Stochastic economic model predictive control for Markovian switching systems

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Abstract: The optimization of process economics within the model predictive control (MPC) formulation has given rise to a new control paradigm known as economic MPC (EMPC). Several authors have discussed the closed-loop properties of EMPC-controlled deterministic systems, however, little have uncertain systems been studied. In this paper we propose EMPC formulations for nonlinear Markovian switching systems which guarantee recursive feasibility, asymptotic performance bounds and constrained mean square (MS) stability.

Keywords: Stochastic control; Economic model predictive control; Markovian switching systems; Stochastic dissipativity.

1. INTRODUCTION

1.1 Background and motivation

Recently, a new approach to model predictive control (MPC) termed economic model predictive control (EMPC) has gained a lot of attention. Rather than minimizing a deviation from a prescribed (optimal/best) set-point or a tracking reference, the main objective in EMPC is to optimize a given economic cost functional (Angeli et al., 2012). Often, in engineering practice, the main objective is to devise control algorithms which asymptotically guarantee an economic operation of the controlled plant.

Already, a considerable body of theoretical results has been reported in the literature characterizing the asymptotic performance of EMPC. Perhaps dissipativity is the most salient notion in the pertinent literature which is shown to be a sufficient condition for proving optimal operation at a steady state and stability of EMPC formulations (Angeli et al., 2012). The same authors show that economic MPC has no worse an asymptotic average performance than the best admissible steady state operation — however, the converse is not true (Müller et al., 2013).

The introduction of a, possibly non-quadratic and non-convex, economic cost into the MPC framework disqualifies the standard stability analysis used in the MPC literature. Angeli et al. (2012) propose the use of a simple terminal constraint to guarantee stability of EMPC-controlled systems which is generalized by Amrit et al. (2011) using terminal set constraints. Fagiano and Teel (2013) use a generalized terminal state constraint, where terminal state constraint is left as a free variable to be optimized which helps to increase feasibility region of EMPC. This concept was further generalized to include terminal region constraint (Müller et al., 2014). It was further shown that EMPC can achieve near-optimal operation without terminal constraints and costs for a sufficiently large prediction horizon (Grüne, 2013). Similar results exist for a system that is best operated at a periodic regime (Zanon et al., 2013). It is worth noting that this wealth of results concerns only deterministic systems.

In spite of the noticeable interest for the idea of EMPC there are very few theoretical results accounting for uncertainty which is inevitable in a real-world operation. Bo and Johansen (2014) propose a scenario-based EMPC formulation for fault-tolerant constrained regulation and a similar approach is pursued by Lucia et al. (2014b). Lucia et al. (2014a) present a multi-stage scenario-based nonlinear MPC control strategy validated on a benchmark example, but no performance guarantees or stability analysis is provided. An interesting theoretical treatment is given by Bayer et al. (2014) where a tube-based EMPC formulation is proposed for constrained systems with bounded additive disturbances. Very recently Bayer et al. (2016) proposed a robust economic MPC formulation for linear systems with bounded additive uncertainty with known probability distribution.

1.2 Contributions

In this paper we endeavor to cover the theoretical gap in EMPC for an important class of stochastic systems — the Markovian switching systems. We first study the properties of an MPC formulation for Markovian switching systems where optimal steady states are mode-dependent. We propose an MPC scheme which is recursively feasible and satisfies an asymptotic performance bound. Assuming that there is a common optimal steady state, we show that the MPC-controlled system is mean-square (MS) stable.

* This work was supported by the EU-funded H2020 research project DISIRE, grant agreement No. 636834.
when a stochastic dissipativity condition is satisfied. We then formulate a variant of the MPC problem using model-dependent terminal constraints and provide mean-square stability conditions and performance bounds. We then provide guidelines for the design of mean-square stabilizing predictive controllers for nonlinear systems imposing weak conditions on the system dynamics and the EMPC stage cost.

1.3 Notation and mathematical preliminaries

Let $\mathbb{R}$ and $\mathbb{R}_+$, $\mathbb{R}^n$, $\mathbb{R}^{n \times n}$ denote the sets of real numbers, nonnegative reals, $n$-dimensional real vectors and $n$-by-$m$ matrices. Let $B_{\delta}$ be the ball of $\mathbb{R}$ of radius $\delta$, that is $B_{\delta} := \{x : ||x|| < \delta\}$. A function $f : \mathbb{R}^n \to \mathbb{R}$ is called lower semicontinuous if its epigraph, is the set $\text{epi} f = \{(x, \alpha) \in \mathbb{R}^{n+1} : f(x) \leq \alpha\}$, is closed. We say that $f : \mathbb{R}^n \to \mathbb{R}$ is level-bounded if its level sets, $\text{lev}_\alpha = \{x : f(x) \leq \alpha\}$, are bounded. We say that $f : \mathbb{R}^n \times \mathbb{R}^m \ni (x, u) \mapsto f(x, u) \in \mathbb{R}$ is level-bounded in $u$ locally uniformly in $x$ if for every $x$ there is a neighborhood of $x$, $V_x \subseteq \mathbb{R}^n$, so that $\{x, u) \in V_x, f(x, u) \leq \alpha\}$ is bounded. A function $f : \mathbb{R}^n \to \mathbb{R}^m$ is called $\beta$-smooth if it is differentiable with $\beta$-Lipschitz gradient, that is if its epigraph, is the set $\{x, u) \in \mathbb{R}^n \times \mathbb{R}^m : \|\nabla f(x) - \nabla f(u)\| \leq \beta \|x - u\|\}$ for all $x, u \in \mathbb{R}^n$; then, we have that $\|f(y) - f(x) - \nabla f(x)(y - x)\| \leq \frac{\beta}{2} \|y - x\|^2$. We say that a function $f : \mathbb{R}^n \to \mathbb{R}$ is positive definite around $x_0$ if $f(x_0) = 0$ and $f(x) > 0$ for $x \neq x_0$. A $A > 0$ denotes that $A$ is a positive semidefinite matrix and $A > 0$ means that $A$ is positive definite. We denote the transpose of a matrix $A$ by $A^\top$.

2. STOCHASTIC ECONOMIC MODEL PREDICTIVE CONTROL

2.1 System dynamics

Consider the following Markovian switching system

$$x_{k+1} = f(x_k, u_k, \theta_k),$$

(1)

driven by the random parameter $\theta_k$ which is a time-homogeneous irreducible and aperiodic Markovian process with values in a finite set $\mathcal{N} = \{1, \ldots, \nu\}$ with transition matrix $P = (p_{ij}) \in \mathbb{R}^\nu \times \nu$ and initial distribution $\nu = (v_1, \ldots, v_\nu)$ (Costa et al., 2005). We assume that at time $k$ we measure the full state $x_k$ and the value of $\theta_k$. Markov jump linear systems (MJLS) with additive disturbances are a special case of (1) with $f(x, u, \theta) = A_\theta x + B_\theta u + w_\theta$. Let $\Omega := \prod_{\ell \in \mathcal{N}} (\mathbb{R}^n \times \mathbb{R}^m \times \mathcal{N})$ and $\tilde{\mathbb{F}}_k$ be the minimal $\sigma$-algebra over the Borel-measurable rectangles of $\Omega$ with $k$-dimensional base and $\tilde{\mathbb{F}}$ be the minimal $\sigma$-algebra over all Borel-measurable rectangles. Define the filtered probability space $(\Omega, \tilde{\mathbb{F}}, \{\tilde{\mathbb{F}}_k\}_{k \in \mathbb{N}}, P)$ where $P$ is the unique product probability measure according to (Ash, 1972, Th. 2.7.2) with $P(\theta_0 = \theta_0, \theta_1 = \theta_1, \ldots, \theta_k = \theta_k) = \nu_0 p_{\theta_0 \theta_1} \cdots p_{\theta_{k-1} \theta_k}$ for any $\theta_0, \theta_1, \ldots, \theta_k \in \mathcal{N}$ and $k \in \mathbb{N}$, where $\theta_k$ is an $\tilde{\mathbb{F}}_k$-adapted random variable from $\Omega$ to $\mathcal{N}$. We will use the notation $u \in \tilde{\mathbb{F}}_k$ to denote that the random variable $u$ is $\tilde{\mathbb{F}}_k$-measurable.

Let $\mathbb{E}[\cdot]$ denote the expectation of a random variable with respect to $P$ and $\mathbb{E}[\cdot|\tilde{\mathbb{F}}_k]$ the conditional expectation. It can be shown (Tegada et al., 2010) that the augmented state $(x_k, \theta_k)$ contains all the probabilistic information relevant to the evolution of the Markovian switching system for times $t > k$.

**Definition 1. (Cover and bet node).** For every node $i \in \mathcal{N}$, the cover of $i$ is the set $\mathcal{C}(i) = \{j \in \mathcal{N} \mid p_{ij} > 0\}$. The bet node of an $i \in \mathcal{N}$ is a node bet $(i) \in \mathcal{C}(i)$ with $p_{\text{bet}(i)} \geq p_{ij}$ for all $j \in \mathcal{C}(i)$.

A bet of a mode $\theta_k = i$ is one of the most likely successor modes $\theta_{k+1}$.

System (1) is subject to the following joint state-input constraints

$$\begin{align*}
(x_k, u_k) & \in Y_{\theta_k}. 
\end{align*}$$

(2)

Let $\ell : \mathbb{R}^n \times \mathbb{R}^m \times \mathcal{N} \to \mathbb{R}$ be a mode-dependent cost function.

**Assumption 1. (Well-posedness).** For each $\theta, \ell(\cdot, \cdot, \theta)$ are nonnegative, lower semicontinuous and level-bounded in $u$ locally uniformly in $x$, $f(\cdot, \cdot, \theta)$ are continuous and locally bounded in $u$ locally uniformly in $x$. The set $\{\ell(\cdot, \cdot, \theta) \geq 0\}$ is compact. The random process $\{\theta_k\}_{k \in \mathbb{N}}$ is irreducible and aperiodic Markov chain.

**Definition 2. (Optimal steady states).** Given a stage cost function $\ell : \mathbb{R}^n \times \mathbb{R}^m \times \mathcal{N} \to \mathbb{R}$ which satisfies Assumption 1, a pair $(x_s^\ell, u_s^\ell)$ is called an optimal steady state of (1) subject to (2) with respect to $\ell$ if it is a minimizer of the problem

$$
\ell_s(\theta) := \min_{x, u} \{\ell(x, u, \theta)|f(x, u, \theta) = x, (x, u) \in Y_{\theta}\}
$$

For reasons that will be better elucidated in the next section, we need to draw the following weak controllability assumption essentially requiring that if $x_k = x_s^\ell$ and $\theta_j = \theta_j$ then there is a control action $\hat{u}_s^\ell$, $j$ so that at time $k+1$ the state is steered to $x_{k+1} = x_{\text{bet}(j)}^\ell$.

**Assumption 3. (Controllability).** In addition to Assumption 1, for all $i, j \in \mathcal{N}$ there is a control law $u_s : \mathbb{R}^n \times \mathcal{N} \to \mathbb{R}^m$ with $u_s^\ell$ so that $(x_s^\ell, u_s^\ell) \in Y_{\theta}$ and $f(x_s^\ell, u_s^\ell, \theta) = x_s^\ell$.

2.2 Model predictive control

In this section we shall present a model predictive control framework for constrained Markovian switching systems with mode-dependent optimal steady state points.

Let $u_k < \tilde{\mathbb{F}}_k$ and $u_N = (u_0, \ldots, u_{N-1})$, and define $V_N$

$$V_N(x_0, \theta_0, u_N) = \mathbb{E} \left[ V_f(x_N, \theta_N) + \sum_{j=0}^{N-1} \ell(x_j, u_j, \theta_j) \big| \tilde{\mathbb{F}}_0 \right].$$

Here, we take $V_f = 0$ and the state sequence satisfies (1).

We introduce the following stochastic economic model predictive control problem

$$\mathbb{P}(x, \theta) : V_N(x, \theta) = \inf_{u_N} V_N(x, \theta, u_N),$$

(3a)

and for $k = 0, \ldots, N - 1$, subject to

$$x_{k+1} = f(x_k, u_k, \theta_k),$$

(3b)

$$(x_k, u_k) \in Y_{\theta_k},$$

(3c)

$$(x_0, \theta_0) = (x, \theta),$$

(3d)

$$x_N = x_{\text{bet}(\theta_{N-1})},$$

(3e)

$$u_k < \tilde{\mathbb{F}}_k.$$  

(3f)
Because of Assumption 1 and in light of (Rockafellar and Wets, 2009, Thm. 1.17) the infimum in (3) is attainable and the corresponding set of minimizers is compact. Note that in the above formulation the minimization is carried out in a space of control policies $u = \{u_0, \ldots, u_{N-1}\}$ where $u_k$ are causal control laws — as required by (3f).

Let $u^*(x, \theta) = \{u_0^*(x, \theta), \ldots, u_{N-1}^*(x_{N-1}, \theta_{N-1})\}$ be an optimizer of (3). The resulting horizon control law that accures from this problem is $\kappa_N(x, \theta) := u_0^*(x, \theta)$ and the closed-loop system satisfies
\[ x_{k+1} = f(x_k, \kappa_N(x_k, \theta_k), \theta_k). \tag{4} \]

### 2.3 Recursive feasibility

We will now prove that the MPC problem in (3) is recursively feasible.

**Proposition 4.** Let $X_N \subseteq \mathbb{R}^n \times \mathcal{N}$ be the domain of problem $\mathbb{P}$. If Assumption 3 holds and problem $\mathbb{P}(x_k, \theta_k)$ is feasible, then problem $\mathbb{P}(x_{k+1}, \theta_{k+1})$, with $x_{k+1} = f(x_k, \kappa_N(x_k, \theta_k), \theta_k)$ and $\theta_{k+1} \in \mathcal{C}(\theta_k)$, is also feasible.

**Proof.** For given $(x, \theta) \in X_N$ let $\pi(x, \theta) = \{u_0^*, \ldots, u_{N-1}^*\}$ be an optimizer of $\mathbb{P}(x, \theta)$ and let $x^*(x, \theta) = \{x_0^*, x_1^*, \ldots, x_N^*\}$ be the corresponding sequence of states. Because of (3e) we have
\[ x_N^* = x_s^{\text{bet}(\theta_{N-1})}. \]

Now take $x^* = f(x, u_s^*(x, \theta), \theta) = \{u_0^*, \ldots, u_{N-1}^*, u\}$ and let $u = u_s(x, \theta)$. Then, by virtue of Assumption 3, $x_{N+1}^{\text{opt}} = x_s^{\text{bet}(\theta_N)}$, so $\bar{\pi}^+$ will satisfy the constraints of $\mathbb{P}(x^+, \theta^+)$. □

### 2.4 Performance assessment

We will now prove that the closed-loop system has a bounded expected asymptotic average cost (Theorem 6).

**Lemma 5.** Let Assumption 3 hold and let
\[ \ell_N(\theta_k) := \mathbb{E}\left[ \ell(x_s^{\text{bet}(\theta_{N-1})}, u_s^{\text{bet}(\theta_{N-1})}, \theta_N) \mid \theta_0 = \theta \right], \]
and $\mathcal{L}V_N^*(x_k, \theta_k) := \mathbb{E}[V_N(x_{k+1}, \theta_{k+1}) - V_N(x_k, \theta_k) | \mathcal{F}_k]$; then, the following holds for all $(x_k, \theta_k) \in X_N$
\[ \mathcal{L}V_N^*(x_k, \theta_k) \leq \ell_N(\theta_k) - \ell(x_k, \kappa_N(x_k, \theta_k), \theta_k). \tag{5} \]

**Proof.** Let $(x, \theta) \in X_N$; then $\bar{\pi}^+(x_{k+1}, \theta_{k+1})$ is feasible — but not necessarily optimal — for $\mathbb{P}(x_{k+1}, \theta_{k+1})$, therefore $V_N(x_{k+1}, \theta_{k+1}) \leq V_N(x_{k+1}, \theta_{k+1}, \bar{\pi}^+(x_{k+1}, \theta_{k+1}))$. By the tower property of the conditional expectation we know that $\mathbb{E}[\mathcal{L}V_N^*(x_k, \theta_k) | \mathcal{F}_{k+1} | \mathcal{F}_k] = \mathbb{E}[\mathcal{L}V_N^*(x_k, \theta_k) | \mathcal{F}_k]$ since $\mathcal{F}_k \subseteq \mathcal{F}_{k+1}$. We then have
\[ \mathcal{L}V_N^*(x_k, \theta_k) \leq \mathbb{E} \left[ \sum_{j=k+1}^{k+N-1} \ell(x_j, u_{j-k}, \theta_j) + \ell(x_{k+N}, \bar{u}_s, \theta) - \sum_{j=k}^{k+N-1} \ell(x_j, u_j, \theta_j) \mid \mathcal{F}_k \right] \]
\[ = \mathbb{E} \left[ \ell(x_{k+1}^{\text{opt}}, u_{k+1}^{\text{opt}}, \theta_{k+1}) - \ell(x_k, \kappa_N(x_k, \theta_k), \theta_k) \mid \mathcal{F}_k \right] \]
\[ = \ell_N(\theta_k) - \ell(x_k, \kappa_N(x_k, \theta_k), \theta_k), \]
where $u_{k+1}^* = u_{k+1}^*(x_{k+1}, \theta_{k+1})$ and this completes the proof. □

The irreducibility and aperiodicity assumptions (Assumption 1) imply the existence of a limiting probability vector $\pi = (\pi_1, \ldots, \pi_N) \in \mathbb{R}^n$ which satisfies $\pi P = \pi$ and does not depend on the initial distribution $v$ (Levin et al., 2009).

**Theorem 6.** (Asymptotic performance). Let Assumption 3 hold and let $\{x_k\}_k$ be a sequence satisfying (4). Define the *asymptotic average cost* as the random variable
\[ J := \mathbb{E}\left[ \limsup_{T \to \infty} \frac{1}{T} \sum_{k=0}^{T-1} \ell(x_k, u_k, \theta_k) \right] \tag{6a} \]
Then,
\[ J \leq \ell_\infty := \sum_{i \in \mathcal{N}} \pi_i \ell_N(i). \tag{6b} \]

**Proof.** By taking asymptotic averages and the expectation with respect to $\mathcal{F}_0$ on both sides of (5) we have
\[ \mathbb{E}\left[ \liminf_{T \to \infty} \frac{1}{T} \sum_{k=0}^{T-1} \mathcal{L}V_N^*(x_k, \theta_k) \right] \]
\[ \leq \mathbb{E}\left[ \limsup_{T \to \infty} \frac{1}{T} \sum_{k=0}^{T-1} \ell(x_k, \kappa_N(x_k, \theta_k), \theta_k) \right] \]
\[ \leq \mathbb{E}\left[ \liminf_{T \to \infty} \frac{1}{T} \sum_{k=0}^{T-1} \ell(x_k, \kappa_N(x_k, \theta_k), \theta_k) \right] \]
\[ - \limsup_{T \to \infty} \frac{1}{T} \sum_{k=0}^{T-1} \ell(x_k, \kappa_N(x_k, \theta_k), \theta_k) \]
\[ \leq \mathbb{E}\left[ \liminf_{T \to \infty} \frac{1}{T} \sum_{k=0}^{T-1} \ell_N(\theta_k) \right] \]
\[ - \mathbb{E}\left[ \limsup_{T \to \infty} \frac{1}{T} \sum_{k=0}^{T-1} \ell(x_k, \kappa_N(x_k, \theta_k), \theta_k) \right]. \tag{7} \]

We now use the fact that $\mathbb{E}[\ell_N(\theta_k)] = \sum_{i \in \mathcal{N}} \pi_k^i \ell_N(i)$, where $\pi_k^i = P[\theta_k = i]$ and since $\pi_k^i \to \pi^i$ as $k \to \infty$, we have that $\mathbb{E}[\ell_N(\theta_k)] \to \ell_\infty$ and the right hand side of (7) is equal to $\ell_\infty - J$.

Using (Patrinos et al., 2014, Lemma 19) and because of the fact that $\ell$ are nonnegative,
\[ \mathbb{E}\left[ \liminf_{T \to \infty} \frac{1}{T} \sum_{k=0}^{T-1} \mathcal{L}V_N^*(x_k, \theta_k) \right] \]
\[ = \mathbb{E}\left[ \liminf_{T \to \infty} \frac{1}{T} (V_N^*(x_T, \theta_T) - V_N^*(x_0, \theta_0)) \right] \]
\[ \geq \liminf_{T \to \infty} \left( - \frac{1}{T} V_N^*(x_0, \theta_0) \right) = 0. \]
Combining the two results gives
\[ \mathbb{E}\left[ \limsup_{T \to \infty} \frac{1}{T} \sum_{k=0}^{T-1} \ell(x_k, \kappa_N(x_k, \theta_k), \theta_k) \right] \leq \ell_{\infty} \]
which completes the proof. \( \square \)

2.5 Mean square stability

We will now study under what conditions a Markovian system is mean square stable towards an equilibrium point.

Assumption 7. (Common optimal equilibrium). There exists one common optimal stationary point \((x_s, u_s)\) for all modes which is the solution of the optimization problem in Definition 2 and, without loss of generality, assume \(x_s = 0, u_s = 0\).

Consider the following Markovian switching system
\[ x_{k+1} = f(x_k, \theta_k), \quad (8) \]
and let \( r_k = (\theta_0, \ldots, \theta_k) \) be an admissible switching sequence starting from \( \theta_0 \) and \( \phi(k; x_0, r_k) \) be the trajectory of \((8)\) with \( \phi(0; x_0, r_0) = x_0 \). We recall the definition of mean square stability

Definition 8. (Mean Square Stability). We say that \((8)\) is mean square stable if \( \mathbb{E}[\|\phi(k; x_0, r_k)\|^2] \to 0 \), as \( k \to \infty \) for all \( x_0 \) and \( \theta_0 \).

We extend the notion of dissipativity to Markovian systems as follows

Definition 9. (Stochastic dissipativity). We say that system \((8)\) is stochastically dissipative with respect to a stochastic supply rate \( s: \mathbb{R}^n \times \mathbb{R}^m \times \mathcal{N} \to \mathbb{R} \) if there is a function \( \lambda: \mathbb{R}^n \times \mathcal{N} \to \mathbb{R} \), lower semicontinuous in the first argument, so that for all \( x_k \in \mathbb{R}^n \) and \( \theta_k \in \mathcal{N} \)
\[ \mathcal{L}\lambda(x_k, \theta_k) := \mathbb{E}[\lambda(x_{k+1}, \theta_{k+1}) - \lambda(x_k, \theta_k) | \tilde{S}_0]. \]
We say that \((1)\) is strictly stochastically dissipative with respect to \( s \) if there is a convex function \( \rho: \mathbb{R}^n \times \mathcal{N} \to \mathbb{R}_+ \), positive definite with respect to \( x_s \), so that the left hand side of \((9)\) is no larger than \( s(x_k, u_k, \theta_k) = \rho(x_k, \theta_k) \).

Assumption 10. (Strict stochastic dissipativity). Function \( \lambda(x, \theta) \) is independent of \( \theta \) and let \( \lambda_s := \lambda(x, \theta) \). In addition to Assumption 7, system \((8)\) is strictly stochastically dissipative with storage function \( s(x, u, \theta) = \ell(x, u, \theta) - \ell_s \).

Let us define the rotated stage cost function as
\[ L(x_k, u_k, \theta_k) := \ell(x_k, u_k, \theta_k) - L\lambda(x_k, \theta_k). \quad (10) \]
We now define the rotated cost function \( \bar{V}_N(x, \theta, u_N) \) as follows
\[ \bar{V}_N(x_0, \theta_0, u_N) = \mathbb{E}\left[ \sum_{j=0}^{N-1} L(x_j, u_j, \theta_j) | \tilde{S}_0 \right] \]
using again \( V_f = 0 \) and we introduce the rotated MPC problem
\[ \bar{P}(x, \theta): \bar{V}_N^*(x, \theta) = \inf_{u_N} \bar{V}_N(x, \theta, u_N), \quad (11) \]
subject to \((3b)-(3f)\).

Lemma 11. Problem \( \bar{P}(x, \theta) \) is recursively feasible and it has the same set of minimizers as \( P(x, \theta) \). Let \( \tilde{K}_N \) be the receding horizon control law which accrues from \( \bar{P}(x, \theta) \). If Assumption 10 holds, then
\[ \mathcal{L}\bar{V}_N^*(x_k, \theta_k) \leq -\rho(x_k, \theta_k), \quad (12) \]
where \( \rho: \mathbb{R}^n \times \mathcal{N} \to \mathbb{R}_+ \) is a positive definite function in the first argument with respect to \( x_s \).

Proof. Problems \( P \) and \( \bar{P} \) have the same set of constraints, therefore, they have the same feasibility domain and the recursive feasibility of \( P \) follows from Proposition 4. Rotated cost function can be expanded as
\[ \bar{V}_N(x_k, \theta_k, u_N) = \mathbb{E}\left[ \sum_{j=k}^{k+N-1} L(x_j, u_j, \theta_j) | \tilde{S}_k \right] \]
\[ = \mathbb{E}\left[ \sum_{j=k}^{k+N-1} \ell(x_j, u_j, \theta_j) - \mathcal{L}\lambda(x_k, \theta_k) | \tilde{S}_k \right] \]
We now use the fact that
\[ \mathbb{E}\left[ \sum_{j=k}^{k+N-1} \mathcal{L}\lambda(x_k, \theta_k) | \tilde{S}_k \right] \]
\[ = \mathbb{E}[\lambda(x_{k+N-1}, \theta_{k+N-1}) - \lambda(x_k, \theta_k) | \tilde{S}_k] \]
\[ = \lambda_s - \lambda(x_k, \theta_k). \]
Therefore,
\[ \bar{V}_N(x_k, \theta_k, u_N) = V_N(x_k, \theta_k, u_N) + \lambda(x_k, \theta_k) - \lambda_s. \]
The rotated and original cost functions differ only by a constant so the two problems, \( P \) and \( \bar{P} \), share a common optimal sequence. Proceeding as in Lemma 5 the following holds
\[ \mathcal{L}\bar{V}_N^*(x_k, \theta_k) \leq \ell_s - L(x_k, \tilde{K}_N(x_k, \theta_k), \theta_k), \quad (13) \]
By tracing the arguments of Rawlings et al. (2012), \( L(x_k, u_k, \cdot) \geq \ell_s \). Combining \((10)\) and Assumption 10 we arrive at
\[ L(x_k, u_k, \theta_k) \geq \rho(x_k, \theta_k) + \ell_s, \quad (14) \]
which completes the proof. \( \square \)

Next, we draw an additional assumption on \( \rho(\cdot, \theta) \):

Assumption 12. (Quadratic lower bound). There exist a positive constant \( \gamma \), such that \( \rho(x, i) \geq \gamma \|x - x_s\|^2 \) holds for all \( x \).

Theorem 13. Suppose Assumption 12 is satisfied. Then, system \((8)\) is MSS.

Proof. All assumptions required by (Patrinos et al., 2014, Theorem 24) are met and entail mean square stability. \( \square \)

3. UNIFORM INVARIANCE AND TERMINAL CONSTRAINTS

In this section we relax the restrictive requirement \( x_N = x_{N-1}^{\text{UTC}}(\theta_{N-1}) \) and we instead replace it with a terminal constraint of the form \((x_N, \theta_N) \in \mathcal{X}_f^t \) along with a terminal penalty function \( V_f \) and we derive conditions so that the controlled system is mean-square stable.

We will now make use of the following definition (Patrinos et al., 2014)

Definition 14. (Uniform positive invariance). A family of nonempty sets \( C = \{C_i\}_{i \in \mathcal{N}} \) is said to be uniformly positive invariant (UPI) for the constrained Markovian switching system \((8)\) if for every \( x_k \in C_{\theta_k}, x_{k+1} \in C_{\theta_{k+1}} \).

As before, we assume that there is one stationary point \( \ell_s \) and require, with a slight abuse of notation, that \( \lambda_s = \)]
\( \lambda(x, \theta), V_f(x, \theta) = V_f(x, \theta) \) for all \( \theta \in \mathcal{N} \). Now we make a central assumption regarding our exposition

**Assumption 15.** (Terminal control law). There exists a control law \( \kappa_f : \mathbb{R}^m \times \mathcal{N} \to \mathbb{R}^m \) and a collection of sets \( X^T = \{X^T_i\}_{i \in \mathcal{N}} \) so that

1. \( X^T \) is UI for the closed-loop system controlled by \( \kappa_f \) and
2. for all \((x, \theta) \in X^T\)
   \[
   \mathcal{L} V_f(x_k, \theta_l) \leq -\ell(x_k, \kappa_f(x_k, \theta_k), \theta_k) + \ell_s. \tag{15}\]

Now consider the following stochastic economic model predictive control problem

\[
\mathbb{P}_T(x, \theta) : V^*_N(x, \theta) = \inf_{u_N} V_N(x, \theta, u_N) \tag{16a}
\]

and for \( k = 0, \ldots, N - 1 \), it is subject to

\[
\begin{align*}
x_{k+1} &= f(x_k, u_k, \theta_k) \tag{16b} \\
(x_k, u_k) &\in Y_{\theta_k} \tag{16c} \\
(x_0, \theta_0) &= (x, \theta) \tag{16d} \\
x_N &\in X^T_{\theta_N} \tag{16e} \\
u_k &< \delta_k. \tag{16f}
\end{align*}
\]

Proof. Using the optional solution \( \pi(x, \theta) \) of (16) with initial conditions \((x, \theta)\) we construct a feasible shifted policy \( \bar{\pi}^+(x^+, \theta^+) \) as in the proof of the Proposition 16. Then \( V_N^*(x, \theta_k) \leq V_N^*(x^+, \pi^+, \theta^+) \) and

\[
\begin{align*}
\mathcal{L} V_N^*(x_k, \theta_k) &= \mathbb{E} \left[ \sum_{j=k+1}^{k+N-1} \ell(x_j, u_{j}^*, \theta_{j}) \\
&\quad + \ell(x_{k+N}, \kappa_f(x_{k+N}, \theta_{k+N}), \theta_{k+N}) + V_f(x_{k+N+1}, \theta_{k+N+1}) \\
&\quad - \sum_{j=k}^{k+N-1} \ell(x_j, u_{j}^*, \theta_{j}) - V_f(x_{k+N}, \theta_{k+N}) | \delta_k \right] \\
&\leq \ell_k - \ell(x, \kappa_N(x, \theta), \theta).
\end{align*}
\]

Here, we used tower property and Assumption 15. Proceeding as in Theorem 6 we prove the assertion. \( \Box \)

3.3 Mean square stability

In this section we will give conditions under which Markovian system with terminal region constraint is mean square stable towards a common equilibrium point. Once again, our main argument will be the equivalence between original and suitably rotated problem.

Define the following rotated terminal function

\[
\tilde{V}_f(x_k, \theta_k) = V_f(x_k, \theta_k) + \lambda(x_k, \theta_k) - V_f(x_s) - \lambda_s. \tag{17}
\]

Combining condition (9) (Definition 9) with the rotated stage cost we may easily derive

\[ L(x_k, u_k, \theta_k) \geq \rho(x_k, \theta_k). \tag{18} \]

**Lemma 18.** Suppose Assumption 15 holds. Then

\[ \mathcal{L} \tilde{V}_f(x_k, \theta_k) \leq -L(x_k, \kappa_f(x_k, \theta_k), \theta_k). \tag{19} \]

Proof. We add \( \mathcal{L} \lambda(x_k, \theta_k) \) to both sides of (15)

\[
\mathcal{L} \tilde{V}_f(x_k, \theta_k) + \mathcal{L} \lambda(x_k, \theta_k) \leq \ell(x_k, \kappa_f(x_k, \theta_k), \theta_k) + \ell_s + \mathcal{L} \lambda(x_k, \theta_k).
\]

The right hand side is equal to the rotated stage cost

\[
\begin{align*}
&\mathbb{E} \left[ V_f(f(x_k, \kappa_f(x_k, \theta_k), \theta_{k+1}) + \lambda(x_{k+1}, \theta_{k+1}) \\
&\quad - V_f(x_k, \theta_k) - \lambda(x_k, \theta_k) | \delta_k \right] \\
&\leq -L(x_k, \kappa_f(x_k, \theta_k), \theta_k).
\end{align*}
\]

Now, we introduce a rotated stochastic economic MPC problem

\[
\tilde{\mathbb{P}}_T(x, \theta) : \tilde{V}_N^*(x, \theta) = \inf_{u_N} \tilde{V}_N(x, \theta, u_N) \tag{21}
\]

subject to (16b)-(16f).

**Theorem 19.** Problem \( \tilde{\mathbb{P}}_T(x, \theta) \) is recursively feasible and has the same set of minimizers as \( \mathbb{P}_T(x, \theta) \).

Proof. Problems \( \mathbb{P}_T \) and \( \tilde{\mathbb{P}}_T \) have the same set of constraints, therefore, they have the same feasibility domains and the recursive feasibility of \( \mathbb{P} \) follows from Proposition 16. The rotated cost function can be expanded as \( \tilde{V}_N(x_k, \theta_k, u_k) = \mathbb{E} \sum_{j=k}^{k+N-1} L(x_j, u_j, \theta_j) + \tilde{V}_f(x_j, u_j, \theta_j) | \delta_k = \mathbb{E} \sum_{j=k}^{k+N-1} \ell(x_j, u_j, \theta_j) + \lambda(x_j, \theta_j) - \mathbb{E} \lambda(x_{j+1}, \theta_{j+1} - \ell_s) | \delta_j) + \tilde{V}_f(x_N, \theta_N) + \lambda(x_N, \theta_N) - V_f(x_s) - \lambda_s \).

3.2 Expected asymptotic average performance

Here we show that the asymptotic average cost of the EMPC-controlled system with terminal constraints is no higher than the cost of the best stationary point.

**Theorem 17.** Let Assumption 15 hold and let \( \{x_k\}_k \) be a sequence satisfying (4) with \( u_k = \tilde{\kappa}_N(x_k, \theta_k) \). Then, \( J \leq \ell_s \).
\(V_f(x) - \lambda_s\). The two cost functions, \(V_N\) and \(\tilde{V}_N\) differ by feedback-invariant quantities, hence, the optimal solutions of the two problems will coincide. \(\square\)

**Theorem 20.** Suppose Assumptions 12 and 15 are satisfied. Then, system (4) is MSS with domain of attraction \(X_N\).

**Proof.** All assumptions required by (Patrinos et al., 2014, Theorem 24) are met and we can infer mean square stability. \(\square\)

### 3.4 Linearization-based design

In this section we demonstrate how to design a terminal cost function and give a terminal control law using local linearization around origin. In other words, we give conditions under which Assumption 15-ii is satisfied, given that Assumption 15-i holds for a nonlinear system with a particular control law. In the next section we shall also demonstrate how to design an ellipsoidal set \(X^f\) such that it satisfies Assumption 15-i.

To simplify the notation let \(\tilde{\ell}(x, \theta) = \ell(x, \kappa_f(x, \theta); \theta) - \ell(0, 0, \theta)\) for all \(\theta \in \mathcal{N}\), be a shifted stage cost function. Define \(f_\theta(x) := f(x, \kappa_f(x, \theta)),\) where \(\kappa_f(x, \theta)\) is a terminal control law that we will introduce shortly. The evolution of the nonlinear system is described by \(x_{k+1} = f_\theta(x_k)\), for all \(\theta \in \mathcal{N}\).

To proceed we need the following assumption which is weaker than twice differentiability which is commonly used in the literature (Rawlings and Mayne, 2009).

**Assumption 21.** (Smoothness). Functions \(f_\theta(x)\) are \(\beta_f^\theta\)-smooth and \(\tilde{\ell}(x, \theta)\) are \(\beta_{\tilde{\ell}}^\theta\)-smooth for all \(\theta \in \mathcal{N}\).

Let
\[
z_{k+1} = A_{\theta_k} z_k + B_{\theta_k} u_k \tag{22}
\]
be the corresponding linearized Markovian jump linear systems (MJLS), where \(A_i = \frac{\partial f_i}{\partial x}(0, 0, 0)\) and \(B_i = \frac{\partial f_i}{\partial u}(0, 0, 0)\) for all \(i \in \mathcal{N}\). Hereafter, we will make the following assumption:

**Assumption 22.** The set of pairs \(\{(A_i, B_i)\}_{i \in \mathcal{N}}\) is mean square stabilizable.

Costa et al. (2005) provide conditions for Assumption 22 to hold. We recall the following result for MJLS (Patrinos et al., 2014).

**Proposition 23.** (MSS of MJLS). Consider system (22) subject to (2) in closed loop with \(\kappa(x, i) = K_i x\). Suppose there is a UPI set \(X^f\) and matrices \(P^f = \{P^f_i\}_{i \in \mathcal{N}}\) so that \(P^f_i \succ \Gamma_i^\top \delta_i(P_i^f) \Gamma_i + Q_i^f\) with \(\Gamma_i := A_i + B_i K_i,\) \(\delta_i(P_i^f) := \sum_{j \in \mathcal{C}(i)} p_{ij} P_j^f\) and \(Q_i^f := (Q_i^f)^\top > 0\). Then, the closed-loop system is MS stable in \(X^f\).

Next, we will design a terminal cost function \(V_f(x, \theta)\) which, under certain assumptions (see Theorem 25) satisfies a desired Lyapunov-type inequality (see Assumption 15-ii).

First, we design a quadratic cost function \(\ell_q(x, \theta)\) which is an upper bound on the shifted cost.

**Lemma 24.** Let \(\ell_q(x, \theta) := \frac{1}{2} x^\top Q_0^* x + q_0^\top x\) where \(Q_0^* = (\alpha + \beta_{\tilde{\ell}}^2) I, q_0 = \nabla \ell(0, 0, \theta)\). Then it holds that \(\ell_q(x, \theta) \geq \tilde{\ell}(x, \theta) + \frac{\alpha}{2} \|x\|^2\) for any \(\alpha > 0\), for all \(\theta \in \mathcal{N}\).

**Proof.** By Assumption 21 on \(\tilde{\ell}(x, \theta)\), we have that \(|\tilde{\ell}(x, \theta) - q_0^\top x| \leq \beta_{\tilde{\ell}}^2/2 \|x\|^2\). Adding \(\alpha/2 \|x\|^2\) to both sides the assertion follows. \(\square\)

We may now choose our terminal cost to be the following infinite sum
\[
V_f(x, i) = E\left[\sum_{k=0}^{\infty} \ell_q(x_k, \theta_k) \big| \tilde{x}_0\right], \tag{23}
\]
for the MJLS \(x_{k+1} = \Gamma_{\theta_k} x_k,\) with \(x_0 = x, \theta_0 = \theta\).

Using the linearity of expectation we have \(V_f(x, \theta) = E\left[\sum_{k=0}^{\infty} \frac{1}{2} x_k^\top Q_0^* x_k + E\left[\sum_{k=0}^{\infty} q_k^\top x_k\right]\right]\) and \(V_f\) can be written in the form
\[
V_f(x, i) = \frac{1}{2} x^\top P_i^f x + p_i^\top x, \tag{24}
\]
where \(P_i^f\) are computed as in Prop. 23 with \(\Rightarrow\) in lieu of \(\Rightarrow\) (Costa et al., 2005, Prop. 3.20). Because of the parametrization of \(Q_i^f\) in Lemma 24, we may choose \(P_i^f = P_i^3 + \alpha P_i^1\) and require that
\[
P_i^1 = I + \Gamma_i^\top \delta_i(P_i^f) \Gamma_i, \tag{25a}
\]
\[
P_i^3 = \beta_i I + \Gamma_i^\top \delta_i(P_i^3) \Gamma_i \tag{25b}
\]
For convenience we re-introduce operator \(\mathcal{L}\), but this time with a distinction between nonlinear and linear systems:

i. \(\mathcal{L}V_f(x, \theta) = E[V_f(\tilde{f}_\theta(x_k, \theta), \theta_{k+1}) - V_f(x_k, \theta_k) \big| \tilde{x}_k]\)

ii. \(\mathcal{L}V_f^{\text{lin}}(x, \theta) = E[V_f(\Gamma_{\theta_k} x, \theta_{k+1}) - V_f(x_k, \theta_k) \big| \tilde{x}_k]\).

Parameter \(\alpha\) will be used to bound the mismatch between \(\mathcal{L}V_f(x, \theta)\) and \(\mathcal{L}V_f^{\text{lin}}(x, \theta)\) and a method for choosing it is presented in the proof of the next theorem.

**Theorem 25.** Consider the control law \(\kappa_f(x, \theta) = K_i x\) and let Assumptions 21 and 22 hold. Then \(\mathcal{L}V_f(x, \theta) \leq -\tilde{\ell}(x, \theta)\) for \(x \in B_{\delta}\) for some \(\delta > 0\). If \(X^f\) satisfies Assumption 15-i with \(X^f \subseteq B_{\delta}\) and Assumption 12 is satisfied, the controlled system is locally mean square stable.

**Proof.** Let us introduce the shorthand \(\Delta \mathcal{L}V_f(x, \theta) := E[V_f(\tilde{f}_\theta(x_k, \theta), \theta_{k+1}) - V_f(x_k, \theta_k) \big| \tilde{x}_k]\). By the linearity of the conditional expectation we have \(\mathcal{L}V_f(x, \theta) = \mathcal{L}V_f^{\text{lin}}(x, \theta) + \Delta \mathcal{L}V_f(x, \theta)\). Because of (23), the first term is \(\mathcal{L}V_f^{\text{lin}}(x, \theta) = -\ell_q(x, \theta)\). The last term, after introducing \(e(x, \theta) := f_\theta(x) - \Gamma_\theta x\), amounts to
\[
\Delta \mathcal{L}V_f(x, \theta) = \frac{1}{2} e(x, \theta)^\top \delta_\theta(P_i^f) e(x, \theta) \tag{26}
\]
\[
- (\Gamma_\theta x)^\top \delta_\theta(P_i^f)(e(x, \theta) + \delta_\theta(p)^\top e(x, \theta)) \tag{26}
\]
where \(e(x, \theta)\) is the linearization error. Under Assumption 21 \(\|e(x, \theta)\| \leq \frac{\beta_{\tilde{\ell}}^2}{2} \|x\|^2\), therefore,
\[
\Delta \mathcal{L}V_f(x, \theta) \leq \frac{(\beta_{\tilde{\ell}}^2)^2}{8} \|\delta_\theta(P_i^f)\| \|x\|^4 \tag{27}
\]
\[
+ \frac{\beta_{\tilde{\ell}}^2}{2} \|\delta_\theta(P_i^f)(e(x, \theta) + \delta_\theta(p)^\top e(x, \theta))\|^2 \tag{27}
\]
We need to show that \(\Delta \mathcal{L}V_f(x, \theta)\) is upper bounded by \(\frac{\beta_{\tilde{\ell}}^2}{2} \|x\|^2\) in a region of the origin for adequately large \(\alpha\). Recall that \(\delta_\theta(P_i^f)\) depends on \(\alpha\) as follows.
\[ \mathcal{E}_\theta(P^f) = \mathcal{E}_\theta(P^\beta) + \alpha \mathcal{E}_\theta(P^i). \] (28)

Using the triangle inequality
\[
\Delta \mathcal{L} \mathcal{V}_f(x, \theta) \leq \left( \frac{\beta^2}{8} \right) \delta^2 + \frac{\beta^2}{4} \| \Gamma \theta \| \| \mathcal{E}_\theta(P^\beta) \| \| x \|^2 + \frac{\beta^2}{2} \| \mathcal{E}_\theta(p) \| \| x \|^2 + \alpha \left( \frac{\beta^2}{8} \| \mathcal{E}_\theta(P) \| \| x \|^4 + \frac{\beta^2}{4} \| \Gamma \theta \| \| \mathcal{E}_\theta(P^f) \| \| x \|^3 \right)
\] (29)

For the right hand side of the last inequality to be upper bounded by \( \frac{\beta^2}{8} \| x \|^2 \) it suffices to take \( x \in B_\delta \) with \( \delta > 0 \) and
\[
\max_{\theta \in \mathcal{N}} \left( \frac{\beta^2}{8} \| \mathcal{E}_\theta(P^\beta) \| \delta^2 + \frac{\beta^2}{4} \| \Gamma \theta \| \| \mathcal{E}_\theta(P^\beta) \| \delta + \frac{\beta^2}{2} \| \mathcal{E}_\theta(p) \| \delta \right).
\]
and \( \alpha \) so that
\[
\alpha \geq \max_{\theta \in \mathcal{N}} \left( \frac{\beta^2}{8} \| \mathcal{E}_\theta(P^\beta) \| \delta^2 + \frac{\beta^2}{4} \| \Gamma \theta \| \| \mathcal{E}_\theta(P^\beta) \| \delta + \frac{\beta^2}{2} \| \mathcal{E}_\theta(p) \| \delta \right).
\]

Now for \( x \in B_\delta \) and \( \alpha \) as above we have \( \Delta \mathcal{L} \mathcal{V}_f(x, \theta) \leq \frac{\beta^2}{8} \| x \|^2 \), and since \( \mathcal{L} \mathcal{V}_f(x, \theta) = -\ell_q(x, \theta) + \Delta \mathcal{L} \mathcal{V}_f(x, \theta) \) we have
\[
\mathcal{L} \mathcal{V}_f(x, \theta) \leq -\ell_q(x, \theta) + \frac{\beta^2}{8} \| x \|^2,
\]
and employing Lemma 24 we obtain
\[
\mathcal{L} \mathcal{V}_f(x, \theta) \leq -\bar{\ell}(x, \theta).
\] (30)

If Assumption 12 holds all assumptions of Theorem 20 are fulfilled and the controlled system is locally mean square stable. \( \square \)

3.5 Computation of \( X^f \)

We shall demonstrate one possible way of finding \( X^f \) such that the requirements of Theorem 25 are satisfied.

Take \( X^f = \{ X^f_i \}_{i \in \mathcal{N}} \) to be ellipsoidal of the form \( X^f_i = \{ x : x^T P_x x \leq 1 \} \). By Assumption 21, there are constants \( \gamma_i > 0, i \in \mathcal{N} \), so that
\[
x_{k+1} = A_{k} x_k + B_{k} \kappa_f(x_k, \theta_k) + d_k, \quad \| d_{k,i} \|^2 \leq \gamma_i x_{k}^T P^f_{ix} x_k
\]
with \( \| d_{k,i} \|^2 \leq \gamma_i x_{k}^T P^f_{ix} x_k \) where \( d_{k,i} = e(x_k, i) \) is the linearization error. For \( X^f \) to be UPI for the \( \kappa_f \)-controlled system it must satisfy
\[
\max_{j \in \mathcal{N}(i)} \{ x_{k+1}^T P_{j,x} x_{k+1} \} \leq \| x_k^T P_{j,x} x_k \}, \quad \forall i \in \mathcal{N}
\]
\[
\Leftrightarrow \begin{bmatrix} x_k & d_{k,i} \end{bmatrix}^T \begin{bmatrix} P_i - \Gamma_i^T P_j \Gamma_i - \Gamma_i^T P_j - P_j \end{bmatrix} \begin{bmatrix} x_k \\ d_{k,i} \end{bmatrix} \geq 0, \quad (32a)
\]
for all \( j \in \mathcal{N}(i) \) and \( i \in \mathcal{N} \) whenever \( d_{k,i}^T d_{k,i} \leq \gamma_i x_{k}^T P^f_{ix} x_k \), or, for \( i \in \mathcal{N} \)
\[
\begin{bmatrix} x_k & d_{k,i} \end{bmatrix}^T \begin{bmatrix} \gamma_i P^f_{ix} & -I \\ -I & \end{bmatrix} \begin{bmatrix} x_k \\ d_{k,i} \end{bmatrix} \geq 0. \quad (32b)
\]
Using the S-lemma, (32b) implies (32a) so long as
\[
\begin{bmatrix} P_i - \Gamma_i^T P_j \Gamma_i - \Gamma_i^T P_j - P_j \end{bmatrix} - \tau \begin{bmatrix} \gamma_i P^f_{ix} & -I \end{bmatrix} \geq 0
\]
(33)

for some \( \tau \geq 0 \) and for all \( i \in \mathcal{N} \) and \( j \in \mathcal{C}(i) \). By rearranging the terms in the two matrices, equation (33) can be equivalently written as
\[
\begin{bmatrix} \tau \gamma_i P^f_{ix} + \Gamma_i^T P_j \Gamma_i & \Gamma_i^T P_j \\ \Gamma_i^T P_j & -P_j \end{bmatrix} \leq \begin{bmatrix} P^f_{ix} & \tau I \end{bmatrix}. \quad (34)
\]

The left hand side of (34) is equal to
\[
\begin{bmatrix} P^f_{ix} & \Gamma_i^T P_j \Gamma_i \\ \Gamma_i^T P_j & -P_j \end{bmatrix} \begin{bmatrix} P^f_{ix} & \tau I \end{bmatrix}^{-1} \begin{bmatrix} P^f_{ix} \\ -P_j \end{bmatrix} \geq 0.
\]

Using the Schur complement we get
\[
\begin{bmatrix} P^f_{ix} & \Gamma_i^T P_j \Gamma_i \\ \Gamma_i^T P_j & -P_j \end{bmatrix} \begin{bmatrix} \tau I & 0 \\ 0 & \tau I \end{bmatrix} \begin{bmatrix} \tau I \\ 0 \end{bmatrix} \geq 0.
\]
(35)

Introducing the variables \( P^f_{ix} = Z_{ix}^{-1} \) and \( K_{ix} = Y_{ix} Z_{ix}^{-1} \), (34) is equivalent to the matrix inequality
\[
\begin{bmatrix} Z_{ix} & \tau Z_{ix} A_{ix}^T + Y_{ix} B_{ix}^T \\ \tau I & 0 \end{bmatrix} \geq 0.
\]
(36)

As required by Theorem 25, \( X^f_i \) must be in \( B_\delta \). This is equivalently written as
\[
\begin{bmatrix} \delta I & P^f_{ix} \\ P^f_{ix} & 0 \end{bmatrix} \geq 0.
\]
(37)

We then choose \( P^f_{ix} \) so as to satisfy (36) and (37) for all \( i \in \mathcal{N} \) and \( j \in \mathcal{C}(j) \). Note that (36) is a bilinear matrix inequality (BMI) with unknowns \( Z_{ix}, Y_{ix} \) and \( \tau \), but the bilinearity is only because of the term \( \tau Z_{ix} \). Although BMIs are more difficult to solve compared to LMIs, in this case since \( \tau \) is a scalar, (36) can be solved with a simple line search method with respect to \( \tau \).

4. CONCLUSIONS

This paper offers a theoretical framework for the control of Markovian switching systems using EMPC. We first studied a formulation with mode-dependent optimal steady states and terminal equality constraints for which we provided an upper bound on the expected asymptotic average cost (Theorem 6). We then studied an EMPC formulation with mode-dependent terminal region constraints and we provided design guidelines based on the system linearization assuming that the system dynamics and the stage cost function are \( \beta \)-smooth which are rather weak assumptions (Theorem 25).

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