

MAS275 Probability Modelling Chapter 2: Renewal theory

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Spring Semester, 2020

The idea

We suppose that on a discrete scale, from time to time there is an occurrence called a **renewal**, and at the points of time between these renewals, nothing happens.

For example, we assume that the light bulb in a room is inspected at regular intervals, and if the bulb is found to have failed it is replaced with a new one; the replacement of the light bulb here is a renewal.

Random model

We will model the lengths of time between renewals (e.g. the life-lengths of light bulbs) as random variables.

We will assume that these lengths of time are **independent, identically distributed (i.i.d.)** random variables.

Because of the discrete time scale, these will be positive integer valued.

Denote them by T_1, T_2, T_3, \dots , and assume for the moment that the process behaves as if there was an initial renewal at time zero.

Renewals

Then the “clock times” of successive renewals will be

$$0, T_1, T_1 + T_2, T_1 + T_2 + T_3, \dots$$

So the random behaviour of the process will be determined by specifying the (common) distribution of T_1, T_2, T_3, \dots

We use the notation

$$f_n = P(T_i = n) \text{ for } n = 1, 2, 3, \dots$$

to denote this distribution.

(We do not allow two renewals at the same time, so T_i cannot

Renewal process

A process constructed in this way is called a **renewal process** (in discrete time).

We may be interested in the number of renewals, N_t say, which have occurred up to and including time t .

In the light bulb example this is the number of light bulbs which have been replaced.

Considering the process in this way allows us to fit it into the framework of stochastic processes described previously.

Sum of the f_n

Write $f = \sum_{n=1}^{\infty} f_n$.

In applications such as the light bulb case, the f_n will form a proper probability distribution in the sense that $f_n \geq 0$ and $f = 1$.

Immortal light bulbs

However, in some applications we allow the possibility that

$$f = \sum_{n=1}^{\infty} f_n < 1$$

giving what is known as a **defective** probability distribution.

The positive number $1 - f$ is called the **defect** of the distribution.

Interpretation

This is interpreted as follows: with probability $1 - f$ the random variable T_i will take the value infinity (in the light bulb example, this means the i th light bulb is “immortal”).

The first such infinite T_i represents the event that the i th inter-renewal interval never ends, i.e. there is never any further renewal after the i th renewal.

(In which case, the values of $T_{i+1}, T_{i+2} \dots$ are immaterial.)

Classification

The process is called **recurrent** if $f = 1$ and **transient** if $f < 1$.

If a renewal process is recurrent, then renewals will continue for ever.

If it is transient, then a fairly straightforward calculation shows that with probability 1 there will be an infinite T_i for some i , and so renewals will stop.

Positive vs. null recurrence

If a renewal process is recurrent, then the mean of the random variables T_i may or may not be finite.

The first case is called the **positive recurrent** case and the second is called the **null recurrent** case.

Renewal processes in discrete time
Generating functions
Generating functions and renewal processes
Simple random walk
Periodicity
Delayed renewal processes
Recurrent patterns in coin-tossing

Example

Example

Bernoulli trials

Generating functions

Given a sequence $(a_n) = a_0, a_1, a_2, \dots$, we can define the **generating function** of the sequence (a_n) to be the power series

$$A(s) = \sum_{k=0}^{\infty} a_k s^k,$$

where s is a so-called dummy variable.

In general, the generating function may or may not converge, but in the case where the a_k are probabilities and therefore non-negative and not greater than 1, it can be seen that it converges at least for $|s| < 1$ by comparison with a geometric series

Encoding

The generating function is a way of encoding the information about the sequence in a function.

Note that it is possible to recover the sequence (a_n) from the generating function by repeated differentiation:

$$\frac{d^n}{ds^n} A(s) = \sum_{k=n}^{\infty} \frac{k!}{(k-n)!} a_k s^{k-n},$$

and evaluating this at zero gives

$$a_n = \frac{\frac{d^n}{ds^n} A(s) \big|_{s=0}}{n!}.$$

Use in probability

If X is a random variable taking non-negative integer values and we write $f_n = P(X = n), \dots$

\dots we can use the definition of expectation to interpret the generating function $F_X(s)$ of the sequence f_0, f_1, f_2, \dots (which we refer to as the generating function – or **probability generating function** – of the distribution of X) as

$$F_X(s) = \sum_{k=0}^{\infty} f_k s^k = \sum_{k=0}^{\infty} P(X = k) s^k = E(s^X).$$

Sum of independent random variables

A simple application of this is the following result:

Lemma

If we have two independent random variables X and Y the generating function of the distribution of their sum $X + Y$ is the product of the generating functions of the distributions of X and Y .

We can extend this by induction to adding together larger numbers of independent random variables, and we also note that the same result applies to defective probability distributions.

The mean

If $F(s)$ is the generating function of a non-defective probability distribution on the non-negative integers, then within the radius of convergence

$$F'(s) = \sum_{n=1}^{\infty} f_n n s^{n-1},$$

and so in particular if $F(s)$ is differentiable at $s = 1$ we have

$$F'(1) = \mu = E(X),$$

where μ is the expected value of a random variable X with the given distribution.

Hence we can find the mean by differentiating the generating

Bound

If $F(s)$ is the generating function of the (possibly defective) distribution of a random variable taking non-negative integer values, then because

$$\sum_{k=0}^{\infty} a_k \leq 1$$

we have that for $0 \leq s < 1$

$$F(s) = \sum_{k=0}^{\infty} a_k s^k \leq \sum_{k=0}^{\infty} a_k \leq 1.$$

Examples

Example

Examples of generating functions

Example

Calculation of mean using generating function

u_n

For each $n = 0, 1, 2, \dots$ let E_n be the event that a renewal takes place at (clock) time n , and let

$$u_n = P(E_n). \quad (1)$$

Because, after a renewal at time t , the process starts again as if from the beginning, we can also think of this as

$$u_n = P(E_{t+n} | E_t), \quad (2)$$

which by the construction of the process does not depend on t .

(Note that this implies $u_0 = 1$, consistent with the idea that we think of there being a renewal at time 0.)

u_n and f_n

Then (u_n) is a sequence of probabilities, but it is **not** a probability distribution, since occurrences of renewals at different clock times are not mutually exclusive events.

In particular there is no need for it to sum to 1 and usually it will not do so.

u_n and f_n III

We can also write the probabilities f_n in terms of the events E_0, E_1, E_2, \dots : we have

$$f_n = P(E_1^c, E_2^c, \dots, E_{n-1}^c, E_n).$$

Again, because the process starts again as if from the beginning after a renewal, we can also write

$$f_n = P(E_{t+1}^c, E_{t+2}^c, \dots, E_{t+n-1}^c, E_{t+n} | E_t).$$

u_n and f_n III

Summary of the difference between f_n and u_n :

- f_n is the conditional probability, given that there was a renewal at time t , that the next renewal is at time $t + n$
- u_n is simply the conditional probability that a renewal, not necessarily the next one, occurs at time $t + n$.

Relationship between u_n and f_n

We may calculate

$$u_1 = f_1$$

$$u_2 = f_2 + f_1^2$$

$$u_3 = f_3 + 2f_1f_2 + f_1^3$$

and so on.

For example, the second equation is found by noting that there are two ways a renewal can occur at clock time 2: either the first renewal (after 0) occurs at that time, or the first renewal after t occurs at time 1 and then a second renewal occurs at time 2.

Generating functions

To generalise these equations, we consider the generating functions of the sequences (u_n) and (f_n)

$$F(s) = \sum_{k=1}^{\infty} f_k s^k$$
$$U(s) = \sum_{k=0}^{\infty} u_k s^k.$$

Relating the generating functions

We obtain the following result:

Theorem

The generating functions $F(s)$ and $U(s)$ satisfy

$$U(s) = \frac{1}{1 - F(s)} \text{ for } 0 \leq s < 1.$$

In principle this may be used to obtain $U(s)$ in terms of $F(s)$, or vice versa.

Examples

Example

Theorem 4 for Bernoulli trials

Example

Bernoulli trials with “blocking”

$s \rightarrow 1$

Theorem 4 is a relationship between functions which we know exist and are finite for $0 \leq s < 1$.

Consider what happens when s approaches 1.

Note that

$$F(1) = \sum_{k=1}^{\infty} f_k = f$$

where f is as defined previously.

Recurrence and transience

So we conclude that $F(1) = 1$ if the process is recurrent and $F(1) < 1$ if the process is transient.

But then, in Theorem 4,

- if the process is recurrent then as $s \rightarrow 1$ the right hand side tends to infinity since the denominator of the fraction tends to zero
- if the process is transient then the right hand side tends to a finite limit.

Recurrence and transience II

We conclude that

- if $U(1) = \sum_{n=0}^{\infty} u_n = \infty$ then the process is **recurrent**;
- if $U(1) = \sum_{n=0}^{\infty} u_n < \infty$ then the process is **transient**.

This gives us an alternative criterion for recurrence which is sometimes useful.

Simple random walk

A **simple random walk** on the integers is a Markov chain whose state space is the integers \mathbb{Z} and with transition probabilities

$$p_{ij} = \begin{cases} p & j = i + 1 \\ 1 - p & j = i - 1 \\ 0 & \text{otherwise.} \end{cases}$$

(So, at each step, we move up one with probability p and down one with probability $1 - p$, in a way which is independent of how we got to where we are now. As we often do, we will sometimes write q for $1 - p$.)

Renewal process

Assume the walk starts at 0.

Let E_n be the event that after n steps we return to zero.

Then because whenever this happens occurs the process effectively “starts again from scratch” independently of what went before, we may regard visits to zero as forming a renewal process.

Renewal process II

(This is in fact true for returns to the starting point in any Markov chain; we will come back to this later in the course.)

We can ask whether this renewal process is recurrent or transient:

Will the walk keep returning to its starting point, or will it eventually leave and never come back?

Answer

Theorem

Returns to zero in the simple random walk, started from zero, are recurrent if $p = \frac{1}{2}$ and transient otherwise.

Positive or null recurrent?

We can also ask whether in the recurrent case the expected time to return is finite or infinite.

Theorem

In the simple random walk started from 0 with $p = \frac{1}{2}$, returns to zero are null recurrent.

Periodicity

The simple random walk of the previous section is an example where the only values of n for which $u_n > 0$ are the even numbers, namely the multiples of 2; we call 2 the period of the renewal process.

More generally, we define the **period** of any renewal process as

$$d = \text{h.c.f.}\{n : f_n > 0\},$$

where h.c.f. stands for highest common factor.

Interpretation

In other words, d is the largest positive integer such that a renewal can only occur at time n if n is a multiple of d .

d is not necessarily the smallest n such that $f_n > 0$.

For example, if $f_1 = 0$ but $f_2, f_3, f_4, \dots > 0$ then

$$d = \text{h.c.f.}\{2, 3, 4, \dots\} = 1$$

and so in this case $f_d = 0$.

Terminology

If $d = 1$ (which will often be the case) we call the process **aperiodic**.

If $d > 1$ then we call it **periodic with period d** .

Example

Example

Equalisations in rolling a six-sided dice

Delay

It is sometimes useful, instead of assuming that a renewal has happened at time zero, to allow a random length of time D , known as a **delay**, to elapse until the first renewal occurs, after which the process carries on as before, independently of the length of the delay.

Delay distribution

This delay will have its own (possibly defective) distribution, whose generating function we will denote by

$$B(s) = \sum_{n=0}^{\infty} b_n s^n$$

where $b_n = P(D = n)$ is the probability that the delay is of length n , $n \geq 0$.

The clock times of renewals are now
 $D, D + T_1, D + T_1 + T_2, \dots$

Notation

Previously, we had two definitions, (1) and (2), for u_n .

In the non-delayed case these were the same, but with a delay we now need to distinguish them.

We introduce the notation v_n for the probability of a renewal happening at time n , $v_n = P(E_n)$ (where again we let E_n be the event that there is a renewal at time n) with corresponding generating function

$$V(s) = \sum_{n=0}^{\infty} v_n s^n.$$

Notation II

We retain the notation u_n for $P(E_{t+n}|E_t)$, the probability that, given that there is a renewal at time t , there is another renewal n steps later, and we write the corresponding generating function $U(s)$.

In this context, we define

$$f_n = P(T_i = n) = P(E_{t+1}^c, E_{t+2}^c, \dots, E_{t+n-1}^c, E_{t+n} | E_t),$$

with corresponding generating function $F(s)$.

Here f_n is the probability, given that there is a renewal at time t , that the next renewal occurs after another n time steps, i.e. at time $t + n$.

Relating generating functions

Using a similar technique to the one by which we derived Theorem 4 in Section 3, we can obtain the following extension to the delayed case.

Theorem

The generating functions $V(s)$, $B(s)$ and $F(s)$ are related by

$$V(s) = \frac{B(s)}{1 - F(s)} = B(s)U(s).$$

Example

Example

Bernoulli trials with blocking revisited

Monkeys typing Shakespeare

If a coin is tossed repeatedly, then the outcome of the whole experiment may be written as a string such as

HHTTHTTTTHHHTHTHT ...

If we focus attention on a particular short finite sequence such as *HHT*, then every so often it will appear in this string; in the above example it appears twice:

HHTHTTTTHHHTHTHT ...

HHTTHTTTTHHHTHTHT ...

Renewal process

Assuming as usual that different tosses are independent with constant probabilities of H and T , as soon as the sequence HHT has appeared, the whole process effectively starts again from scratch, independently of what happened before.

Hence the index numbers of the tosses on which the sequence is completed form a renewal process.

In the above example, renewals occur at the tosses numbered 3 and 12.

Overlap

However, if we change our sequence to say THT , we have an example of one which can overlap with itself.

In the above string we have

$$HHTHTTTTHHHTHTHT \dots$$
$$HHT \underline{THT} TTHHH \underline{THTHT} \dots$$

where the tosses numbered from 12 to 16 inclusive yield two overlapping occurrences of the sequence THT .

If we have a THT

We can overcome this complication by noting that if a THT has just occurred, we know that we have just had a T , and so a further occurrence of THT can be achieved either

- by immediately tossing another HT , or
- by not doing so and then later tossing another complete THT , disjoint from the previous one.

Delayed renewal process

Therefore the numbers of tosses between occurrences will be independent and identically distributed, but the number of tosses until the first occurrence will have a different distribution, because at the start of the sequence we do not already have a T , so to achieve a THT we have to toss a complete THT .

So occurrences form a delayed renewal process.

Example

Example

Expected time until sequence completed