Marginal Cost Pricing with a Fixed Error Factor in Traffic Networks

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ABSTRACT
It is well known that charging marginal cost tolls (MCT) from self interested agents participating in a congestion game leads to optimal system performance, i.e., minimal total latency. However, it is not generally possible to calculate the correct marginal costs tolls precisely, and it is not known what the impact is of charging incorrect tolls. This uncertainty could lead to reluctance to adopt such schemes in practice. This paper studies the impact of charging MCT with some fixed factor error on the system’s performance. We prove that under-estimating MCT results in a system performance that is at least as good as that obtained by not applying tolls at all. This result might encourage adoption of MCT schemes with conservative MCT estimations. Furthermore, we prove that no local extrema can exist in the function mapping the error value, \( r \), to the system’s performance, \( T(r) \). This result implies that accurately calibrating MCT for a given network can be done by identifying an extremum in \( T(r) \) which, consequently, must be the global optimum. Experimental results from simulating several large-scale, real-life traffic networks are presented and provide further support for our theoretical findings.

KEYWORDS
Routing games; Congestion games; Marginal-cost pricing; Traffic flow; Flow optimization

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INTRODUCTION
Self interested agents that are routed in a congestible network, such as vehicles in a road network or packets in a data network, impose a user equilibrium (UE) that is often far worse than the system optimum (SO) flow [25]. Charging marginal cost tolls (MCT), in which each agent is charged a toll equivalent to the damage it inflicts on all other agents, results in a UE that achieves SO performance [1, 2, 21].

Calculating the MCT for a given agent, on a given path, i.e., the damage that the agent in question inflicts on other agents by traversing the path in question, is very challenging without making several restrictive assumptions (e.g., well-defined and known latency functions) that do not hold in most traffic models and certainly not in real-life traffic. Recent work [27, 28] suggested a model free technique, denoted \( \Delta \)-tolling, for approximating MCT.

Since \( \Delta \)-tolling, or any tolling scheme that approximates MCT for that matter, is not guaranteed to result in the exact MCT, no optimality guarantees can be given regarding the system’s performance. In fact, applying tolls different from MCT might result in a system performance that is worse than not applying tolls at all. This fact might deter public officials from implementing any tolling scheme that is not guaranteed to impose the exact MCT.

This paper examines the impact of imposing inaccurate MCT on the system’s performance. Specifically, we provide conditions under which the system’s performance will not be worse than applying no tolls, i.e., the system will not be worse off by imposing the tolling scheme. This paper establishes that charging a toll that is off by a factor, \( r \), from the true MCT will not hurt the system’s performance if \( 0 \leq r \leq 1 \) (i.e., if MCT is underestimated by a constant factor). Moreover, this paper proves that the function mapping \( r \) to the system’s performance (total travel time) has a single (global) minimum and no local extrema. This fact implies that calibrating schemes for evaluating MCT e.g., \( \Delta \)-tolling, can be carried out by identifying a minimum, which is guaranteed to be the global optimum.

Finally, experimental results from a traffic simulator are presented for different traffic scenarios. The experimental results match our theoretical claims by showing that, across various traffic scenarios, a global optimal flow is achieved for \( r = 1 \) and no extrema exist elsewhere.

PRELIMINARIES
This paper assumes a standard flow model that is common in the routing and congestion games literature [21, 25, 31]. The terminology for this model follows Sharon et al. ([2018]) and is given next.
The flow model

The flow model in this work is composed of a directed graph $G(V, E)$, where each link $e \in E$ is affiliated with a latency function. Additionally, the flow model requires a demand function $R(s, t) : \mathbb{R}_+ \rightarrow \mathbb{R}_+$ mapping a pair of vertices, $s, t \in V$, to a non-negative real number representing the required amount of flow between source, $s$, and target, $t$. A traffic flow scenario is a $(G, R)$ pair.

The variable $f_p$ represents the flow volume assigned to a path, $p$. Similarly, $f_e$ is the flow volume assigned to link $e$. Note that, a flow assignment to all paths implies a unique assignment to all links. By contrast, a flow assignment to all links does not necessarily imply a unique assignment to all paths. As an example, assume that link $e1$ is assigned a flow of $f_{e1}$. Further assume that $e1$ is part of two paths, $p1$ and $p2$, the flow assignment requires that $f_{e1} = f_{p1} + f_{p2}$ which might produce a range of possible flow assignments for $p1$ and $p2$. Hereafter we use the term flow or $f$ to represent a unique links flow assignment (which might be non-unique with respect to paths flow assignment).

A flow is defined as valid if:

- $f_p \geq 0$ for all paths $p$, that is, no path is assigned negative flow.
- the flow on each link ($f_e$) equals the summation of flows on all paths of which $e$ is a part. That is, $f_e = \sum_{p \in P_e} f_p$ where $P_e$ is the set of acyclic paths including link $e$.

**Definition 1 (feasible flow).** A flow is defined as feasible if it is valid and the traffic demand is satisfied, that is, $\sum_{p \in P_{st}} f_p = R(s, t)$ for all demand pairs $(s, t)$, where $P_{st}$ is the set of acyclic paths leading from $s$ to $t$.

Each link $e \in E$ has a latency function $l_e(f_e)$ which, given a flow volume ($f_e$), returns the latency (travel time) on $e$. The following regularity conditions on the latency function are a standard assumption in the transportation literature [20].

**Assumption 1.** The latency function $l_e(f_e)$ is non-negative, convex, and its derivative, with regards to $f_e$ is positive for each link $e \in E$.

The above assumption implies that, travel-time cannot be negative, more vehicles results in larger travel time, and that the $i^{th}$ vehicle causes a larger increase in travel time compared to the $j^{th}$ if $i > j$.

The latency of a path, $p$, for a given flow, $f$, is defined as $l_p(f) = \sum_{e \in p} l_e(f_e)$. A feasible flow $f$ is defined as a user equilibrium (UE) if for every $s, t \in V$ and $p_a, p_b \in P_{st}$ with $f_{p_a} > 0$ it holds that $l_{p_a}(f) \leq l_{p_b}(f)$ (see Lemma 2.2 in [25]). In other words, at UE, no amount of flow can be rerouted to a path with lower generalized cost (latency multiplied by VOT plus toll) when the rest of the flow is fixed.

Define the total travel time associated with a link $e$ as $T_e(f_e) = l_e(f_e)f_e$. The total system travel time, for a given flow $f$, is $T(f) = \sum_{e \in E} T_e(f_e)$.

A feasible flow $f$ is defined as a system optimum (SO) if $T(f)$ is minimal over the set of feasible flows. We use $T(UE)$ to denote the total travel time at the UE solution. Similarly, $T(SO)$ denotes the total travel time at the SO solution.

Following the fact that, under Assumption 1, $T_e(f_e)$ is convex for any link $e$, it is easy to show that $T(f)$ is strictly convex in $f$. As a result, unique UE and SO flows exist [1, 4].

Applying tolls

A recent body of work [3, 10, 28, 30, 33] assumed that each link in the network ($e \in E$) is assigned a toll value, $\tau_e$. The goal of such tolls is to affect the route choice of self-interested agents. Such work assumes that drivers are willing to sustain time delays in return for monetary gain (or avoiding monetary loss). This line of work requires translating time delays into monetary value using the agents’ value of time (VOT). VOT represents the agents’ monetary evaluation of a single unit of time.

Following previous work dealing with non-atomic flow [1, 2, 21, 24] we make the following assumptions and definition.

**Assumption 2.** The agents’ are homogeneous with regards to their time evaluation (VOT).

**Definition 2 (generalized-cost UE (GUE)).** Let $\tau_p$ be the toll associated with path $p$ (the sum of the tolls on its constituting links i.e., $\sum_{e \in p} \tau_e$). A feasible flow $f$ is a GUE if for every $s, t \in V$ and $p_a, p_b \in P_{st}$ with $f_{p_a} > 0$, it holds that $l_{p_a}(f) \times \text{VOT} + \tau_{p_a} \leq l_{p_b}(f) \times \text{VOT} + \tau_{p_b}$. In other words, at GUE, no amount of flow can be rerouted to a path with lower generalized cost (latency multiplied by VOT plus toll) when the rest of the flow is fixed.

**Assumption 3.** A solution for a traffic scenario follows the generalized-cost UE principle.

Note that the above definition of GUE requires homogeneous VOT (Assumption 2). Nonetheless, GUE for heterogeneous VOT can be formulated as a dynamic user equilibrium (DUE) [17]. Though we expect that the main contributions of this paper extend naturally to that case, for clarity of presentation, we leave consideration of such models for future work.

A traffic scenario is said to be toll-optimized if the set of tolls ($\tau$) causes the SO and GUE solutions to align. Specifically, a sufficient (yet not necessary) condition for an optimized system is that $\tau$ equals the set of marginal cost tolls, $\tau_{MCT}$ [1, 4].

**Definition 3 (Marginal cost toll).** In marginal cost tolling (MCT) each agent (infinitesimally portion of the flow) is charged a toll equivalent to the damage it inflicts on the system. When the latency functions are differentiable, the MCT for link $e$ equals $f_e \frac{\partial l_e}{\partial f_e}$. That is, the increase in travel time caused by adding one more unit of flow to link $e$ (i.e., $\frac{\partial l_e}{\partial f_e}$) multiplied by all the flow that suffers from this increase (i.e., $f_e$). We use $\tau_{eMCT}$ to denote the marginal cost toll for link $e$.

Assuming that the latency functions are known and differentiable is not practical in many traffic models e.g., the cell transmision model [5, 6] or microsimulation models [8, 11, 32]. Such an assumption is certainly not practical for real-life traffic networks. Consequently, Sharon et al. [27, 28] introduced $\Delta$-tolling, a model-free method for approximating MCT when the latency function is unknown. Despite showing reductions in total system travel time across markedly different traffic models, $\Delta$-tolling, or any mechanism that approximates MCT for that matter, is not guaranteed to
be toll-optimized. This fact poses a major problem since applying
tolls that are different than MCT might result in arbitrarily worse
total system travel time compared to that at the UE.

This paper makes a first attempt to examine the impact of ap-
plying inaccurate MCT. Specifically, it provides conditions under
which the system performance (total system travel time) will be
no worse than that at the UE solution. Providing such conditions
is not trivial since slight errors regarding the marginal cost toll on
specific links can add up and dramatically affect the price affiliated
with many paths in a given road network.

The network presented in Figure 1 illustrates a possible effect
of inaccurate MCT. In this symmetrical network the flow, \( R(s, t) \),
would split evenly between the top and bottom links in both the SO
and UE solutions. In such a solution the MCT equals 0.5\( R(s, t) \)
on both links. Increasing/decreasing this toll value on one link while
keeping it constant for the other would throw the system out of
balance and result in a new GUE that is worse than both the SO
and UE.

Providing bounds for arbitrary errors in the value of MCT across
a network is challenging, as illustrated in the above example. As a result,
this work focuses on scenarios where the MCT error is of
constant factor across the network.

**INACCURATE MARGINAL COST TOLLS**

We consider a scenario where the tolls assigned to all links in a
network are off by some factor from the MCT. Such a scenario
might represent a systemic error in evaluating the \( \beta \) parameter in
\( \Delta \)-tolling (see [28] for exact details). Another relevant scenario is
one in which MCT can accurately be computed in units of time
delays. In such cases, a systemic error in the evaluation of the
agents’ VOT would result in a constant factor MCT error.

**Definition 4 (MCT-errored scenario).** A scenario is said to
be MCT-errored if the toll affiliated with every link, \( e \in E \), equals
\( r \cdot t_{e}^{\text{MCT}} \) for some error factor \( r \geq 0 \).

Define the GUE flow for an MCT-errored scenario with error \( r \)
as \( f^{r} \). As a result, \( T(f^{r}) \) denotes the total system travel time for
the GUE flow. Since \( f^{r} \) is a function of \( r \), we use \( T(r) \) instead of
\( T(f^{r}) \) for brevity.

**BOUNDING THE SYSTEM’S PERFORMANCE**

The following section presents the main contribution of this work
i.e., provable bounds on the system’s performance (total system
total travel time) as a function of the error factor \( r \). We begin with several
supporting lemmas.

**Lemma 1.** A GUE flow, \( f^{r} \), for an MCT-errored system minimizes

\[
min_{r} \quad r \sum_{e \in E} [f_{e}l_{e}(f_{e})] + (1 - r) \sum_{e \in E} \int_{0}^{f_{e}} l_{e}(z)dz
\]

subject to \( f^{r} \) being feasible (see Definition 1).

**Proof.** Combining this objective function with the feasibility
constraints results in the following convex program (convexity is proven in Theorem 1):

\[
\begin{align*}
\text{Min.} & \quad r \sum_{p \in P} [f_{p}l_{p}(f_{p})] + (1 - r) \sum_{p \in P} \int_{0}^{f_{p}} l_{p}(z)dz \\
\text{Subject to:} & \quad \sum_{p \in T_{st}} f_{p} = R(s, t) \quad \forall s, t \\
& \quad f_{p} \geq 0 \quad \forall p
\end{align*}
\]

Notice that the objective function in the above convex program
includes a summation over paths. This is in contrast to Equation 1
which includes a summation over links. This discrepancy is made
possible by the flow constraint which is defined by \( f_{e} = \sum_{p \in p_{e}} f_{p} \).

The appropriate Lagrange function for this convex program
(ignoring the non-negativity constraint) is:

\[
L(f, \lambda) = r \sum_{p \in P} [f_{p}l_{p}(f_{p})] + (1 - r) \sum_{p \in P} \int_{0}^{f_{p}} l_{p}(z)dz + \sum_{e \in E} \left[ \lambda_{e} [R(s, t) - \sum_{p \in p_{e}} f_{p}] \right]
\]

Incorporating the non-negativity constraint (given in Equation 3)
results in the following KKT optimality conditions:

\[
\begin{align*}
\lambda_{st} & \geq 0 \quad \forall s, t \in V^{2}, p \in P_{st} \\
\frac{\partial L}{\partial f_{p}} & = 0 \quad \forall s, t \in V^{2}, p \in P_{st} \\
\frac{\partial L}{\partial \lambda_{st}} & = 0 \quad \forall s, t \in V^{2}
\end{align*}
\]

Notice that Conditions 4 - 7 imply GUE for an MCT-errored scenario.
The condition given in Equation 4 enforces non-negative path flows.
The condition given in Equation 5 enforces that \( \lambda_{st} \) is the minimal
generalized cost (latency, \( l_{p}(f) \), plus errored marginal-cost toll,
\( r f_{p}l_{p}(f) \)) over all paths leading from \( s \) to \( t \). The condition given in
Equation 6 enforces that if a path is used (\( f_{p} > 0 \)) its generalized
cost must be equal to \( \lambda_{st} \).

Next, we turn to prove that any solution that satisfies the GUE
criterion results in the same system travel time. Specifically, we
show that all flow assignments satisfying the above optimality
conditions must be the same solution.
Theorem 1. A GUE flow for an MCT-erred scenario exists and is unique.

Proof. In order to prove this lemma it is sufficient to show that the objective function given in Lemma 1 (Equation 1) is strictly convex in the flow assignment \( f \). The Hessian matrix for Equation 1 \( (H \in \mathbb{R}^{|E| \times |E|}) \) is diagonal, where each entry on the diagonal (representing one link, \( e \in E \)) equals:

\[
(r + 1) \frac{\partial^2 l_e}{\partial f_e^2} + r f_e \frac{\partial^2 l_e^2}{\partial f_e^2}
\]

(8)

For any link, \( e \), the value of equation 8 is strictly positive since:

- \( r \geq 0 \), see Definition 4.
- \( \frac{\partial l_e}{\partial f_e} > 0 \), see Assumption 1.
- \( f_e \geq 0 \), see Definition 1.
- \( \frac{\partial l_e}{\partial f_e} \geq 0 \), see Assumption 1.

A diagonal matrix with strictly positive entries along its diagonal is positive definite. As a result, Equation 1 is strictly convex. □

Given that a unique GUE flow that minimizes equation 1 exists, we now turn to evaluate its impact on total system travel time for three key \( r \) values: 0, 1, and \( \infty \).

Lemma 2. \( T(0) = T(UE) \)

Proof. Setting \( r = 0 \) in Equation 1 results in the minimization of

\[
\sum_{e \in E} f_e l_e(z) dz
\]

subject to the feasibility constraint. This minimization problem results in the UE flow [1]. □

Lemma 3. \( T(1) = T(SO) \)

Proof. Setting \( r = 1 \) in Equation 1 results in the minimization of

\[
\sum_{e \in E} f_e l_e(f_e)
\]

subject to the feasibility constraint. This minimization problem translates to minimizing total system travel time i.e., an SO flow [1]. □

Lemma 4. \( T(\infty) = T(f^\infty) \) where \( f^\infty \) is a UE solution for a scenario in which the latency affiliated with every path, \( p \), equals \( f_p \frac{\partial l_p}{\partial f_p} \).

Proof. Dividing Equation 1 by a positive constant (specifically \( r \)) preserves the minimizing assignment and yields

\[
\sum_{e \in E} \left[ f_e l_e(f_e) \right] + \frac{1-r}{r} \sum_{e \in E} \left[ f_e l_e(z) dz \right]
\]

(9)

Since \( \lim_{r \to \infty} (1-r)/r = -1 \), Equation 9 converges to

\[
\sum_{e \in E} \left[ f_e l_e(f_e) \right] - \sum_{e \in E} \left[ f_e l_e(z) dz \right]
\]

(10)

Lemma 5. Any two error values \( 0 \leq r_1 < r_2 < 1 \) satisfy \( T(r_1) \geq T(r_2) \).

Proof. For simplicity of presentation we use \( U(r) \) to denote

\[
\sum_{e \in E} \left[ f_e l_e(z) dz \right]
\]

Any GUE flow \( f^r \) must minimize Equation 1 (Lemma 1). That is, subject to being feasible, \( f^r \) minimizes the expression \( rT(r) + (1-r)U(r) \). Minimizing Equation 1 under \( r_1 \) requires that

\[
r_1T(r_2) + (1-r_1)U(r_2) \geq r_1T(r_1) + (1-r_1)U(r_1)
\]

and as a result

\[
r_1(T(r_2) - T(r_1)) \geq (1-r_1)(U(r_1) - U(r_2))
\]

(14)
Similarly, minimizing Equation 1 under \( r_2 \) requires that
\[
r_2(T(r_2) - T(r_1)) \leq (1 - r_2)(U(r_1) - U(r_2)) \tag{15}
\]
Assume, in contradiction to the lemma, that \( T(r_2) - T(r_1) > 0 \). Since \( 1 - r_2 > 0 \) and \( r_2 > 0 \), Equation 15 would require \( U(r_1) - U(r_2) > 0 \). Since all the components of Equations 14 and 15 are strictly positive, we can rewrite them as:
\[
\begin{align*}
\frac{r_1}{1 - r_1} & \geq \frac{U(r_1) - U(r_2)}{T(r_2) - T(r_1)} \tag{16} \\
\frac{r_2}{1 - r_2} & \leq \frac{U(r_1) - U(r_2)}{T(r_2) - T(r_1)} \tag{17}
\end{align*}
\]
From Equations 16 and 17 we obtain
\[
\frac{r_1}{1 - r_1} \geq \frac{r_2}{1 - r_2} \tag{18}
\]
Since the function \( f(r) = r/(1 - r) \) is continuous and strictly increasing for \( r < 1 \) then Equation 18 must satisfy \( r_1 \geq r_2 \) in contradiction to the lemma’s premise. \( \square \)

Next we turn to examine the behavior of error values that are greater than one.

**Lemma 6.** Any two error values \( 1 < r_1 < r_2 \) satisfy \( T(r_1) \leq T(r_2) \).

**Proof.** Assume, in contradiction to the lemma, that \( T(r_2) - T(r_1) < 0 \). Since \( 1 - r_1 < 0 \) and \( r_1 > 0 \), Equation 14 requires \( U(r_1) - U(r_2) > 0 \). Even though the signs of the signs of \( T(r_2) - T(r_1) \) and \( 1 - r_1 \) and \( r_1 - 1 \) are in contrast to the case presented in Lemma 5, rearranging Equations 14 and 15 still result in Equations 16 and 17 which leads to the inequality in Equation 18. Since the function \( f(r) = r/(1 - r) \) is continuous and strictly increasing for \( r > 1 \) then Equation 18 must satisfy \( r_1 \geq r_2 \) in contradiction to the lemma’s premise. \( \square \)

Following Lemma 5 and 6 we can now provide bounds for an MCT-errored system.

**Theorem 2.** If \( 0 \leq r \leq 1 \) then \( T(r) \leq T(UE) \).

**Proof.** \( T(0) = T(UE) \) (Lemma 2) and \( T(r) \) is non increasing in the interval \([0, 1]\) (Lemma 5). Also \( T(1) = T(SO) \leq T(UE) \) (Lemma 3). \( \square \)

**Theorem 3.** If \( r \geq 1 \) then \( T(r) \leq T(\infty) \) when \( f^{\infty} \) is a UE solution for a scenario where the latency on every path, \( p \), equals \( f_p^{\infty}(f_p) \) (Lemma 4). \( T(r) \) is non decreasing for \( r > 1 \) (Lemma 6). Also \( T(1) = T(SO) \leq T(\infty) \) (Lemma 3). \( \square \)

Theorem 2 implies that when underestimating MCT by a constant factor, \( 0 \geq r < 1 \), the systems performance cannot be worse that the one obtain by the UE solution, \( T(UE) \).

Theorem 3 implies that when overestimating MCT by a constant factor, \( r > 1 \), the systems performance cannot be worse then \( T(\infty) \). However since \( T(\infty) \) can be arbitrary worse than \( T(UE) \) and \( T(SO) \), this bound is not as useful as the one provided for the previous case, \( 0 < r < 1 \).

**EMPIRICAL STUDY**

In order to validate our theoretical findings, we simulated different traffic scenarios while varying the MCT error factor \( r \). The total system performance (total system travel time) was measured for each setting and the trends were compared to the above theoretical claims.

**Traffic scenario**

Each simulated traffic scenario is defined by two attributes:

(1) The road network, \( G(V, E) \), specifying the set of vertices and links where each link is affiliated with a length, capacity, and speed limit, these link attributes are used to set the link’s latency function. Following standard practice, networks are partitioned into traffic analysis zones (TAZs) and each zone contains a vertex belonging to \( V \) called the centroid. All traffic originating and terminating within the zone is assumed to enter and leave the network at the centroid.

(2) A trip table specifying the traffic demand between pairs of centroids. The demand, \( R(s, t) \), between vertices, \( s, t \in V^2 \), other than centroids, is set to zero.

Following Sharon et al. ([2018]) the following benchmark scenarios were chosen: Sioux Falls, Eastern Massachusetts, Anaheim, Chicago Sketch, Philadelphia, and Chicago Regional. All traffic scenarios are available at: https://github.com/bstabler/TransportationNetworks. Figure 3 depicts three representative network topologies (Sioux Falls, Eastern Massachusetts, Anaheim).

Table 1 presents the scenario specifications i.e., number of vertices, links, and zones for the traffic network that is affiliated with each scenario. Total demand, summed over all \([s, t] \) pairs, as specified by the affiliated trip table are also provided (as “Total Demand”). The same table also presents total system travel times for different error values, these results are discussed later.

**The Traffic Model**

The GUE solutions for the above scenarios were computed using Algorithm B [7]. For all scenarios, the model assumes that travel times follow the Bureau of Public Roads (BPR) function [19] with the commonly used parameters \( \alpha = 0.15 \) and \( \beta = 4 \). Since computing the GUE solution requires solving a convex program (see 1), we only solve it to a limited precision.

To measure convergence, given an assignment of agents to paths, we define the average excess cost (AEC) as the average difference between the travel times on paths taken by the agents and their shortest alternative path. The algorithm is terminated when the AEC is less than \( 1 \times 10^{-6} \) minutes.

**Results**

In addition to the scenario specifications, Table 1 also presents the system’s performance (total system travel time) for five different error values \( (r = 0, 0.5, 1, 2, \infty) \). The SO solution \( (r = 1) \) provides the best performance (minimal total system travel time), as expected. The performance for \( r = \infty \) is slightly better than that at the UE solution \( (r = 0) \) in some cases, e.g., Sioux Falls and Philadelphia, but
**Dynamic traffic assignment**

The traffic model that is assumed in this paper, though common in the traffic literature, does not apply to many real-life traffic scenarios. In order to broaden the impact of this research, we turn to investigate the performance of an MCT-errored scenario in a more realistic traffic flow model. Specifically, we test our findings in a dynamic traffic assignment setting. A dynamic traffic assignment model combines a traffic model with time-varying network states with a route choice principle (drivers choose routes to minimize some combination of their travel time and toll cost).

Dynamic traffic assignment iterates between finding shortest paths, assigning vehicles, and evaluating travel times through simulation, to find a route assignment near dynamic user equilibrium as a compressible fluid [14]. DTA models can be used to perform many simulations of city network traffic in a reasonable time. DTA models commonly use the kinematic wave theory of traffic flow, which models traffic as a compressible fluid [15, 22]. The kinematic wave theory models several important aspects of traffic behavior including the formation and dissipation of congestion waves over time due to bottlenecks. The kinematic wave model involves a system of partial differential equations, for each curve: number of vertices, links, zones, and total demand (\( \sum_{i=1}^{t} R(s, t) \)).

Table 1: The system performance (total system travel time) given as “\( T(x) \)” for different scenarios along with network specifications, for each scenario: number of vertices, links, zones, and total demand (\( \sum_{i=1}^{t} R(s, t) \)).

<table>
<thead>
<tr>
<th>Scenario</th>
<th>Vertices</th>
<th>Links</th>
<th>Zones</th>
<th>Total Demand</th>
<th>( T(UE) )</th>
<th>( T(0.5) )</th>
<th>( T(SO) )</th>
<th>( T(2) )</th>
<th>( T(\infty) )</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sioux Falls</td>
<td>24</td>
<td>76</td>
<td>24</td>
<td>360,600</td>
<td>7,480,223</td>
<td>7,205,048</td>
<td>7,194,256</td>
<td>7,198,091</td>
<td>7,222,857</td>
</tr>
<tr>
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<td>74</td>
<td>258</td>
<td>74</td>
<td>65,576</td>
<td>28,181</td>
<td>27,411</td>
<td>27,324</td>
<td>27,392</td>
<td>32,460</td>
</tr>
<tr>
<td>Anaheim</td>
<td>416</td>
<td>914</td>
<td>38</td>
<td>104,694</td>
<td>1,419,913</td>
<td>1,397,216</td>
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<td>1,398,631</td>
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<td>2,950</td>
<td>387</td>
<td>1,260,907</td>
<td>18,377,331</td>
<td>17,991,235</td>
<td>17,953,268</td>
<td>17,994,192</td>
<td>19,630,440</td>
</tr>
<tr>
<td>Chicago R</td>
<td>12,982</td>
<td>39,018</td>
<td>1790</td>
<td>1,360,427</td>
<td>33,656,969</td>
<td>32,978,668</td>
<td>31,942,957</td>
<td>32,096,038</td>
<td>38,190,675</td>
</tr>
<tr>
<td>Philadelphia</td>
<td>13,389</td>
<td>40,003</td>
<td>1525</td>
<td>18,503,872</td>
<td>355,647,096</td>
<td>325,211,099</td>
<td>324,268,465</td>
<td>325,176,216</td>
<td>335,296,306</td>
</tr>
</tbody>
</table>

Figure 3: Traffic networks used in the experiments.

Figure 4: Normalized total system travel time as a function of the error factor \( r \) for six benchmark traffic scenarios.

Table 1: The system performance (total system travel time) given as “\( T(x) \)” for different scenarios along with network specifications, for each scenario: number of vertices, links, zones, and total demand (\( \sum_{i=1}^{t} R(s, t) \)).

might be significantly worse in others, e.g., Eastern Massachusetts where \( T(\infty) \) was outperformed by \( T(UE) \) by 15%.

Results for applying half and double the true MCT are also provided \( (T(0.5) \text{ and } T(2)) \) respectively. Results for these values are mixed where in some cases \( T(0.5) \) performs slightly better than \( T(2) \) and vice versa in others. Nonetheless, \( r = 0.5 \) has a clear advantage over \( r = 2 \) since, unlike \( T(2) \), the value of \( T(0.5) \) is bounded by \( T(UE) \) for any scenario (Theorem 2).

Figure 4 presents normalized values for total system travel time as a function of the error factor \( r \). The total system travel time values (y-axis) for each curve are normalized according to \( T(SO) \) e.g., a total system travel time value of 2 correlates to double \( T(SO) \) for the relevant curve (scenario). Consequently, \( T(1) = T(SO) = 1 \) in all the curves. The data points were computed for the range \( r = [0, 20] \) with a step size of 0.1. Each of the curves starts with a dot representing \( T(UE) \). Additionally, dots on the right border of the plot represent \( T(\infty) \). Such dots are presented only for the Sioux Falls and Philadelphia scenarios as \( T(\infty) \) is out of the presented total system travel time range for the rest (exact values are available in Table 1). As predicted by Lemmas 5 and 6 the curves are non-increasing in the range \( [0, 1] \) and non-decreasing in the range \( [1, \infty] \).
function of the MCT error (represented by different $\beta$ values) but for DTA scenarios. Since DTA is not deterministic with regard to the VOT assigned to each driver, an average of 20 runs is presented per data-point with 95% confidence intervals.

DTA does not follow the assumptions made in the above theoretical analysis (Assumptions 1 and 3). As a result, Lemmas 5 and 6 and Theorems 2 and 3 do not hold. Nonetheless, the general trend where the system performance improves until some optimal point and then deteriorates can still be observed suggesting that the general conclusions drawn in this work are relevant to real-world traffic.

**DISCUSSION**

Lemmas 5 and 6 and Theorems 2 and 3 lead to the following theoretical conclusions:

- Underestimating MCT by a constant factor across a traffic network would result in a system performance that is not worse than the no-toll user equilibrium.
- When calibrating a parameter that is a multiplier of the true MCT, a value that is locally optimal is guaranteed to be globally optimal.

The presented empirical results suggest that these conclusions extend to realistic traffic models. The implications of these conclusions might be substantial when installing a new tolling scheme with a tunable parameter, $\theta$ where the value of $\theta$ correlates to a fixed error in MCT. As stated in Section "INACCURATE MARGINAL COST TOLL", this can occur when calibrating the expected drivers’ value of time or the $\beta$ parameter in $\Delta$-tolling [28] as done in Enhanced $\Delta$-tolling [18]. The calibration process in such cases amounts to detecting a local minimum (which is guaranteed to be the global minimum).

**SUMMARY AND FUTURE WORK**

This paper considers a traffic scenario in which marginal-cost tolls (MCT) with a fixed factor error is imposed on all drivers. The system performance is analyzed with regards to the error rate and performance bounds are provided as a function of the error value. Three main claims are proven:

1. If the error factor is lower than 1 (MCT is underestimated) the system will not perform worse than if no tolls were applied.
2. As the error factor increases from 0 to 1 the system’s performance will not deteriorate.
3. As the error factor increases from 1 to infinity the system’s performance will not improve.

These claims can allow the tuning of MCT-based tolling schemes while insuring quality of service along the tuning process. There are many other conceivable errors besides a multiplicative, system-wide factor on the true MCT. Consequently, future work ought to examine scenarios with other assumptions on the toll error, such as when the assessed toll is within some bounded interval around the MCT.

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In order to further mimic a realistic setting, drivers were assigned heterogeneous evaluation of time. The time evaluation per driver was randomly drawn from a Dagum distribution with parameters $a = 22020.6$, $b = 2.7926$, and $c = 0.2977$, reflecting the distribution of personal income in the United States [16]. These settings were chosen to be identical to those presented in previous work [27, 28].

Three traffic scenarios (depicted in Figure 3) were evaluated using the CTM framework.

- **Sioux Falls** - [12] — this scenario is widely used in the transportation research literature [13], and consists of 76 directed links, 24 nodes (intersections) and 28,835 trips spanning 3 hours.
- **Downtown Austin** - [14] — this network consists of 1,247 directed links, 546 nodes and 62,836 trips spanning 2 hours during the morning peak.
- **Uptown San Antonio** - this network consists of 1,259 directed links, 742 nodes and 223,479 trips spanning 3 hours during the morning peak.

Since there is no closed form equation for computing MCT in DTA for the general case, the $\Delta$-tolling mechanism was used to approximate MCT. The $\beta$ parameter in $\Delta$-tolling acts as a proportional parameter for $\Delta$-tolling (for more details see [28]) and, thus, was used to represent different error values ($r$)\(^2\). Figure 5 is similar in structure to Figure 4, representing total system travel time as a

\(^2\)In the reported experiments the $R$ parameter was set to $10^{-4}$ for $\Delta$-tolling following the best performing value reported by Sharon et al. [2017b].
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