



The Cooperative Maximum Capture Facility Location Problem

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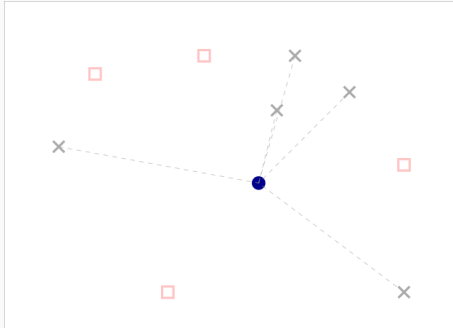
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Introduction to the Cooperative Maximum Capture Facility Location (CMCFL)

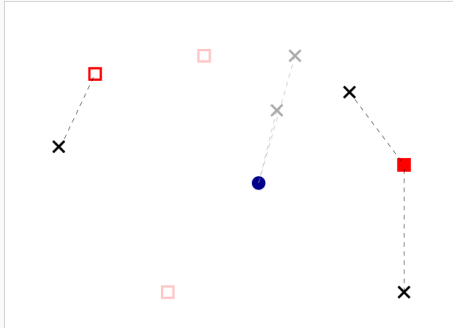
Maximum Capture Facility Location (MCFL)



Company?

Maximize customer capture by opening plants.

Maximum Capture Facility Location (MCFL)



Company?

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Customers?

Binary rule

(Utility maximization):
They patronize their
favorite open plant

Cooperative MCFL. Applications?

Binary decision rule + cooperative setting

- **Cooperative capturing:** The captured utility is given in terms of an aggregation of the partial utilities.
- With **binary decision rule:** Customers are **loyal** to the company.

¹EU deal to end sale of new CO2-emitting cars by 2035, Oct. 2023.

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Specific product¹ :



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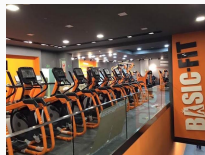
Binary decision rule + cooperative setting

- **Cooperative capturing:** The captured utility is given in terms of an aggregation of the partial utilities.
- With **binary decision rule:** Customers are **loyal** to the company.

Specific product¹ :



Membership for the service:



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Modeling the captured utility

Captured utility

Ordered Median function²

Assigns importance weights to the sorted partial utilities, and then aggregates the weighted utilities.

Consider a set of customers \mathcal{I} , a set of plants \mathcal{J} , and **partial utilities** u_{ij}^{ts} for each time period t and scenario s . For $i \in \mathcal{I}$, define the associated weighting vector $\lambda_i = (\lambda_{i1}, \dots, \lambda_{i|\mathcal{J}|})$. Then the **captured utility** is:

$$U_i^{ts} := \Phi_{\lambda_i}(u_{i1}^{ts}, \dots, u_{i|\mathcal{J}|}^{ts}) = \sum_{j \in \mathcal{J}} \lambda_{ij} u_{ij}^{ts},$$

where $u_{i(r)}^{ts}$ is such that $u_{i(1)}^{ts} \geq \dots \geq u_{i(|\mathcal{J}|)}^{ts}$.

$$\begin{cases} \lambda = (1, 2, 3) \\ u_i = (3, 7, 0) \end{cases} \Rightarrow U_i^{ts} = 1 \cdot 7 + 2 \cdot 3 + 3 \cdot 0 = 13.$$

²S. Nickel and J. Puerto. Location theory: a unified approach. *Springer Science & Business Media*, 2006.

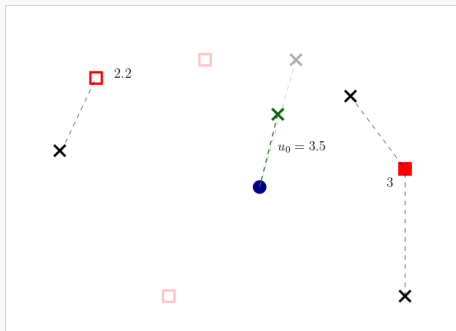
Unified cooperative framework

Different λ for different approaches:

Utility Maximization $\lambda_i = (1, 0, \dots, 0)$ (non cooperative)

Consideration set of size ℓ $\lambda_i = (\underbrace{1, \dots, 1}_{\ell}, 0, \dots, 0)$

Average $\lambda_i = (\frac{1}{|\mathcal{I}|}, \dots, \frac{1}{|\mathcal{I}|})$



Cooperative setting with
 $\lambda_i = (1, \frac{1}{2}, 0, \dots, 0)$:

Small plant: $U = 2.2$

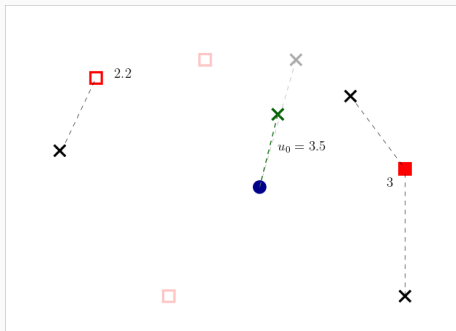
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Big plant: $U = 3$

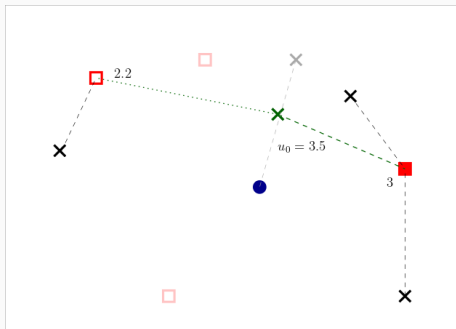
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Cooperative setting with

$\lambda_i = (1, \frac{1}{2}, 0, \dots, 0)$:

Small plant: $U = 2.2$

Big plant: $U = 3$

Both: $U = 3 \cdot 1 + \frac{2.2}{2} = 4.4$

Modeling the OMf

Variables

$$\sigma_{ijr}^{ts} := \begin{cases} 1, & u_{ij}^{ts} \text{ is the } r\text{-th largest utility for customer } i, \\ 0, & \text{otherwise.} \end{cases}$$

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The **assignment problem** is:

$$\begin{aligned} U_i^{ts} = \max_{\sigma_i^{ts}} \quad & \sum_{j \in \mathcal{J}} \sum_{r \in \mathcal{J}} \lambda_{ir} u_{ij}^{ts} \sigma_{ijr}^{ts} \\ \text{s.t.} \quad & \sum_{j \in \mathcal{J}} \sigma_{ijr}^{ts} = 1, \quad \forall r \in \mathcal{J}, \\ & \sum_{r \in \mathcal{J}} \sigma_{ijr}^{ts} = 1, \quad \forall j \in \mathcal{J}, \\ & \sum_{j \in \mathcal{J}} u_{ij}^{ts} \sigma_{ijr-1}^{ts} \geq \sum_{j \in \mathcal{J}} u_{ij}^{ts} \sigma_{ijr}^{ts}, \quad \forall r \in \mathcal{J} \setminus \{1\}, \\ & \sigma_{ijr}^{ts} \in \{0, 1\}, \quad \forall j, r \in \mathcal{J}. \end{aligned}$$

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The **linear assignment problem** is:

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* Assuming a non-increasing vector λ_i : $\lambda_{i1} \geq \dots \geq \lambda_{i|\mathcal{J}|}$.

Bilevel Model for the CMCFL

Cooperative Maximum Capture Facility Location

Bilevel structure

First level Company deciding the locations of the plants:

$$x_{jk}^t := \begin{cases} 1, & \text{a facility of type } k \text{ is installed in } j \text{ at time period } t, \\ 0, & \text{otherwise.} \end{cases}$$

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Second level Customers maximizing their utility:

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Partial utilities u_{ij}^{ts} (depend on the location variables x).

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Partial utilities u_{ij}^{ts} (depend on the location variables x).

Captured utility U_i^{ts} Embedded assignment problem in terms of σ , u .

Bilevel Model for the CMCFL

$$\begin{aligned}
 \max_{\mathbf{x}, \mathbf{u}} \quad & \sum_{t \in \mathcal{T}} \sum_{i \in \mathcal{I}} n_i^t \frac{1}{|\mathcal{S}|} \sum_{s \in \mathcal{S}} z_i^{ts} \\
 \text{s.t.} \quad & \sum_{k \in \mathcal{K}_j} x_{jk}^t \leq 1, \quad \forall j, t, \\
 & \sum_{k' \in \mathcal{K}_j: k' \geq k} x_{jk'}^{t-1} \leq \sum_{k' \in \mathcal{K}_j: k' \geq k} x_{jk'}^t, \quad \forall j, t \in \mathcal{T} \setminus \{1\}, k, \\
 & \sum_{t' \in \mathcal{T}: t' \leq t} \sum_{j \in \mathcal{J}} \sum_{k \in \mathcal{K}_j} c_{jk}^{t'} (x_{jk}^{t'} - x_{jk}^{t'-1}) \leq \sum_{t' \in \mathcal{T}: t' \leq t} b^{t'}, \quad \forall t, \\
 & u_{ij}^{ts} = \sum_{k \in \mathcal{K}_j} a_{ijk}^{ts} x_{jk}^t, \quad \forall i, j, t, s, \\
 & x_{jk}^t \in \{0, 1\}, \quad \forall j, t, k, \\
 & z_i^{ts} \in \arg \max_{z_i^{ts} \in \{0, 1\}} u_{i0}^{ts} (1 - z_i^{ts}) + U_i^{ts} z_i^{ts} \quad \forall i, t, s, \\
 & U_i^{ts} = \max_{\sigma_i^{ts}} \sum_{j \in \mathcal{J}} \sum_{r \in \mathcal{J}} \lambda_{ir} u_{ij}^{ts} \sigma_{ijr}^{ts} \quad \forall i, t, s, \\
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First approach: mixed-integer linear model

$$\begin{aligned}
\max \quad & \sum_{t \in \mathcal{T}} \sum_{i \in \mathcal{I}} n_i^t \frac{1}{|\mathcal{S}|} \sum_{s \in \mathcal{S}} z_i^{ts} \\
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& \sigma_{ijr}^{ts}, z_i^{ts} \in [0, 1], \quad \forall i, t, s, j, r.
\end{aligned}$$

Linearization I

1. Apply a perspective transformation³. z remains continuous

$$u_{i0}^{ts} z_i^{ts} \leq \sum_{j \in \mathcal{J}} \sum_{r \in \mathcal{R}} \lambda_{ir} u_{ij}^{ts} \sigma_{ijr}^{ts} z_i^{ts}, \quad \forall i, t, s,$$

$$\sum_{j \in \mathcal{J}} \sigma_{ijr}^{ts} \leq 1, \quad \forall i, t, s, r,$$

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[3, 4, 5, 1, 2]

³Günlük, O., Linderoth, J., 2012. Perspective Reformulation and Applications, in: Lee, J., Leyffer, S. (Eds.), Mixed Integer Nonlinear Programming, Springer, New York, NY. pp. 61–89.

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[3, 4, 5, 1, 2]

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$$\sigma_{ijr}^{ts}, z_i^{ts} \in [0, 1], \quad \forall i, t, s, j, r.$$

[3, 4, 5, 1, 2]

³Günlük, O., Linderoth, J., 2012. Perspective Reformulation and Applications, in: Lee, J., Leyffer, S. (Eds.), Mixed Integer Nonlinear Programming, Springer, New York, NY. pp. 61–89.

Linearization II

Standard linearization of bilinear terms with binary variables. σ needs to be integer:

Define new **auxiliary variables** $w_{ijr}^{ts} := u_{ij}^{ts} \sigma_{ijr}^{ts}$

$$w_{ijr}^{ts} := \begin{cases} u_{ij}^{ts} = \sum_{k \in \mathcal{K}_j} a_{ijk}^{ts} x_{jk}^t, & u_{ij}^{ts} \text{ is the } r\text{-th largest utility for customer } i, \\ 0, & 0 = a_{ij0}^{ts} \leq a_{ij1}^{ts} \leq \dots \leq a_{ij|\mathcal{K}_j|}^{ts} \\ & \text{otherwise.} \end{cases}$$

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Use constraints:

$$\begin{aligned} w_{ijr}^{ts} &\leq M_{ij}^{ts} \sigma_{ijr}^{ts}, \quad \forall i \in \mathcal{I}, t \in \mathcal{T}, s \in \mathcal{S}, j, r \in \mathcal{J}, \\ w_{ijr}^{ts} &\leq u_{ij}^{ts}, \quad \forall i \in \mathcal{I}, t \in \mathcal{T}, s \in \mathcal{S}, j, r \in \mathcal{J}, \end{aligned}$$

Valid inequalities and preprocessing

$$w_{ijr}^{ts} := u_{ij}^{ts} \sigma_{ijr}^{ts}$$

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$$w_{ijr}^{ts} \leq a_{ijk}^{ts} \sigma_{ijr}^{ts} + \sum_{\substack{k' \in \mathcal{K}_j: \\ k' > k}} (a_{ijk'}^{ts} - a_{ijk}^{ts}) x_{jk'}^t, \quad \forall j, r, k,$$

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$$\sum_{r \in \mathcal{J}} \sigma_{ijr}^{ts} \leq \sum_{k \in \mathcal{K}_j} x_{jk}^t, \quad \forall j,$$

$$\sigma_{ijr}^{ts} = 0 \quad \forall i, t, s, j, r : \lambda_{ir} = 0.$$

Second approach: Benders' decomposition

Master Problem

$$\begin{aligned}
 \max_{x, z} \quad & \sum_{t \in \mathcal{T}} \sum_{i \in \mathcal{I}} n_i^t \frac{1}{|\mathcal{S}|} \sum_{s \in \mathcal{S}} z_i^{ts} \\
 \text{s.t.} \quad & \sum_{k \in \mathcal{K}_j} x_{jk}^t \leq 1, \quad \forall j, t, \\
 & \sum_{\substack{k' \in \mathcal{K}_j: \\ k' \geq k}} x_{jk'}^{t-1} \leq \sum_{\substack{k' \in \mathcal{K}_j: \\ k' \geq k}} x_{jk'}^t, \quad \forall j, t \in \mathcal{T} \setminus \{1\}, k, \\
 & \sum_{\substack{t' \in \mathcal{T}: \\ t' \leq t}} \sum_{j \in \mathcal{J}} \sum_{k \in \mathcal{K}_j} c_{jk}^{t'} (x_{jk}^{t'} - x_{jk}^{t'-1}) \leq \sum_{\substack{t' \in \mathcal{T}: \\ t' \leq t}} b^{t'}, \quad \forall t, \\
 & x_{jk}^t \in \{0, 1\}, \quad \forall j, t, k, \\
 & u_{0i}^{ts} z_i^{ts} \leq U_i^{ts}(x) z_i^{ts}, \quad \forall i \in \mathcal{I}, t \in \mathcal{T}, s \in \mathcal{S}.
 \end{aligned}$$

Master Problem

$$\begin{aligned}
 \max_{\mathbf{x}, \mathbf{z}} \quad & \sum_{t \in \mathcal{T}} \sum_{i \in \mathcal{I}} n_i^t \frac{1}{|\mathcal{S}|} \sum_{s \in \mathcal{S}} z_i^{ts} \\
 \text{s.t.} \quad & \sum_{k \in \mathcal{K}_j} x_{jk}^t \leq 1, \quad \forall j, t, \\
 & \sum_{\substack{k' \in \mathcal{K}_j: \\ k' \geq k}} x_{jk'}^{t-1} \leq \sum_{\substack{k' \in \mathcal{K}_j: \\ k' \geq k}} x_{jk'}^t, \quad \forall j, t \in \mathcal{T} \setminus \{1\}, k, \\
 & \sum_{\substack{t' \in \mathcal{T}: \\ t' \leq t}} \sum_{j \in \mathcal{J}} \sum_{k \in \mathcal{K}_j} c_{jk}^{t'} (x_{jk}^{t'} - x_{jk}^{t'-1}) \leq \sum_{\substack{t' \in \mathcal{T}: \\ t' \leq t}} b^{t'}, \quad \forall t, \\
 & x_{jk}^t \in \{0, 1\}, \quad \forall j, t, k, \\
 & u_{0i}^{ts} z_i^{ts} \leq U_i^{ts}(\mathbf{x}) z_i^{ts} \leq U_i^{ts}(\bar{\mathbf{x}}) z_i^{ts} + \sum_{j \in \mathcal{J}} \sum_{k \in \mathcal{K}_j} \left[\bar{s}_{jk} (x_{jk}^t - \bar{x}_{jk}^t) \right]^+, \quad \forall i \in \mathcal{I}, t \in \mathcal{T}, s \in \mathcal{S}.
 \end{aligned}$$

Subproblems

$$u_{0i}^{ts} z_i^{ts} \leq U_i^{ts}(\bar{x}) z_i^{ts} + \sum_{j \in \mathcal{J}} \sum_{k \in \mathcal{K}_j} \left[\bar{s}_{jk} (x_{jk}^t - \bar{x}_{jk}^t) \right]^+$$

$$\begin{aligned} \text{(PR)} \quad & \max_{\sigma} \quad \sum_{j \in \mathcal{J}} \sum_{r \in \mathcal{R}} \sum_{k \in \mathcal{K}_j} \lambda_r a_{jk} \sigma_{jkr} \\ \text{s.t.} \quad & \sum_{j \in \mathcal{J}} \sum_{k \in \mathcal{K}_j} \sigma_{jkr} \leq 1, \quad \forall r, \\ & \sum_{r \in \mathcal{R}} \sum_{k \in \mathcal{K}_j} \sigma_{jkr} \leq 1, \quad \forall j, \\ & \sum_{r \in \mathcal{R}} \sigma_{jkr} \leq \bar{x}_{jk}, \quad \forall j, k, \\ & \sigma_{jkr} \geq 0, \quad \forall j, r, k. \end{aligned}$$

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$$\text{s.t.} \quad \sum_{j \in \mathcal{J}} \sum_{k \in \mathcal{K}_j} \sigma_{jkr} \leq 1, \quad \forall r, \quad (\gamma_r)$$

$$\sum_{r \in \mathcal{J}} \sum_{k \in \mathcal{K}_j} \sigma_{jkr} \leq 1, \quad \forall j, \quad (\delta_j)$$

$$\sum_{r \in \mathcal{J}} \sigma_{jkr} \leq \bar{x}_{jk}, \quad \forall j, k \quad (\eta_{jk})$$

$$\sigma_{jkr} \geq 0, \quad \forall j, r, k.$$

$$(\text{DU}) \quad \min \quad \sum_{r \in \mathcal{J}} \gamma_r + \sum_{j \in \mathcal{J}} \delta_j + \sum_{j \in \mathcal{J}} \sum_{k \in \mathcal{K}_j} \bar{x}_{jk} \eta_{jk}$$

$$\text{s.t.} \quad \gamma_r + \delta_j + \eta_{jk} \geq \lambda_r a_{jk}, \quad \forall j, r \in \mathcal{J}, k \in \mathcal{K}_j.$$

Subproblems

$$u_{0i}^{ts} z_i^{ts} \leq U_i^{ts}(\bar{x}) z_i^{ts} + \sum_{j \in \mathcal{J}} \sum_{k \in \mathcal{K}_j} \left[\bar{s}_{jk} (x_{jk}^t - \bar{x}_{jk}^t) \right]^+$$

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$$u_{0i}^{ts} z_i^{ts} \leq U_i^{ts}(\bar{x}) z_i^{ts} + \sum_{j \in \mathcal{J}} \sum_{k \in \mathcal{K}_j} \left[\bar{s}_{jk} (x_{jk}^t - \bar{x}_{jk}^t) \right]^+$$

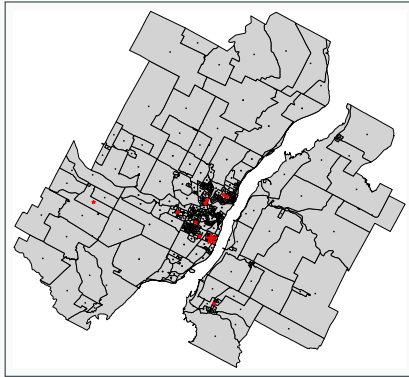
$$\begin{aligned} \text{(PR)} \quad & \max_{\sigma} \quad \sum_{j \in \mathcal{J}} \sum_{r \in \mathcal{R}} \sum_{k \in \mathcal{K}_j} \lambda_r a_{jk} \sigma_{jkr} \\ \text{s.t.} \quad & \sum_{j \in \mathcal{J}} \sum_{k \in \mathcal{K}_j} \sigma_{jkr} \leq 1, \quad \forall r, \\ & \sum_{r \in \mathcal{R}} \sum_{k \in \mathcal{K}_j} \sigma_{jkr} \leq 1, \quad \forall j, \\ & \sum_{r \in \mathcal{R}} \sigma_{jkr} \leq \bar{x}_{jk}, \quad \forall j, k \\ & \sigma_{jkr} \geq 0, \quad \forall j, r, k. \end{aligned}$$

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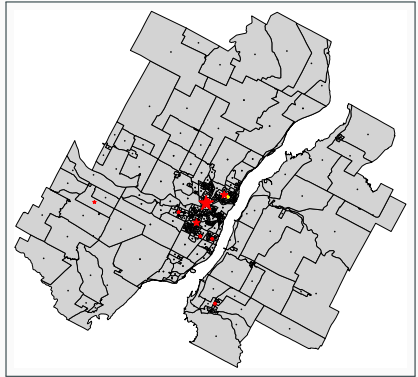
Tailored Primal-Dual algorithm to solve (PR)-(DU) at each iteration.

Computational Experiments

Case Study: Electric Vehicle Charging Stations in Trois-Rivières, Canada⁴



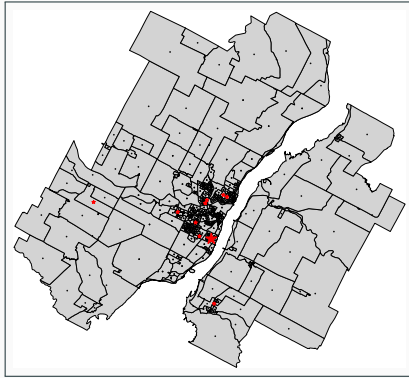
(a) $\lambda = C = (1, 0, \dots, 0)$



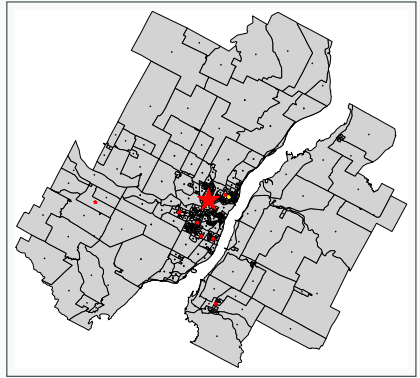
(b) $\lambda = K = (1, 1, 0, \dots, 0)$

⁴S. Lamontagne et al. Optimising electric vehicle charging station placement using advanced discrete choice models. *INFORMS Journal on Computing*, 2023.

Case Study: Electric Vehicle Charging Stations in Trois-Rivières, Canada⁴



(a) $\lambda = C = (1, 0, \dots, 0)$



(c) $\lambda = L = (1, \frac{1}{2}, 0, \dots, 0)$

⁴S. Lamontagne et al. Optimising electric vehicle charging station placement using advanced discrete choice models. *INFORMS Journal on Computing*, 2023.

Conclusions and future work

Conclusions

The CMCFL introduces a **cooperative framework** for the MCFL with binary choice rule.

Future work

Add **capacities** to the facilities dependent on the type of plant installed \Rightarrow Bilevel location-allocation problem.

Robustify the OMf associated to the utility. For instance considering **non-monotone or negative λ -weights**, or **variable λ -weights** that meet certain conditions associated to the knowledge of the customer, and optimize U in the worst-case.



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Thank you for your attention!

Questions?



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