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Appendix

A.1 Lemma: Transformation of Line Planning Game

Lemma A.1 Consider a line planning game $\Gamma = (G, \mathcal{P}, f^{\min}, f^{\max}, c, N, M)$ with cost functions $c_e(f_e) \leq 0$ for $f_e \leq 0$. Furthermore, we have $f^{\min} \leq 0$ and $f_e^{\max} \leq 0, e \in E$. We obtain a transformed line planning game $\bar{\Gamma} = (G, \mathcal{P}, \bar{f}^{\min}, \bar{f}^{\max}, \bar{c}, N, M)$ with $\bar{c}_e(\bar{f}_e) \geq 0$ for $\bar{f}_e \geq 0$, $\bar{f}^{\min} \geq 0$ and $\bar{f}_e^{\max} \geq 0, e \in E$ such that the set of equilibria in Γ and $\bar{\Gamma}$ coincide, by the following transformation.

Set

$$\begin{aligned} \alpha_P &= -f^{\min}, \\ \beta_e &= -\min_{f^{\min} \leq f_e \leq 0} c_e(f_e), \\ \bar{f}_P &= f_P + \alpha_P, \\ \bar{c}_e(\bar{f}_e) &= c_e\left(\bar{f}_e - \sum_{P:e \in P} \alpha_P\right) + \beta_e, \\ \bar{f}^{\min} &= f^{\min} + \sum_{P \in \mathcal{P}} \alpha_P, \\ \bar{f}_e^{\max} &= f_e^{\max} + \sum_{P:e \in P} \alpha_P, \forall e \in E. \end{aligned}$$

It holds that \bar{f} is an equilibrium in $\bar{\Gamma}$ if and only if f is an equilibrium in Γ . The cost of player P for feasible frequencies f changes by a transformation such as the following.

$$\bar{c}_P(\bar{f}) = c_P(f) + \sum_{e \in P} \beta_e. \tag{A.1}$$

Proof. First note that β_e exists for all $e \in E$, inasmuch as $c_e(f_e)$ is continuous and thus the minimum of a compact interval exists by the Weierstrass extreme value theorem. Furthermore, α_e and β_e are nonnegative for $e \in E$ by definition.

The cost (A.1) of a line P can be verified by inserting the definitions and using $f_e = \sum_{P:e \in P} f_P = \sum_{P:e \in P} (\bar{f}_P - \alpha_P) = \bar{f}_e - \sum_{P:e \in P} \alpha_P$:

$$\bar{c}_P(\bar{f}) = \sum_{e \in P} \bar{c}_e(\bar{f}_e) = \sum_{e \in P} \left(c_e \left(\bar{f}_e - \sum_{P:e \in P} \alpha_P \right) + \beta_e \right) = c_P(f) + \sum_{e \in P} \beta_e.$$

For the proof of the equivalence of equilibria, we check the three cases that appear in the payoff function.

Part (a)

$$\begin{aligned} \bar{b}_P(\bar{f}) = M &\Leftrightarrow \sum_{P \in \mathcal{P}} \bar{f}_P < \bar{f}^{\min} \\ &\Leftrightarrow \sum_{P \in \mathcal{P}} (\bar{f}_P - \alpha_P) < \bar{f}^{\min} - \sum_{P \in \mathcal{P}} \alpha_P \\ &\Leftrightarrow \sum_{P \in \mathcal{P}} f_P < f^{\min} \\ &\Leftrightarrow b_P(f) = M. \end{aligned}$$

Part (b)

$$\begin{aligned} \bar{b}_P(\bar{f}) = \bar{c}_P(\bar{f}) &\Leftrightarrow \underbrace{\sum_{P \in \mathcal{P}} \bar{f}_P \geq \bar{f}^{\min}}_{(*)} \wedge \underbrace{\forall e \in P : \bar{f}_e \leq \bar{f}_e^{\max}}_{(**)} \\ &\Leftrightarrow \sum_{P \in \mathcal{P}} f_P \geq f^{\min} \wedge \forall e \in P : f_e \leq f_e^{\max} \\ &\Leftrightarrow b_P(f) = c_P(f). \end{aligned}$$

$$\begin{aligned} (*) \quad \sum_{P \in \mathcal{P}} \bar{f}_P \geq \bar{f}^{\min} &\Leftrightarrow \sum_{P \in \mathcal{P}} \bar{f}_P - \alpha_P \geq \bar{f}^{\min} - \sum_{P \in \mathcal{P}} \alpha_P \\ &\Leftrightarrow \sum_{P \in \mathcal{P}} f_P \geq f^{\min}. \end{aligned}$$

$$\begin{aligned} (**) \quad \forall e \in P : \bar{f}_e \leq \bar{f}_e^{\max} &\Leftrightarrow \bar{f}_e - \sum_{P:e \in P} \alpha_P \leq \bar{f}_e^{\max} - \sum_{P:e \in P} \alpha_P \\ &\Leftrightarrow f_e \leq f_e^{\max}. \end{aligned}$$

Part (c)

$$\begin{aligned}
 \bar{b}_P(\bar{f}) = N &\Leftrightarrow \underbrace{\sum_{P \in \mathcal{P}} \bar{f}_P \geq \bar{f}^{\min}}_{(*)} \wedge \underbrace{\exists e \in P : \bar{f}_e > \bar{f}_e^{\max}}_{(***)} \\
 &\Leftrightarrow \sum_{P \in \mathcal{P}} f_P \leq r \wedge \exists e \in P : f_e > f_e^{\max} \\
 &\Leftrightarrow b_P(f) = N.
 \end{aligned}$$

(*) see (ii)

$$\begin{aligned}
 (***) \exists e \in P : \bar{f}_e > \bar{f}_e^{\max} &\Leftrightarrow \bar{f}_e - \sum_{P \in \mathcal{P}} \alpha_P > \bar{f}_e^{\max} - \sum_{P \in \mathcal{P}} \alpha_P \\
 &\Leftrightarrow f_e > f_e^{\max}.
 \end{aligned}$$

Consider any two flows f_1, f_2 and the corresponding transformations \bar{f}_1, \bar{f}_2 . As the difference of $\bar{c}_P(\bar{f})$ and $c_P(f)$ is given by a constant, and as M and N are by definition chosen sufficiently large; that is, greater than $c_P(f) + \sum_{e \in P} \beta_e$ for all feasible f , it holds:

$$\bar{b}_P(\bar{f}_1) \leq \bar{b}_P(\bar{f}_2) \Leftrightarrow b_P(f_1) \leq b_P(f_2).$$

Thus, the set of equilibria coincides for $\bar{\Gamma}$ and Γ . □

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