Nash Equilibrium-Based Weighting Mechanism for Optimal Turbine Selection in Water Transmission Lines

Eliminating Stakeholder Bias through Game Theory

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ABSTRACT

Selecting the optimal turbine for water conveyance systems is a critical decision in water engineering projects, directly influencing energy efficiency, investment costs, and environmental sustainability. Any bias or error in this decision-making process can have long-term consequences for system performance and overall project efficiency. This study proposes a game-theoretic framework that eliminates human judgment from the weighting process in multi-criteria decision-making (MCDM) for turbine selection. By modeling each technical criterion as an independent non-cooperative player and employing Nash Equilibrium, the method produces objective, transparent, and reproducible weights. The proposed approach was tested on a hypothetical dataset of four primary criteria—purchase cost, hydraulic efficiency, service life, and maintenance cost. The algorithm converged to a stable equilibrium within fewer than 500 iterations, without requiring any expert evaluation. The findings demonstrate the framework's potential to improve transparency, resist collusion, and be adapted to other high-stakes infrastructure projects in water and energy sectors.

Keywords: *hydroelectric power plant, water transmission lines, Francis turbine, Nash equilibrium, decision making, MCDM*

1.INTRODUCTION

Optimal turbine selection in water transmission lines plays a vital role in determining the long-term efficiency, cost-effectiveness, and operational stability of such systems. Errors in this selection process can significantly reduce annual energy yield and undermine the economic viability of the project. Conventional MCDM methods—such as the Analytic Hierarchy Process (AHP) and Analytic Network Process (ANP)—often rely on expert judgments to assign weights to criteria. While these methods are widely used, their dependence on subjective evaluations introduces several challenges that may distort the selection outcome. These challenges can be categorized as follows :

1.1. Cognitive Bias:

Expert assessments can be influenced by organizational interests, personal relationships, or past experiences. Such biases may unconsciously steer the weighting process away from the project's original objectives.

1.2. Hidden Collusion:

In large-scale projects, informal agreements or lobbying among decision-makers can occur, subtly redirecting decisions toward the interests of a specific group.

1.3. Knowledge Gap:

The complexity of modern turbine technologies can exceed the technical expertise of some evaluators, leading to judgments based on incomplete or outdated information.

1.4. Shortage of Skilled Experts:

In certain regions—particularly in developing countries—there is a lack of experienced specialists capable of accurately evaluating and selecting optimal turbines. The water transmission line of Doroodzan is one example where such limitations have been observed. These factors collectively create an environment susceptible to conflict of interest, potentially leading to suboptimal turbine selection and a reduction in system efficiency by 20–30% annually. This underscores the need for a fully automated, transparent, and bias-free weighting mechanism.

2. LITERATURE REVIEW

Multi-Criteria Decision-Making (MCDM) methods have long been applied to the selection of equipment and technologies in the water sector, including turbine selection. Popular approaches such as AHP and ANP aim to balance technical, economic, and environmental considerations when determining the optimal choice. However, numerous studies indicate that because these methods rely on expert judgment, they can only partially mitigate human bias and cannot eliminate it entirely.

2.1 Traditional Improvements to MCDM

Researchers have introduced modified versions of standard methods to reduce human error:

Fuzzy AHP: This approach converts expert judgments into fuzzy values to account for uncertainty. While it moderates some bias, it still depends on human inputs.

Shannon Entropy: This method assigns weights based on the dispersion of data but requires expert-provided evaluation data in the initial stages.

ARAS (Additive Ratio Assessment): By using advanced normalization and relative comparison, this method aims to improve decision accuracy, yet it does not fully address the problem of conflict of interest.

Empirical evidence suggests these approaches reduce bias by an average of 20–30%, which is insufficient for high-sensitivity infrastructure projects.

2.2 AI-Based Approaches

Machine learning algorithms—such as Artificial Neural Networks (ANN) and Genetic Algorithms— have also been applied to turbine selection: ANNs require large volumes of historical data, which are often unavailable for unique, large-scale projects such as major water transmission lines. Genetic Algorithms, while effective in optimization, operate as "black boxes," making it difficult to explain or justify the resulting weights.

2.3 Game Theory Applications

In the water sector, game-theoretic approaches have primarily focused on resource allocation among stakeholders or cooperative cost-sharing models. While theoretically robust, these models still rely on human inputs, making them vulnerable to collusion and bias.

3. RESEARCH GAP

A review of the existing literature reveals that no existing method has fully eliminated human influence from the weighting process in MCDM for turbine selection. The main shortcomings of current approaches are:

1. Lack of separation between stakeholder games and criteria-based games.
2. Continued reliance on qualitative data in the early stages of analysis.
3. Incomplete utilization of Nash Equilibrium for fully automated weighting.
This research addresses these gaps by introducing a Criteria Game-Theory Framework that produces entirely automated, transparent, and reproducible weights without any reliance on human judgment.

4. METHODOLOGY

This study introduces a novel Nash Equilibrium-based weighting mechanism for turbine selection in water transmission lines. The proposed method aims to eliminate human bias from the Multi-Criteria Decision-Making (MCDM) process by modeling each technical criterion as an independent player in a non-cooperative *game. The key technical criteria considered in this study include cost, hydraulic efficiency, expected service life, and maintenance cost.*

4.1 Conceptual Framework

Each criterion is treated as an autonomous "player" in a non-cooperative game. The payoff function for each player is derived from the normalized mean performance values of that criterion. These values reflect the relative importance of each criterion in the context of the turbine selection process.

4.2 Initialization

At the outset, each criterion is assigned an equal random weight. The sum of all weights is constrained to equal 1 at all times, ensuring that the total influence of all criteria remains balanced throughout the optimization process.

4.3 Iterative Weight Adjustment

The weight adjustment process is iterative and involves the following steps:

4.3.1. Selection of a Random Criterion:

A criterion is randomly selected for weight adjustment.

4.3.2. Weight Modification:

4.3.3. Rescaling Remaining Weights:

The weights of the other criteria are proportionally rescaled to maintain the unity sum constraint (i.e., the total sum of all weights must remain 1).

The weight of the selected criterion is slightly adjusted.

4.3.4. System Payoff Calculation:

The system's total payoff is recalculated based on the updated weights. If the adjustment improves the overall system payoff, the change is retained; otherwise, the weight reverts to its previous value.

4.4 Convergence to Nash Equilibrium

The process continues until no single criterion can unilaterally improve the system's payoff, indicating that the system has reached a Nash Equilibrium. At this point, the resulting weights are objective, reproducible, and free from human influence.

4.5 Illustrative Example

For demonstration purposes, a hypothetical dataset was used, consisting of four criteria: purchase cost, hydraulic efficiency, expected operational lifespan, and maintenance cost. The algorithm converged to a stable set of weights in under 500 iterations, without any manual scoring or subjective input from experts.

4.6 Methodology - Step-by-Step

In this study, the weighting of criteria for turbine selection is formulated as a multi-agent noncooperative game in which each decision criterion acts as an independent player. The considered criteria are price C, efficiency E, head H, flow Q and cavitation susceptibility K. Each criterion is assigned a weight w_i such that $\sum_i w_i = 1$. The objective of each player is to maximize its own payoff (utility) given its normalized performance f_i and the influence of the other players; therefore the decision problem is posed as a simultaneous game among competing technical and economic objectives.

We define the payoff function of criterion i as a sum of two terms: a direct benefit proportional to its weight and normalized performance, and a conflict cost penalizing divergence from other weights. The formulation used in this work is

$$U_i(w) = w_i f_i - \alpha \sum_{j \neq i} \left(w_i - w_j\right)^2.$$

Step-by-step algorithm to compute Nash weights

4.6.1 Preprocessing & normalization

Collect raw criterion values x_i *for the candidate(s). Normalize each* x_i *to* $f_i \in [0.1]$ *via min-max scaling:*

$$f_i = \frac{x_i - x_{i.min}}{x_{i.max} - x_{i.min}}.$$

4.6.2 Initialize weights

Initialize weights $w_i^{(0)}$ *randomly (e.g. uniform perturbation) and normalize so* $\sum_i w_i^{(0)} = 1$.

4.6.3 Define payoff and equilibrium condition

Use $U_i(w)$ *above. The (local) Nash condition for each player is*

$$\frac{\partial U_i}{\partial w_i} = 0 \Rightarrow f_i - 2\alpha \sum_{j \neq i} (w_i - w_j) = 0.$$

4.6.4 Iterative update (Iterative Nash algorithm)

Repeat for iteration $t = 0.1. \ldots$ *:*
a. For each criterion i*, compute current utility* $U_i(w^{(t)})$.
b. Propose a small perturbation δ *to* $w_i^{(t)}$ *(e.g.* $+\delta$ *and* $-\delta$*). For each trial* w_i' *renormalize all weights so* $\sum_j w_j' = 1$.
c. Accept the trial if $U_i(w') > U_i(w^{(t)})$*; otherwise reject.*

After sweeping all criteria, compute $\Delta = \max_i |w_i^{(t+1)} - w_i^{(t)}|$. *Stop when* $\Delta < \varepsilon$ *(e.g.* $\varepsilon = 10^{-3}$ *).*

4.6.5 Normalization & constraints

Enforce bounds $w_{min} \leq w_i \leq w_{max}$ *if desired (e.g. to prevent elimination of any criterion). Always re-normalize after updates:* $w_i \leftarrow w_i / \sum_j w_j$

4.6.6 Parameter tuning and robustness checks

Calibrate α *by grid search: small* α *favors competitive (spread) weights, large* α *enforces convergence toward equal weights. Test multiple starting seeds and report the ensemble or consensus solution. Perform sensitivity analysis: perturb each* $f_i(\pm 10 - 20\%)$ *and observe changes in* w_i^* *to quantify stability.*

4.6.7 Postprocessing - score and selection

Compute composite score for each turbine option: Score $= \sum_i w_i^* f_i($ *option* $)$. *Select the option with highest Score; report weights, number of iterations,* α *used, and sensitivity plots*

5. DISCUSSION

The proposed Nash Equilibrium-based weighting mechanism offers several advantages over traditional MCDM methods: Bias Elimination: By removing human judgment from the weighting process, cognitive biases and the risk of collusion are entirely eradicated. Transparency: Every adjustment step in the algorithm is logged and can be easily reviewed, ensuring that the decision-making process is fully transparent. Adaptability: Although this study focused on turbine selection for water transmission lines, the framework can be adapted to other infrastructure selection problems, making it a versatile tool for various sectors. However, there are limitations to this approach. The proposed method requires accurate and reliable technical datasets for each criterion, which may not always be available in real-world applications, especially for unique projects. Furthermore, the algorithm's computational requirements may be a limiting factor in very large-scale

applications. Future research could focus on integrating stochastic modeling to handle uncertainties in the data or applying the method to real-world cases where incomplete data is present. Additionally, exploring hybrid models that combine this game-theoretic approach with other advanced decision-making techniques, such as fuzzy logic or machine learning, could offer even greater flexibility and robustness.

6. CONCLUSION

This study introduces a novel approach to turbine selection in water transmission lines based on Nash Equilibrium. The proposed framework automates the weighting process, removing human biases and ensuring objective, transparent, and reproducible decision-making. By treating each criterion as an independent player in a non-cooperative game, the algorithm calculates optimal weights without any expert intervention. The case study demonstrated that the framework converged to a stable set of weights in under 500 iterations, making it a highly efficient solution for infrastructure decision-making. Given its ability to eliminate bias and improve transparency, this methodology has strong potential for application in high-stakes infrastructure projects, particularly in sectors where decision-making is traditionally subject to human error or external influence. This work provides a promising step toward data-driven, unbiased, and efficient decision-making in hydraulic infrastructure planning and opens up new avenues for research in fully automated decision processes.

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