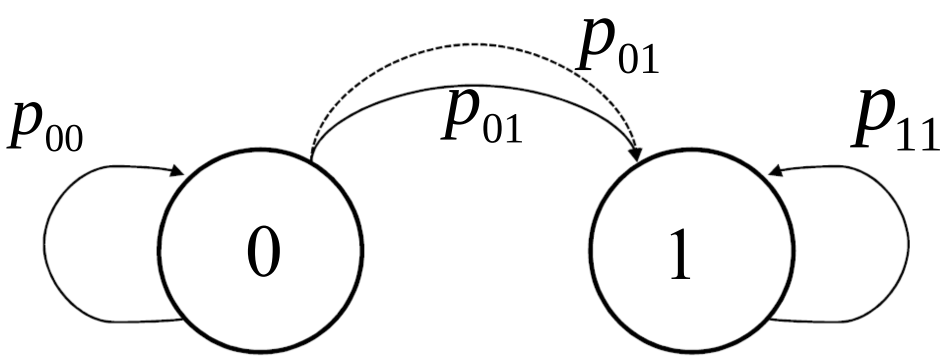
$$\underline{\underline{A}}^2 = \begin{pmatrix} p_{00} & p_{01} \\ p_{10} & p_{11} \end{pmatrix} \cdot \begin{pmatrix} p_{00} & p_{01} \\ p_{10} & p_{11} \end{pmatrix} = \begin{pmatrix} p_{00} \cdot p_{00} + p_{01} \cdot p_{10} & p_{00} \cdot p_{01} + p_{01} \cdot p_{11} \\ p_{10} \cdot p_{00} + p_{11} \cdot p_{10} & p_{10} \cdot p_{01} + p_{11} \cdot p_{11} \end{pmatrix}$$

WHAT IS THE "PHYSICAL" MEANING?

Multi-step Transition Probabilities (3)



$$p_{00}(2) = p_{00} \cdot p_{00} + p_{01} \cdot p_{10}$$



$$p_{01}(2) = p_{00} \cdot p_{01} + p_{01} \cdot p_{11}$$

$p_{ij}(n) = P[X(n) = j \mid X(0) = i]$ **, $p_{ij}(n)$ is the sum of the probabilities of all trajectories with length n which originate in state i and end in state j**

Example 1: wet and dry days in a town

- Stochastic process of raining in a town (transitions between wet and dry days)

DISCRETE STATES

State 1: dry day

State 2: wet day

DISCRETE TIME

Time step = 1 day

TRANSITION MATRIX

$$\underline{\underline{A}} = \begin{array}{c c} & \begin{array}{cc} dry & wet \end{array} \\ \begin{array}{c} dry \\ wet \end{array} & \begin{pmatrix} 0.8 & 0.2 \\ 0.5 & 0.5 \end{pmatrix} \end{array}$$

You are required to:

1) Draw the Markov diagram
2) If today the weather is dry, what is the probability that it will be **dry two days from now**?

Open Problems

- We provided an analytical framework for computing the state probabilities
- Still open issues:
  1. Estimate the transition matrix A → Problem of parameter identification from data or expert knowledge
  2. Solve for a generic time n, i.e. find $P_j(n)$ as a function of n, without the need of multiplying n times the matrix A

Solution to the fundamental equation

Solution to the Fundamental Equation (1)

$$\begin{cases} \underline{P}(n) = \underline{P}(0)\underline{\underline{A}}^n \\ \underline{P}(0) = \underline{C} \end{cases}$$

SOLVE THE <u>EIGENVALUE PROBLEM</u> ASSOCIATED TO MATRIX A

i) Set the **eigenvalue problem** $\underline{V} \cdot \underline{\underline{A}} = \omega \cdot \underline{V}$

ii) Write the **homogeneous form** $\underline{V} \cdot \left(\underline{\underline{A}} - \omega \cdot \underline{\underline{I}} \right) = 0$

iii) Find **non-trivial solutions** by setting $\det\left(\underline{\underline{A}} - \omega \cdot \underline{\underline{I}} \right) = 0$

iv) From $\det\left(\underline{\underline{A}} - \omega \cdot \underline{\underline{I}} \right) = 0$ compute the **eigenvalues** $\omega_j,\ j = 0,1,\ldots,N$

v) Set the ***N+1*** **eigenvalue problems** $\underline{V_j} \cdot \underline{\underline{A}} = \omega_j \cdot \underline{V_j} \qquad j = 0,1,\ldots,N$

vi) From $\underline{V_j} \cdot \underline{\underline{A}} = \omega_j \cdot \underline{V_j}$ compute the **eigenvectors** $\underline{V_j},\ j = 0,1,\ldots,N$

Eigenvalues of a Stocastic Matrix

- A is a stocastic matrix
- The Markov process is regular and Ergodic

$$\omega_0 = 1 \text{ and } |\omega_j| < 1, j = 1,2, \ldots, N$$

The **eigenvectors** $\underline{V}_j$ span the $(N+1)$-dimensional space and can be used as a **basis** to write **any** $(N+1)$-dimensional vector as a **linear combination** of them

$$\underline{C} = \sum_{j=0}^{N} c_j \cdot \underline{V_j} \qquad \text{AND} \qquad \underline{P}(n) = \sum_{j=0}^{N} \alpha_j \cdot \underline{V_j}$$

WE NEED TO FIND THE COEFFICIENTS α_j AND $c_j, j = 0,1,\ldots, N$

Solution to the fundamental equation (3)

FIND THE COEFFICIENTS $c_j,\ j = 0,1,\ldots,N$ **FOR** $\underline{C} = \sum_{j=0}^{N} c_j \cdot \underline{V}_j$

SOLVE THE ASSOCIATED <u>ADJOINT EIGENVALUE PROBLEM</u>

i) Set the **adjoint eigenvalue problem**

$$\underline{V}^+ \cdot \underline{\underline{A}}^+ = \omega^+ \cdot \underline{V}^+$$

ii) Since for **real valued** matrices $\underline{\underline{A}}^+ = \underline{\underline{A}}^T$ then:

$$\underline{V}^+ \cdot \underline{\underline{A}}^+ = \omega^+ \cdot \underline{V}^+ \Rightarrow \underline{V}^+ \cdot \underline{\underline{A}}^T = \omega^+ \cdot \underline{V}^+$$

iii) Since the eigenvalues $\omega_j^+,\ j = 0,1,\ldots,N$ depend **only** on $\det\left(\underline{\underline{A}}^T\right) = \det\left(\underline{\underline{A}}\right)$

$$\Rightarrow \omega_j^+ = \omega_j,\ j = 0,1,\ldots,N$$

iv) From $\underline{V}_j^+ \cdot \underline{\underline{A}}^+ = \omega_j \cdot \underline{V}_j^+,\ j = 0,1,\ldots,N$ compute the adjoint eigenvectors

$$\underline{V}_j^+ \ ,\ j = 0,1,\ldots,N$$

v) By **definition** of the adjoint problem and since $\underline{V}_j^+$ and $\underline{V}_j$ are **orthogonal**

$$\Rightarrow \quad < \underline{V}_j^+, \underline{V}_i > \equiv \underline{V}_j^+ \cdot \underline{V}_i^T = \begin{cases} 0 \ \ if\ i \neq j \\ k\ otherwise \end{cases}$$

iv) From $\underline{V}_j^+ \cdot \underline{\underline{A}}^+ = \omega_j \cdot \underline{V}_j^+,\ j = 0,1,\ldots,N$ compute the adjoint eigenvectors

$$\underline{V}_j^+ \ ,\ j = 0,1,\ldots,N$$

v) By **definition** of the adjoint problem and since $\underline{V}_j^+$ and $\underline{V}_j$ are **orthogonal**

$$<\underline{V}_j^+, \underline{V}_i> \equiv \underline{V}_j^+ \cdot \underline{V}_i^T = \begin{cases} 0 & if\ i \neq j \\ k & otherwise \end{cases}$$

vi) Multiply the left- and right-hand sides of $\underline{C} = \sum_{i=0}^{N} c_i \underline{V}_i$ by $\underline{V}_j^+$

$$\left\langle \underline{V}_j^+, \underline{C} \right\rangle = \sum_{i=0}^{N} c_i \left\langle \underline{V}_j^+, \underline{V}_i \right\rangle = c_j \left\langle \underline{V}_j^+, \underline{V}_j \right\rangle \rightarrow c_j = \frac{\left\langle \underline{V}_j^+, \underline{C} \right\rangle}{\left\langle \underline{V}_j^+, \underline{V}_j \right\rangle}$$

(orthogonality)

Solution to the fundamental equation (5)

FIND THE COEFFICIENTS $\alpha_j,\ j = 0,1,\ldots,N$ **FOR** $\underline{P}(n) = \sum_{j=0}^{N} \alpha_j \cdot \underline{V_j}$

USE $\underline{P}(n) = \sum_{j=0}^{N} \alpha_j \cdot \underline{V_j}$, $\underline{C} = \sum_{j=0}^{N} c_j \cdot \underline{V_j}$ AND $\underline{P}(n) = \underline{C}\,\underline{\underline{A}}^n$

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i) Substitute $\underline{C} = \sum_{j=0}^{N} c_j \cdot \underline{V}_j$ into $\underline{P}(n) = \underline{C}\,\underline{\underline{A}}^n$ to obtain $P(n) = \left(\sum_{j=0}^{N} c_j \underline{V}_j \right) \cdot \underline{\underline{A}}^n$

ii) Set $\underline{P}(n) = \sum_{j=0}^{N} \alpha_j \cdot \underline{V}_j = \underline{C} \cdot \underline{\underline{A}}^n = \left(\sum_{j=0}^{N} c_j \underline{V}_j \right) \cdot \underline{\underline{A}}^n$

Solution to the fundamental equation (6)

iii) Multiply $\underline{V}_j \cdot \underline{\underline{A}} = \omega_j \cdot \underline{V}_j$ by $\underline{\underline{A}}$ to obtain $\underline{V}_j \cdot \underline{\underline{A}} \cdot \underline{\underline{A}} = \omega_j \cdot \boxed{\underline{V}_j \cdot \underline{\underline{A}}}$

Since $\boxed{\underline{V}_j \cdot \underline{\underline{A}}} = \omega_j \cdot \underline{V}_j$ then $\underline{V}_j \cdot \underline{\underline{A}}^2 = \omega_j \cdot \boxed{\omega_j \cdot \underline{V}_j} = \omega_j^2 \cdot \underline{V}_j$

… (proceeding in the same recursive way)

$$\underline{V}_j \cdot \underline{\underline{A}}^n = \omega_j^n \cdot \underline{V}_j$$

iv) Substitute $\underline{V}_j \cdot \underline{\underline{A}}^n = \omega_j^n \cdot \underline{V}_j$ into $\underline{P}(n) = \sum_{j=0}^{N} \alpha_j \cdot \underline{V}_j \quad = \underline{C} \cdot \underline{\underline{A}}^n = \sum_{j=0}^{N} c_j \cdot \underline{V}_j \underline{\underline{A}}^n$

$$\Rightarrow \sum_{j=0}^{N} \alpha_j \cdot \underline{V}_j = \sum_{j=0}^{N} c_j \cdot \omega_j{}^n \cdot \underline{V}_j$$

$$\Downarrow$$

$$\alpha_j = c_j \cdot \omega_j{}^n$$

Example 2: wet and dry days in a town – HOMEWORK send your solution by Friday before 8:00

- Stochastic process of raining in a town (transitions between wet and dry days)

DISCRETE STATES

State 1: dry day

State 2: wet day

DISCRETE TIME

Time step = 1 day

TRANSITION MATRIX

$$\underline{\underline{A}} = \begin{array}{c c} & \begin{array}{cc} dry & wet \end{array} \\ \begin{array}{c} dry \\ wet \end{array} & \begin{pmatrix} 0.8 & 0.2 \\ 0.5 & 0.5 \end{pmatrix} \end{array}$$

Today the weather is dry

You are required to:

1) Drive an expression of the probability that it will be dry ***n*** days from now.
2) Estimate the probability that it will be dry ***n*** days from now.

Quantity of Interest

Ergodic Markov Process

A Markov process is called ergodic if it is possible to eventually get from every state to every other state with positive probability

$$A = \begin{pmatrix} 0.8 & 0.2 \\ 0.50 & 0.5 \end{pmatrix}$$

Ergodic

$$A = \begin{pmatrix} 0.8 & 0.2 \\ 0 & 1 \end{pmatrix}$$

Non Ergodic

A Markov process is said to be regular if some power of the stochastic matrix A has all positive entries (i.e. strictly greater than zero).

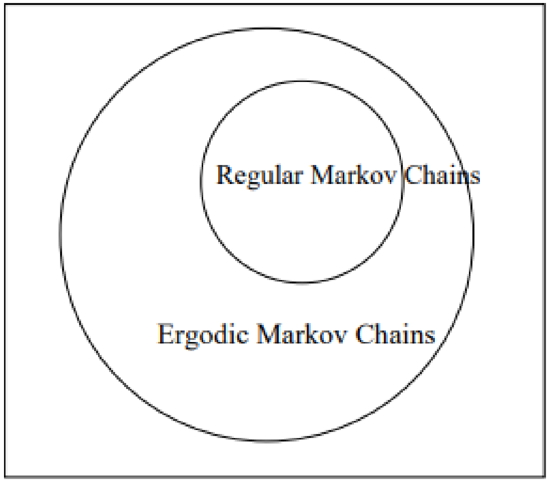
$$A = \begin{pmatrix} 0 & 1 \\ 1 & 0 \end{pmatrix}$$

$$A^2 = A^4 = \cdots = \begin{pmatrix} 1 & 0 \\ 0 & 1 \end{pmatrix}$$

$$A^3 = A^5 = \cdots = \begin{pmatrix} 0 & 1 \\ 1 & 0 \end{pmatrix}$$

Ergodic – Non Regular

Is it possible to make long-term predictions ($n \to +\infty$) of a Markov process?



It is possible to show that if the Markov process is regular then:

$$\lim_{n \to +\infty} \underline{P}(n) = \Pi$$

Steady state probabilities

- **Steady state probabilities π_j:** probability of the system being in state *j* **asymptotically**

- **TWO ALTERNATIVE APPROACHES:**

1) Since $\omega_0 = 1$ and $|\omega_j| < 1,\ j = 1,2,\ldots,N$

AT STEADY STATE: $\lim_{n\to\infty} \underline{P}(n) = \lim_{n\to\infty} \sum_{j=0}^{N} \boxed{\alpha_j} \cdot \underline{V_j} = \lim_{n\to\infty} \sum_{j=0}^{N} \boxed{c_j \cdot \omega_j^n} \cdot \underline{V_j} = c_0 \underline{V_0} = \underline{\Pi}$

- **Steady state probabilities π_j:** probability of the system being in state *j* **asymptotically**

- **TWO ALTERNATIVE APPROACHES:**

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2) Use the recursive equation $\underline{P}(n) = \underline{P}(n-1) \cdot \underline{\underline{A}}$

AT STEADY STATE: $\underline{P}(n) = \underline{P}(n-1) = \underline{\Pi}$

SOLVE $\underline{\Pi} = \underline{\Pi} \cdot \underline{\underline{A}}$ subject to $\sum_{j=0}^{N} \Pi_j = 1$

Example 3: wet and dry days in a town (continue)

$$\underline{\underline{A}} = \begin{array}{c} \\ dry \\ wet \end{array} \begin{array}{c} \begin{array}{cc} dry & wet \end{array} \\ \begin{pmatrix} 0.8 & 0.2 \\ 0.5 & 0.5 \end{pmatrix} \end{array} \qquad \underline{C} = \begin{bmatrix} 1 & 0 \end{bmatrix}$$

- *Question*: what is the probability that **one year from now** the day will be **dry**?
  - ❑ Use the approximation based on the recursive equation

First Passage Probabilities (1)

- **FIRST PASSAGE PROBABILITY AFTER *n* TIME STEPS:**

Probability that the system arrives **for the first time** in state *j* **after *n* steps**, given that it was in state *i* at the initial time 0

$$f_{ij}(n) = P\left[X(n) = j \ \ \text{for the first time} \middle| X(0) = i \right]$$

=

$$f_{ij}(n) = P\left[X(n) = j, X(m) \neq j, 0 < m < n \mid X(0) = i\right]$$

NOTICE:

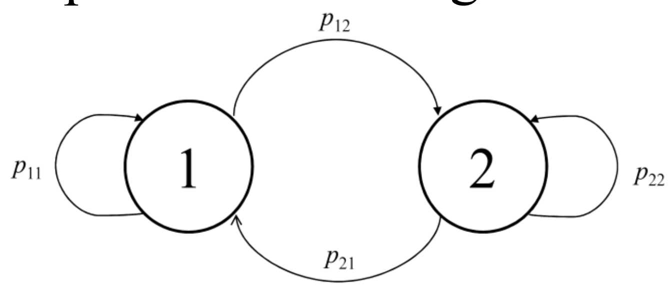
$$f_{ij}(n) \neq p_{ij}(n)$$

$p_{ij}(n)$ =probability that the system reaches state *j* **after *n* steps** starting from state *i*, but **not necessarily for the first time**

Example 4: First Passage Probabilities

Compute for the markov process in the Figure below:

- $f_{11}(1)$
- $f_{11}(n)$
- $f_{12}(n)$



- Probability of going from state 1 to state 1 in 1 step for the first time

$$f_{11}(1) = ?$$

- Probability that the system, starting from state 1, will return to the same state 1 for the first time after *n* steps

$$f_{11}(n) = ?$$

- Probability that the system will arrive for the first time in state 2 after *n* steps

$$f_{12}(n) = ?$$

- RELATIONSHIP WITH TRANSITION PROBABILITIES

$$f_{ij}(1) = p_{ij}(1) = p_{ij}$$

$$f_{ij}(2) = p_{ij}(2) - f_{ij}(1) \cdot p_{jj}$$

Probability that the system reaches state *j* at step 2, given that it was in *i* at 0

Probability that the system reaches state *j* for the first time at step 1 (starting from *i* at 0) and that it remains in *j* at the successive step

$$f_{ij}(3) = p_{ij}(3) - f_{ij}(1) \cdot p_{jj}(2) - f_{ij}(2) \cdot p_{jj}$$

…

$$f_{ij}(k) = p_{ij}(k) - \sum_{l=1}^{k-1} f_{ij}(k-l) p_{jj}(l)$$ (Renewal Equation)

Recurrent, Transient and Absorbing States (1)

DEFINITIONS:

- First passage probability that the system goes to state *j* **within *m* steps** given that it was in *i* at time 0:

$$q_{ij}(m) = \sum_{n=1}^{m} f_{ij}(n)$$ = sum of the probabilities of the **mutually exclusive events** of reaching *j* for the first time after $n = 1, 2, 3, \ldots, m$ steps

- Probability that the system **eventually** reaches state *j* from state *i*:

$$q_{ij}(\infty) = \lim_{m \to \infty} q_{ij}(m)$$

- Probability that the system **eventually** returns to the initial state:

$$f_{ii} = q_{ii}(\infty)$$

Recurrent, transient and absorbing states (2)

- State i is **recurrent** if the system starting at such state will **surely** return to it **sooner or later** (i.e., in finite time):

  $f_{ii} = q_{ii}(\infty) = 1$

  - For recurrent states $\Pi_i \neq 0$

Recurrent, transient and absorbing states (2)

- State i is **recurrent** if the system starting at such state will **surely** return to it **sooner or later** (i.e., in finite time):

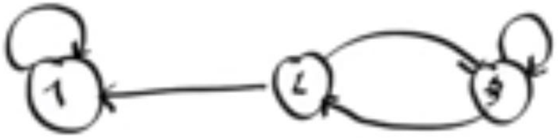
  $$f_{ii} = q_{ii}(\infty) = 1$$

  - For recurrent states $\Pi_i \neq 0$

- State i is **transient** if the system starting at such state has a **finite probability** of **never** returning to it:

  $$f_{ii} = q_{ii}(\infty) < 1$$

  - For these states, at steady state $\Pi_i = 0$

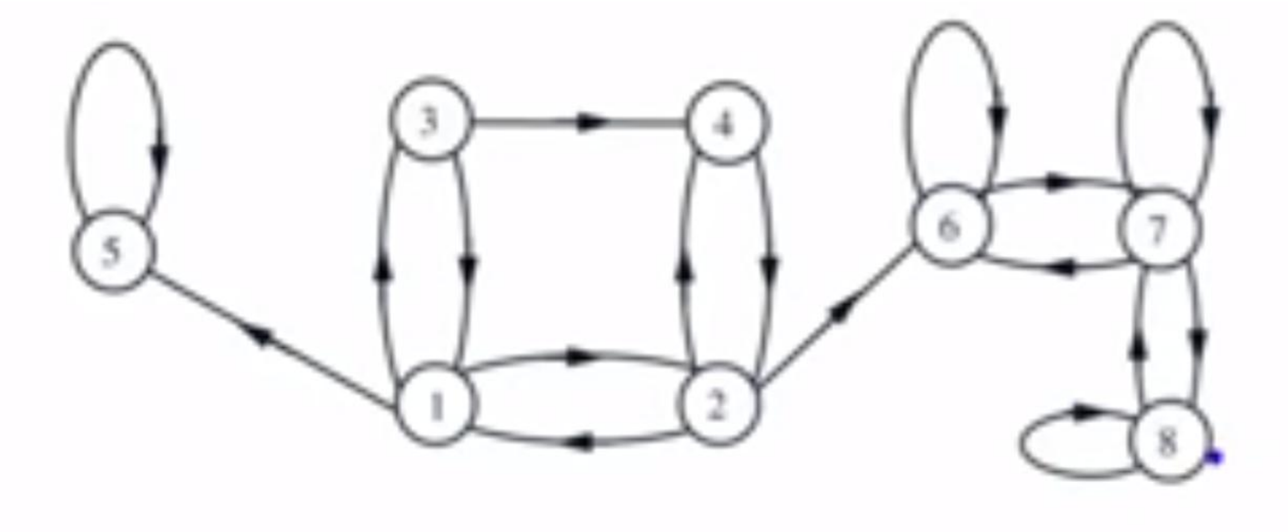


we **cannot** have a **finite Markov process** in which **all states** are **transients** because eventually it will leave them and **somewhere** it must go **at steady state**

- State i is **absorbing** if the system cannot leave it once it enters: $p_{ii} = 1$

Example 5

Classify the states of the following Markov Chain



Sojourn Time in a state (Average Occupation Time of a State)

S_i= number of consecutive time steps the system remains in state *i*

$\boldsymbol{E[S_i] = l_i}$= **Average occupation time** of state *i*

=

average number of time steps before the system exits state *i*

- Recalling that:

$p_{ii} =$ probability that the system "moves to" *i* in one step, given that it was in *i*

$1 - p_{ii} =$ probability that the system exits *i* in one step, given that it was in *i*

$$\mathrm{P}(S_i = n) = p_{ii}^n(1 - p_{ii})$$

$$S_i \sim \mathrm{Geom}(1 - p_{ii})$$

$$\boldsymbol{l_i = E[S_i]} = \frac{1}{1 - p_{ii}}$$